

# Live your dreams!

Annual  
Report  
2023





“We produce for the world  
under one roof”



**DOĞTAŞ**

 **Kelebek**

 **Kelebek**  
KITCHEN - BATHROOM

**lova**  
sleep

**ruum**store

**BiGA**  
HOME

We produce furniture for the global market with six industry-leading brands under one roof, all sharing the same values and commitment to quality.

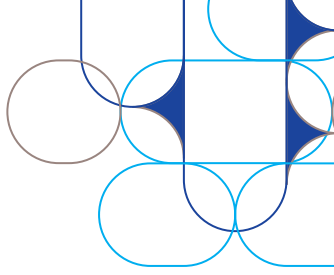




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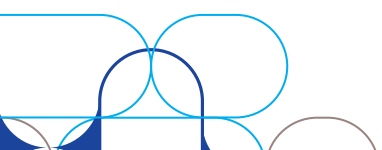




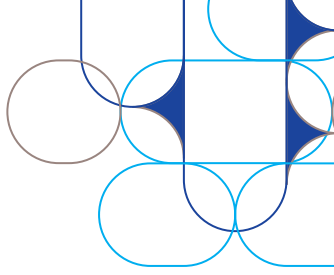
## Live Your Dreams with Doğtaş!

In 1972, amidst the legendary allure of Çanakkale, a new brand emerged. Named after the region's pristine headwaters and the majestic stone bridges arching over its streams, this brand set out to carve its legacy. Following the successful opening of the Biga, Çan, Bandırma and Çanakkale branches, six siblings joined hands to create a global brand. Fifty years on, Doğtaş is making a name for itself thanks to its well-regarded products and innovative spirit. For the first time in Türkiye, the brand transforms 100-percent recyclable fabrics into sofas. The Doğtaş Home, Doğtaş Garden and Doğtaş Genç categories are all catering to diverse tastes. Doğtaş, the design brand of large families and friends, positions itself as a symbol of togetherness and continues to create value for nature, its eternal muse.

**DOĞTAŞ**

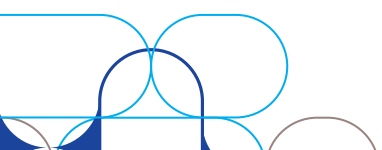
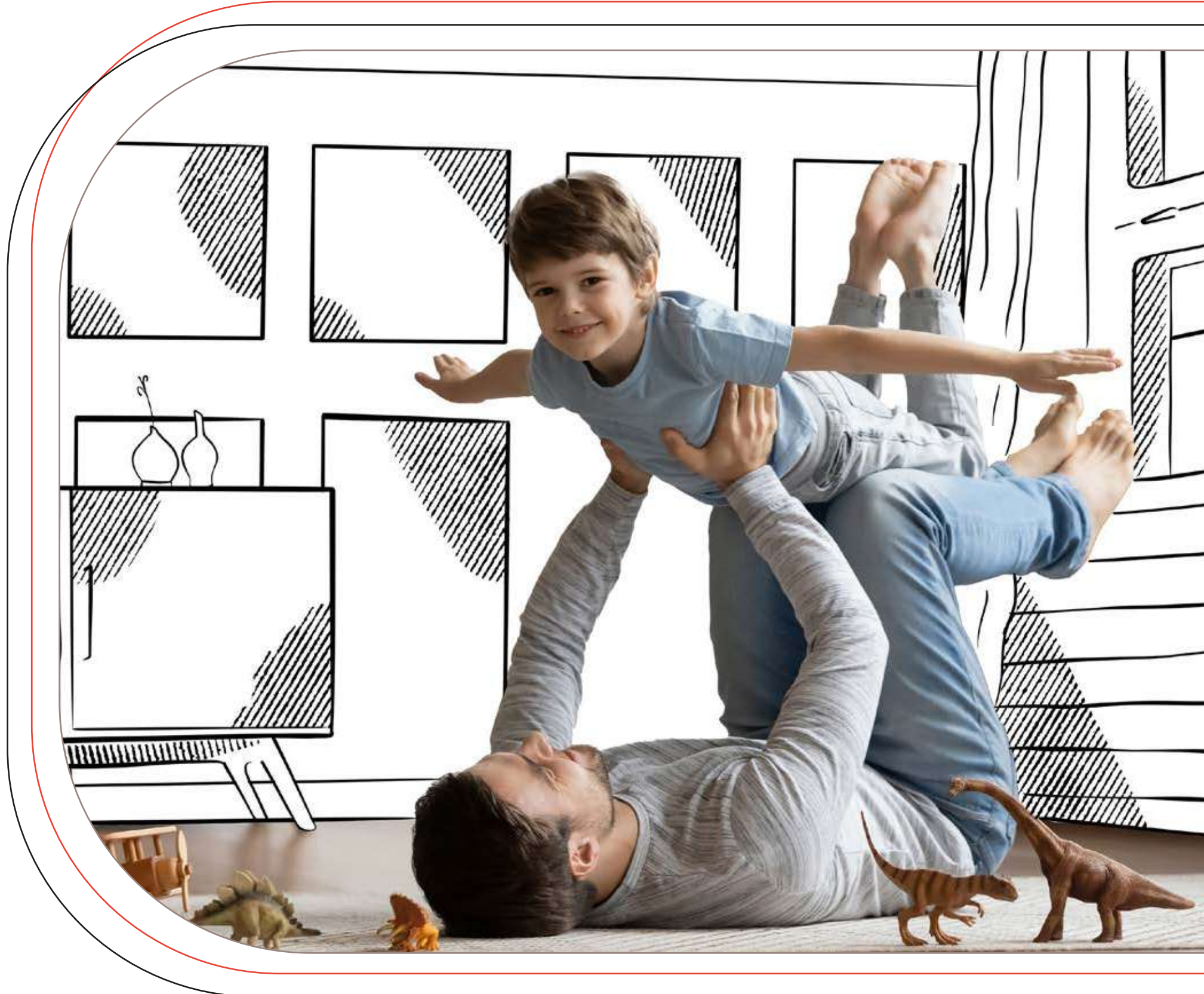




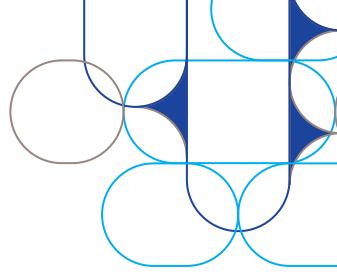


## Live Your Dreams with Kelebek!

Kelebek, Türkiye's first modern modular furniture manufacturer and a venerable brand in the industry, was established shortly after the Republic's founding, endorsed by Atatürk himself. Embodying a timeless design ethos and a global design perspective, Kelebek's collections have an innate appreciation of aesthetics and seamlessly integrate with homes of all styles. The brand blends Gestalt and Bauhaus principles, steering the latest furniture industry trends to mold a fresh Turkish stylization. As an industry leader, Kelebek Furniture continues to prioritize customer satisfaction and makes dreams come true through its designs.







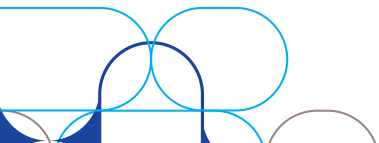
Live Your  
Dreams

## with Kelebek Kitchen & Bathroom!

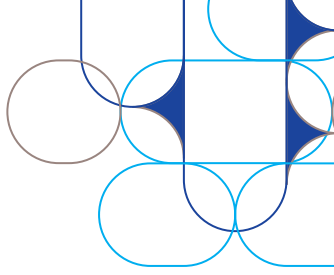
Kelebek Kitchen & Bathroom is your gateway to the kitchen of your dreams.

Elegance, functionality and quality come together at Kelebek Kitchen & Bathroom to enhance your home's beauty. The brand offers aesthetic and practical solutions in every detail with unique designs and select materials.

Personalize your kitchen and live your dreams with Kelebek Kitchen & Bathroom. Kelebek Mutfak & Banyo operates concept stores at home and abroad and is constantly expanding its impact through innovative designs. The brand offers Türkiye's first and only five-year warranty package on all kitchen models.



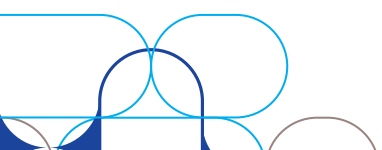




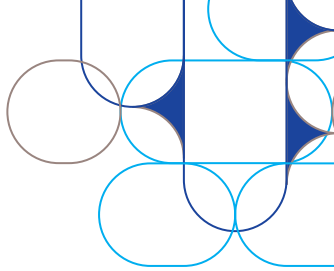
## Live Your Dreams with Lova!

Positioning itself as Türkiye's "Comfortable Sleep Brand," Lova Sleep strives to deliver a high-quality and comfortable sleep experience. With this goal in mind, it constantly advances its mattress technologies and responds to different sleep needs with mattresses produced from cutting-edge materials. Lova Sleep teams conduct extensive research on body anatomies and sleeping positions in their R&D center, all to provide a more satisfying and healthier sleeping experience. Mattresses and pillows designed with high-tech techniques support ideal body orthopedics, protecting spinal health and easing the transition to sleep.

lova  
sleep

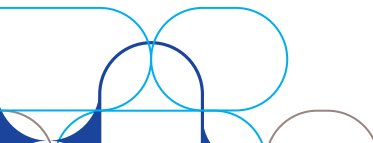
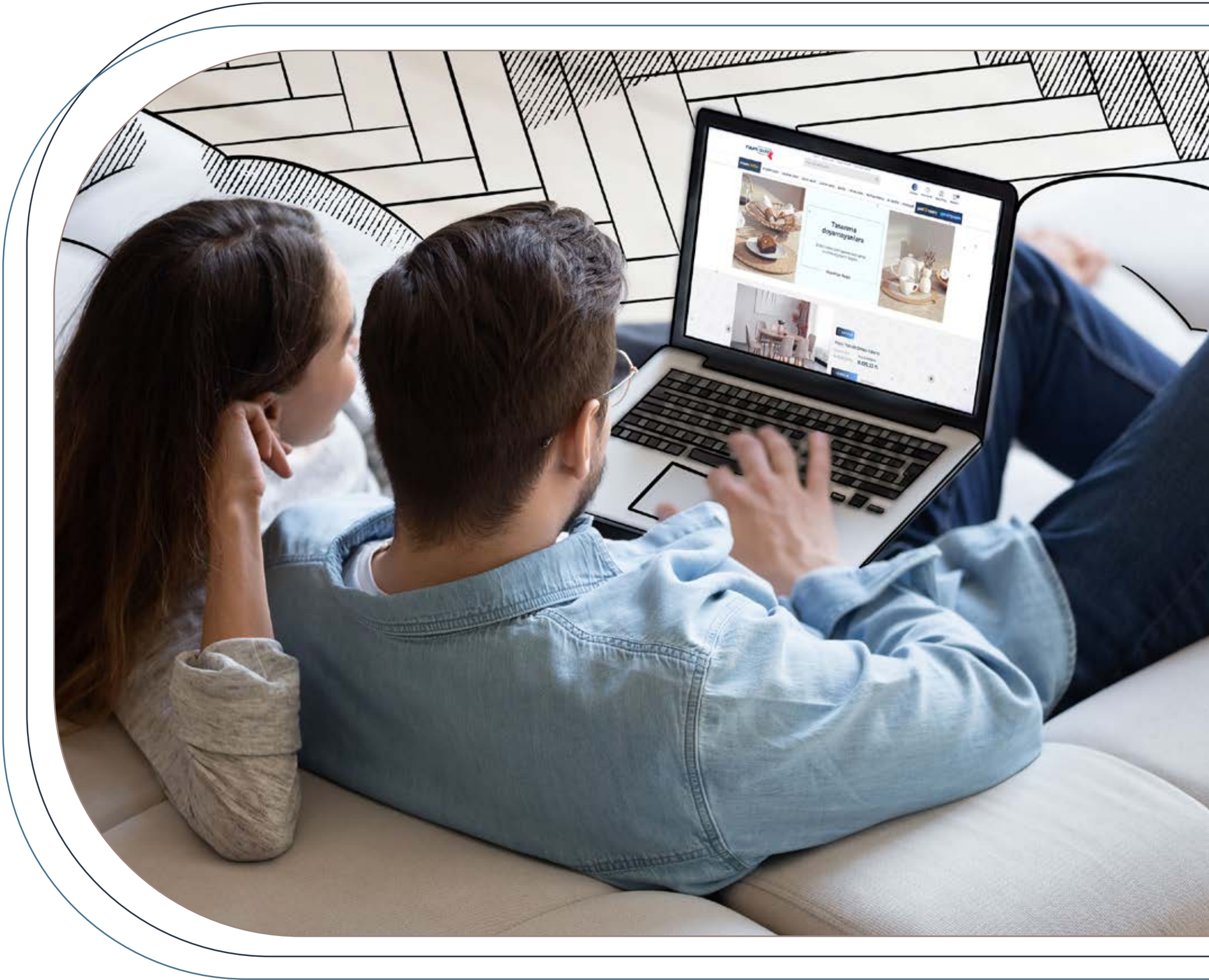




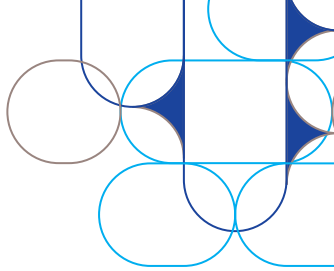


# Live Your Dreams with Ruum Store!

Since 2019, the company has proudly served online customers with the motto “Whatever your dream is, it’s in your home.” More than 20,000 products in over 80 subcategories can be easily perused on our user-friendly online platforms, which feature an extensive portfolio to suit every room. Products are shipped within one workday. At-home installation is made easy thanks to the clear instructions included within. With Ruumverse technology, Ruum Store displays tens of thousands of products in both small experience stores and small spaces in the home environment, and builds the trends of the future today.

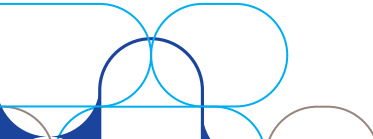






# Live Your Dreams with BiGA Home!

BiGA Home embarks on a journey that intertwines past and present, aiming to showcase Biga—the birthplace of Doğanlar Furniture—to the world while drawing strength from its heritage. With over half a century of experience, enhanced by Senegal's strategic importance and logistical capabilities, a strong brand is growing in the heart of Africa. High-quality, innovative and suitable for every taste and style, BiGA Home-branded products are exclusively manufactured in the production facility in Dakar.



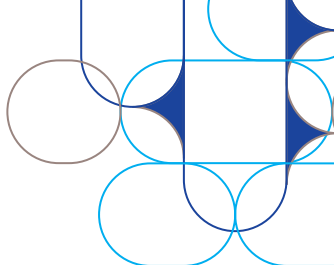




Live your dreams!

From the  
Management





## Message from the Chairman

Dear Stakeholders,

We are proud to share with you Doğanlar Furniture Group's 2023 Annual Report. This report outlines our vision and mission, alongside our achievements and activities over the last year.

This year posed significant challenges for us all. In addition to the earthquake disaster, we had two consecutive elections. Meanwhile, rising inflation and exchange rates strained all industries. Despite these hurdles, Doğanlar Furniture Group has emerged with a strong financial performance, a testament to our dedication and hard work.

The Turkish furniture industry is highly valuable to the national economy and an important exporter. As a pioneering group in this ambitious industry, we are committed to designing and producing high-quality, value-added, innovative, and sustainable products that exceed our customers' expectations. In line with this mission, in 2023, we made significant investments, particularly in R&D, to continue our tradition of innovation.

We at Doğanlar Furniture Group value both financial achievements and the fostering of a corporate culture that adds value to our employees and stakeholders. We organize various training and social programs to enhance our team's skills and well-being. Our goal is to grow and develop together by establishing open and transparent communication with all our stakeholders.

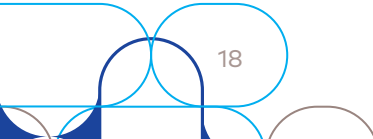
Our Group is currently experiencing very strong growth momentum both in the domestic market and in exports. We are dedicated to making our brands recognized globally. Our vision is to be the leading furniture manufacturer and retailer at home and in the region, and to become a respected brand globally.

I extend my gratitude to all our stakeholders, employees and customers for their continued support on this journey. I am confident we will build a stronger future together.

Best regards,

**İsmail Doğan**  
Chairman of the Board of Directors

As Doğanlar Furniture Group, we give importance not only to financial achievements but also creating a corporate culture that adds value to our employees and stakeholders.





# Message from the CEO

Dear Stakeholders,

As Doğanlar Furniture Group, our achievements and profitability in 2023 have favorably influenced our business outcomes. This success stems from our team's genuine dedication and our managerial philosophy, which emphasizes sustainable profitability, growth, cost-effectiveness, and operational efficiency. We underscore strengthening our company's reputation and commitment to social responsibility, enhancing customer loyalty, attracting qualified investors, fostering efficiency-driven success, and laying the groundwork for sustainable operations. We are diligently working to embed this culture across all operational processes.

In 2023, we achieved 17-percent growth year-over-year, reaching a total of 730 sales points, 623 at home and 107 abroad. As a Group, we experienced strong export growth. This growth is an indicator of our increasing competitiveness in international markets. At the beginning of the year, we were exporting to 41 countries. Today, this number has grown to 45. To create global brands thriving in both domestic and international markets and to lend our processes a more dynamic character, we diligently continued our investments. As such, BİGA Home, the Group's newest and incredibly exciting brand, has achieved significant success shortly after its official launch on September 12. Today, our brand, which has swiftly reached a total of 20 points of sale, 16 of which are active, is present as a corner in Senegal's leading home-life stores as well as mono-brand stores. This investment, the first and only production facility in Senegal in the furniture industry, is also an important milestone in terms of our overseas investments. We believe that investments are the cornerstone of sustainable growth and competitive advantage. We allocated 5 percent of our consolidated budget to investments and enhanced our operational efficiency through digital infrastructure, sustainability, capacity increase, point of sale and brand investments. We initiated several projects with SAP Cloud and Google solutions to ensure that all processes from purchasing to production and logistics to store sales have an end-to-end traceable and sustainable infrastructure. We made an investment of 60 million Turkish lira in this regard.

Online sales and e-commerce is another pillar of our digital infrastructure investments. In line with the world's evolving trends, we have developed our sales channels on a global scale. Today, e-commerce volume for approximately 5% of our total sales. Life flourishes in various spaces, and these spaces should be purpose-built and offer the necessary comfort level to users. At Doğanlar Furniture Group, we add aesthetics, design and comfort to your spaces with purpose-driven furniture production. Our six brands, Doğtaş, Kelebek Furniture, Kelebek Kitchen Bathroom, Lova Bed, Ruumstore and BİGA Home, offer harmony, aesthetics and comfort, showcasing our commitment to every living space with innovative products that set a benchmark for the entire industry.

While working non-stop to offer the perfect furniture, we carefully consider every facet of the furniture we produce, from fabrics to spring systems and from wood panels to accessories, to ensure it is environmentally friendly and of the highest quality. We unify technology and innovation in production facilities located on a total area of 532,000 square meters in three different locations in Biga, Düzce and Senegal. A portion of our investment budget goes to the R&D and Innovation Centers, where we develop models combining technology and aesthetics with a skilled staff of 61 people.

We enjoy a strong distribution network with six logistics centers located in strategic locations in Türkiye with a total area of 122,000 square meters and 6,000 square meters of warehouse space in four locations abroad. Sustainability investments and projects are among our most important investments and distinguish us from other brands in the industry. To direct these efforts, we established a Sustainability Office and pioneered a new perspective in the industry. In this context, we prepared the ISO-16064-01 Corporate Carbon Footprint report and measured our carbon footprint. We are proud that our carbon footprint is 1-1.5 metric tons less than the industry average (\*\*the industry average is 7-11 metric tons while ours is 5.76 metric tons). To further reduce this rate, we are vigorously advancing with solar energy investments, machinery and technology upgrades, and an eco-friendly design production model. With the support of our stakeholders, we will continue to strive towards achieving our goals.

With my best regards,

**Mustafa Karamemiş**  
CEO

In 2023, we launched our projects equipped with SAP Cloud and Google solutions that will provide all processes from purchasing to production, from logistics to store sales operations with an end-to-end traceable and sustainable infrastructure.





## Board of Directors



**Davut Doğan**  
Honorary Chairman – Board Member

Davut Doğan was born in 1960 in Biga, Çanakkale, where he completed his primary and secondary education. Doğan graduated from Anadolu University's Faculty of Economics and continues to study at Istanbul University's Faculty of Philosophy. Davut Doğan retired from civil service in 1986 and founded Doğtaş A.Ş. with his brothers in 1987. In 1988, he established the company's production plant and started the industrialization process. Doğtaş Furniture quickly became one of Türkiye's leading furniture brands, and in 2011, acquired Kelebek Furniture, one of the country's oldest furniture brands. Doğan also entered the construction industry with Doğyap, a company established to operate in real estate development in Türkiye and abroad. In 2017, Doğan established Biotrend Energy to invest in the production of alternative energy, incorporating four different industries into the holding. In 2021, Biotrend Energy went public and received investment from the European Bank for Reconstruction and Development (EBRD) and signed the United Nations Global Compact.

Davut Doğan served as the President of the Biga Chamber of Commerce and Industry between 1999 and 2009. In 2003, he brought Turkish branded-furniture manufacturers under one roof by founding the Association of Turkish Furniture Manufacturers (MOSDER) in 2003, and lead it for a while. He is the chairman of the Furniture and Mattress Industrialists and Retailers Confederation (MOYKON) and the Furniture and Mattress Industrialists Association (MOYSAD). He is also a member of the Foreign Economic Relations Board (DEİK). Doğan was the chairman for the Furniture Industry Board of the Union of Chambers and Commodity Exchanges (TOBB) for 10 years. Between 2002 and 2005, he gave entrepreneurship lectures at Çanakkale Onsekiz Mart University, Biga Faculty of Economics and Administrative Sciences. In 2005, he became the Turkish finalist of the World Entrepreneurship Contest. In 2007, he was named the "Most Productive Businessman of the Year" by the National Productivity Center of Türkiye. Doğan is the author of three books: "Projection," "Impressions" and "My Experiences in Business." Davut Doğan is the Chairman of the Board of Directors of Doğanlar Holding A.Ş., and the Honorary Chairman and a Board Member of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. He is also an angel investor.



**İSMAİL DOĞAN**  
Chairman, Board of Directors

İsmail Doğan was born in Biga, Çanakkale in 1968 and graduated from Biga Industrial Vocational High School. İsmail Doğan worked as the Production Manager and Factory Manager at Doğtaş Doğanlar Mobilya İmalat Enerji Üretim Sanayi ve Ticaret A.Ş. He was the General Manager at the same company from 2004 to 2012. From 2016 to 2017, he served as the Chairman of the Association of Turkish Furniture Manufacturers (MOSDER). Between 2012 and 2022, he was a Board Member at Doğanlar Holding A.Ş., and the CEO of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. between June 2020 and April 2023. As of May 2023, he became the Chairman of the Board of Directors of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş.



**ŞADAN DOĞAN**  
Vice-Chairman, Board of Directors

Şadan Doğan was born in Biga, Çanakkale in 1965, where he completed his primary and secondary education. Doğan played a crucial role in launching the DOĞTAŞ brand with his brothers in 1987.

His industrial career began in 1988 with the establishment of furniture and decor manufacturing facilities. In addition to taking on roles in executive positions and as a founding member at many non-governmental organizations, Doğan was elected Chairman of the Biga Chamber of Commerce and Industry in 2013. Şadan Doğan continues to serve as the Chairman of the Board of Directors of Biga TSO and the Chairman of the Board of Directors of Biga Organized Industrial Zone. He is also a member of the EU Harmonization Committee of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB).



**SALİH TUNCER MUTLUCAN**  
Member, Board of Directors

Tuncer Mutlucan was born in 1968 in Istanbul and graduated from Galatasaray High School and Boğaziçi University's Civil Engineering Department. Fluent in English and French, Mutlucan obtained his Master's Degree in Construction Administration from Istanbul Technical University, then embarked on a banking career in 1992. Mutlucan was the Luxembourg Branch Manager for Garanti Bankası from 1995 to 2006, and Akbank NV Netherlands General Manager from 2006 to 2010. While serving in his role as the Ak Financial Leasing General Manager from 2010 to 2015, Mutlucan was also a Founding Board Member at the Association of Financial Institutions. Having served as a Board Member at various Çalık Holding companies from 2015 to 2018, Mutlucan switched in 2018 to the Güven Health Group, Active Shipping and Umur Printing Group as a Board Member until 2019. Mutlucan currently serves as an Independent Board Member at Astor Enerji A.Ş., CEO at Doğanlar Holding, and a Board Member at Biotrend Energy. He is also a member of the Chamber of Civil Engineers and the Istanbul Rotary Club.



## Board of Directors



**MUTLU ERTURAN**  
Independent Member, Board of Directors

After graduating from Izmir American College, Mutlu Erturan went on to graduate from the Department of Economics at Middle East Technical University in 1997 and holds an MBA from Nottingham University in the UK. Mutlu Erturan began his professional career in 1997 as a consultant at Yapı Kredi Bank, then moved on to take various senior management roles across different departments at IBM, a leading technology brand, from 2007 to 2015. In 2015, Erturan served as the Chief Business Officer at Doğan Online, and from 2018 to 2022, the Chief Commercial Officer at Hepsiburada, one of Türkiye's major e-commerce platforms. Mutlu Erturan is the CEO of Mage Biotechnologies, a UK-based biotechnology group.



**ZEYNEP YALIM UZUN**  
Independent Member, Board of Directors

After graduating from Robert College, Zeynep Yalim Uzun studied economics and psychology at Agnes Scott College in the USA. Having spent the last 15 years of his career in C-level positions, Uzun has gained extensive global brand, marketing and business management experience.

During his career of more than 25 years at Unilever, one of the world's largest fast-moving consumer goods companies, she has worked in Poland, Türkiye and the UK, managing the global and regional operations of Unilever's different brands. She was the Vice President of Omo, Unilever's second-largest brand, which operates in 80 countries and is based in London. Zeynep Yalim Uzun also served as the Chief Marketing Officer (CMO) at Arçelik.

With 10 years of experience in the international start-up ecosystem, Uzun is currently working as an advisor and mentor in various start-up companies. She is also an Independent Board Member at Mavi and Doğanlar Furniture Group.

Zeynep Yalim Uzun is on the Board of Directors of the European Women on Boards and on the Advisory Board of Women on Boards Adria, working on gender equality in business. 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.



**BERNA AKYÜZ ÖĞÜT**  
Independent Member, Board of Directors

Berna Akyüz Ögüt graduated from Boğaziçi University, Department of Business Administration in 1996 and completed her Master's degree at the same university. During her 28 years of professional life, she has assumed leadership roles responsible for Türkiye and global markets in different industries such as telecommunications, FMCG and retail. In 2020 and 2021, she ranked third in the list of Türkiye's 50 Most Powerful Women CEOs, and in 2022, she moved to the top of the list. She is currently the General Manager and Board Member of LC WAIKIKI Mağazacılık. Berna Akyüz Ögüt is married with a daughter.

Board Members are elected in accordance with the criteria stated in the Company's Articles of Association pursuant to the Turkish Commercial Code, the Capital Markets Legislation and the Communiqué on Corporate Governance (II-17.1). The Members of the Board of Directors were re-elected and appointed for a period of three years at the 2021 Ordinary General Assembly on May 16, 2022.

Board Members are elected in accordance with the criteria stated in the Company's Articles of Association pursuant to the Turkish Commercial Code, the Capital Markets Legislation and the Communiqué on Corporate Governance (II-17.1). The Members of the Board of Directors were re-elected and appointed for a period of three years at the 2021 Ordinary General Assembly on May 16, 2022.

Full Name	Role	Date of Election at the General Assembly	End of Duty
Davut Doğan	Honorary Chairman and Board Member	16.05.2022	16.05.2025
İsmail Doğan	Chairman, Board of Directors	16.05.2022	16.05.2025
Şadan Doğan	Vice-Chairman, Board of Directors	16.05.2022	16.05.2025
Salih Tuncer Mutlucan	Member, Board of Directors	16.05.2022	16.05.2025
Berna Akyüz Ögüt	Independent Member, Board of Directors	16.05.2022	16.05.2025
Mutlu Erturan	Independent Member, Board of Directors	16.05.2022	16.05.2025
Zeynep Yalim Uzun	Independent Member, Board of Directors	16.05.2022	16.05.2025



## Senior Management



**MUSTAFA Karamemiş**  
CEO

Mustafa Karamemiş graduated from the Faculty of Business Administration at Eskişehir Anadolu University and the Department of International Economics at Kiev National University of Economics. He has over 30 years of experience in the furniture industry. Karamemiş started his career at Erciyes Anadolu Holding and served as the Operations Manager at Merkez Çelik A.Ş. between 1993–2000, Form Sünger between 2000–2007 and İstikbal Mobilya A.Ş. between 2007–2010. Later, he served as the General Manager at Global Furniter (Ukraine), one of its subsidiary companies, between 2010 and 2014, and at İstikbal Mobilya between 2017 and 2018. In 2018, he became the General Manager of Bellona Mobilya Sanayi A.Ş. Since April 2023, he has been the CEO at Doğanlar Mobilya Grubu İmalat Sanati ve Ticaret A.Ş.



**ALİ DEMİRKAN**  
CFO

Born in 1979 in Istanbul, Ali Demirkan received his bachelor's degree in economics from Boğaziçi University in 2001. He began his career in 2002 as a tax auditor. Between 2004-2008, he served as a Senior Accountant at Beckman Coulter, a US company operating in the medical device industry, and from 2008-2013, he worked as the Financial Affairs Manager at Bausch & Lomb, a US company in the eye health industry. From 2013 to 2021, he held the CFO position at various companies including Kahve Dünyası, Watsons Türkiye, Vivense, and Enuygun.com, respectively. With 22 years of experience in financial affairs, finance, and consulting, Demirkan currently serves as the CFO at Doğanlar Furniture Group.



**ERKAN EKİNCİ**  
COO

Erkan Ekinci received his bachelor's degree in mechanical engineering from Selçuk University in 1995 and his master's degree in Business Administration in 2006. He started his career as a Maintenance Engineer at HES Kablo in 1995 and worked as an Assistant Production Manager at Bellona Furniture, Assistant Technical General Manager at Mondi Furniture, Assistant Technical General Manager at İstikbal Furniture, and Operations Director at Yataş. Ekinci, completing his 26th year in the furniture industry, currently serves as the COO at Doğanlar Furniture Group.



**İLHAN TUNÇMAN**  
Doğaş 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 Doğaş Furniture in 1992 as Çanakkale Store Manager. Between 1996-2012, he worked at Doğaş 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 Doğaş Kelebek Mobilya Sanayi ve Ticaret A.Ş.





**TOLGA KAYA**  
Kelebek General Manager

Born in Istanbul in 1977, 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.



**TANER KIRCI**  
CSO (International Markets)

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 Export Manager at Pürkim Kimya between 2003-2005. Between 2005-2016, he served as Sales and Marketing Coordinator at Boydak Dış Ticaret A.Ş. On 1 October 2016, Kırıcı started to work as Doğtaş International Markets Manager at Doğanlar Furniture Group and has been Doğtaş International Markets Director since July 2020. Since March 2024, he has been working as CSO-International Markets at Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş.



**YAŞAR RAMAZAN ÇİFTÇİ**  
Strategic Planning Director

Yaşar Ramazan Çiftçi obtained his bachelor's degree in industrial engineering from Kocaeli University in 2004. He then pursued a master's degree in business administration from the same university. He began his career as a Data Analyst in 1996. He has worked in various companies and industries, serving as the Budget and Cost Manager at Kervan Gıda from 2006 to 2009, and as the Strategic Planning and Information Technologies Manager at Korkmaz Mutfak Eşyaları from 2009 to 2014. From 2014 to 2016, he held the position of Strategic Planning Director at Demirören Group of Companies, and from 2016 to 2021, he worked as the Strategic Planning Director at Yataş Group. Since May 2021, Çiftçi has been working as the Strategic Planning Director at Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş.



Live your dreams!

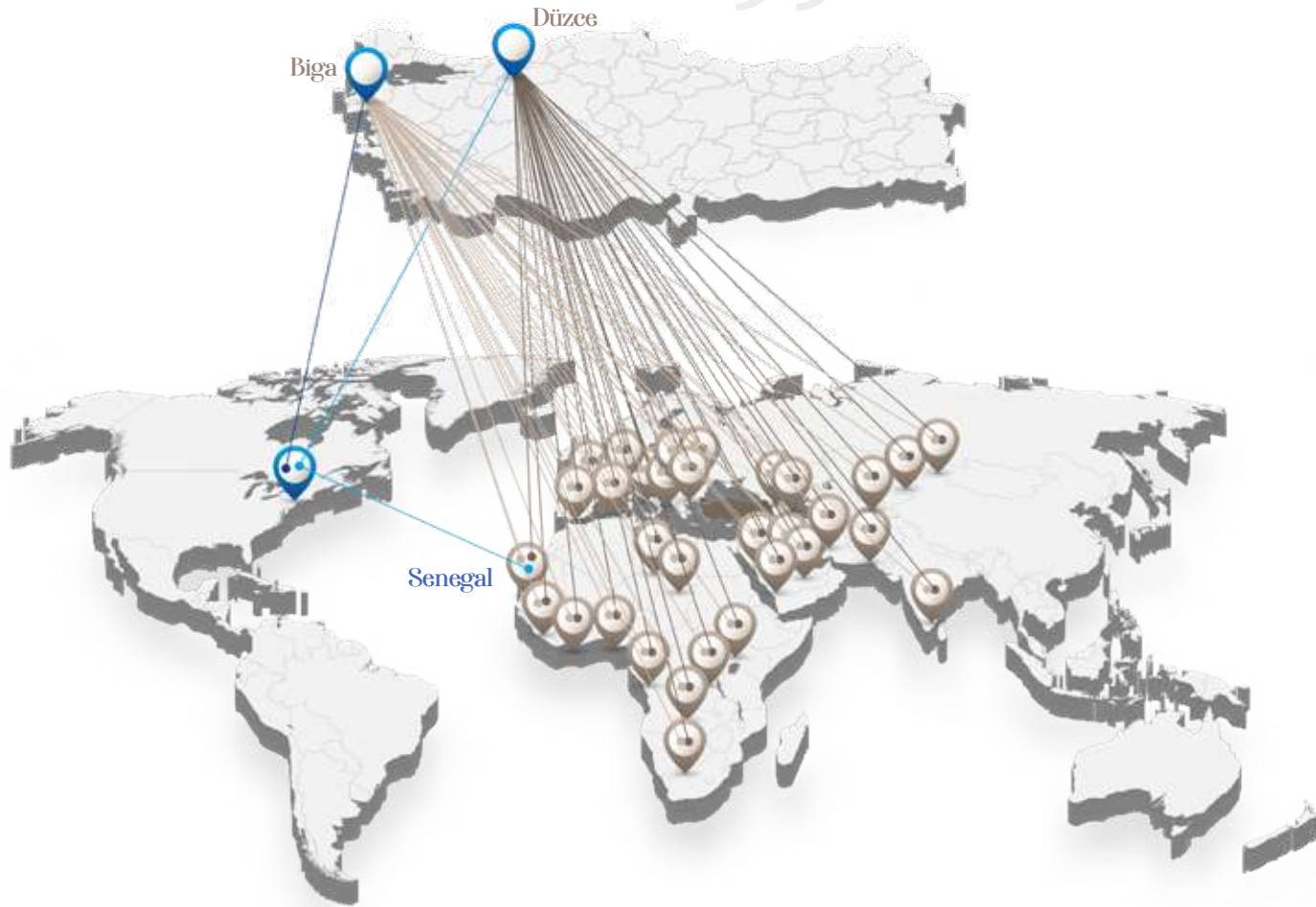
Doğanlar  
Furniture  
Group  
At a Glance



## About Doğanlar Furniture Group



“We produce for the world  
under one roof”



The Doğanlar Furniture Group's roots trace back to Kelebek Furniture, a company launched with the support of Atatürk in Haliç in 1935, initially set up to manufacture plywood for the wings of the nation's first domestic aircraft. Then, in 1972, Hacı Ali Doğan established Doğan Furniture, now known as Doğtaş, in a modest workshop located in Biga, Çanakkale. The Group further strengthened its position on September 6, 2012, when Doğtaş Doğanlar Mobilya İmalat Enerji Üretim Sanayi ve Ticaret A.Ş. acquired 67 percent of Kelebek Mobilya Sanayi ve Ticaret A.Ş. In 2013, Doğtaş Doğanlar Mobilya İmalat Enerji Üretim Sanayi A.Ş. and Kelebek Mobilya Sanayi ve Ticaret A.Ş. were merged through acquisition to become Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. By 2021, the company's title was changed to "Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş.," reflecting the distinct paths of the brands within the Group and anticipating future inclusions. The Group established Doğtaş Senegal and Doğtaş Cyprus in 2021, Doğtaş America in 2022, and Kelebek UK in 2022, to fortify its overseas activities and structure its global market operations. In 2023,

the expansion continued with the acquisition and integration of D'Afric Senegal. Doğanlar Furniture Group, a leading company in Türkiye in furniture production and sales, is registered with the Capital Markets Board, and its shares are traded on Borsa İstanbul A.Ş. under the code DGNMO. As of December 31, 2023, the Company's free float rate is 50.08 percent.

Today, the Doğanlar Furniture Group is broadening its retail and sales network, characterized by an elegantly devised store concept, delivering modern furniture at accessible prices to its clientele. With a growing online and e-commerce presence through brand websites, marketplaces, and the Ruum Store brand, the Group is constantly increasing its value, propelled by new and ongoing investments. The company prides itself on offering collections that are both high-quality and functional, backed by advanced production facilities and an outsourcing network meticulously overseen at every production phase.

Doğanlar Furniture Group continues its successful journey with Doğtaş, Kelebek, Lova Sleep, Kelebek

6  
Brands

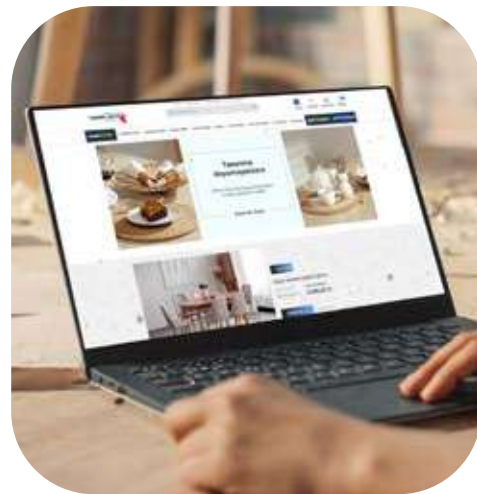
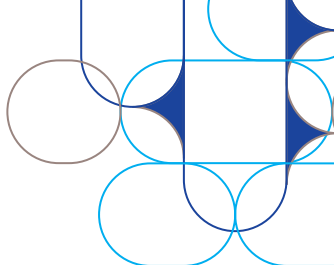
2,741  
Employees

45  
Export  
Destinations

730  
Points  
of Sale

Since 2017, Doğanlar Furniture Group has been on the Brand Turkey 100, an annual list by Brand Finance that recognizes the most valuable Turkish brands, and has seen a consistent rise through the ranks of ISO 500 companies.





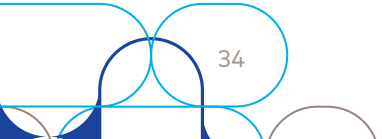
Leveraging a carefully curated store concept to continuously expand its store network and sales channels, Doğanlar Furniture Group forges ahead with a new brand, BİGA Home which joined the fold through the acquisition of D'Afric Senegal.

Kitchen-Bathroom, Ruum Store brands, and BİGA Home, the latter joining the fold through the acquisition of D'Afric Senegal. The Group manufactures and markets a comprehensive range of products for living rooms, bedrooms, dining rooms, youth rooms, kitchens, and bathrooms, as well as beds, designed to enhance any living space. It also offers accessories, lighting, and decorative items under the Home category, garden furniture under the Garden category, and home textiles under the Sleep category. In 2023, the company has expanded into projected and corporate sales through their respective departments.

As a producer and seller of modern design furniture at accessible prices, Doğanlar Furniture Group stands as the third-largest furniture company in Türkiye by store count. Since 2017, it has consistently been on the Brand Turkey 100, a list curated annually by Brand Finance to recognize the most valuable Turkish brands, and has seen a consistent rise through the ranks of ISO 500 companies each year.

The group's commitment to sustainable and profitable growth is evident in its adoption of new brands, product lines, and markets. Doğanlar Furniture Group continuously innovates its collections at production facilities equipped with cutting-edge technologies, aiming to elevate customer satisfaction.

The Group showcases its commitment to sustainable and profitable growth through the adoption of new brands, product lines, and markets and continuously innovates its collections at production facilities equipped with cutting-edge technologies.





2023 Highlights



**D'Afric Senegal Furniture S.A. launched its furniture company**

On September 12, 2023, D'Afric Senegal furniture factory was inaugurated with the participation of Senegalese President Macky Sall on a 52,800-square-meter land in Dakar. With this investment, we aim to produce mattresses, plinths, headboards and upholstered products under the BİGA Home brand in Senegal. In addition to our sales in the local market, we intend to export to the entire African market, primarily 15 Ecowas (Economic Community of West African States) countries and Mauritania as well as to overseas countries including the USA.



**We acquired D'Afric Senegal Furniture S.A. operating in Senegal.**

Our Company took over 100 percent of the shares representing the capital of D'Afric Senegal Furniture S.A., established in accordance with Senegalese law, from Doğanlar Yatırım Holding Anonim Şirketi on December 29, 2023.



**In May 2023, Davut Doğan became Honorary Chairman and Board Member, while İsmail Doğan stepped in as Board Chairman**

İsmail Doğan was appointed the Chairman of the Board of Directors, taking over from Davut Doğan. Davut Doğan continues to serve in our Company as the Honorary Chairman and a Board Member.



**Mustafa Karamemiş commenced working as CEO in April 2023**

İsmail Doğan, who has been serving as a Board Member and CEO in our Company, handed over the CEO position to Mustafa Karamemiş in April 2023. Karamemiş has over 30 years of experience in the furniture industry. With this significant value he has added to our company, we are making even stronger strides towards accomplishing our goals.



**Doğanlar Furniture Group: “Türkiye’s Happiest Workplace” two years in a row**

Doğanlar Furniture Group ranked first in the furniture industry this year, as it did last year, in the “Türkiye’s Happiest Workplace” survey, a collaboration between Happy Place to Work and Capital Magazine.



**Extended TURQUALITY support for Doğtaş until 2028 with the Ministry of Trade’s decision**

Doğanlar Furniture Group has been a part of the Turquality support program with its Doğtaş brand since 2008. The five-year development roadmap submitted to the Ministry of Trade was approved by the Ministry, and the Turquality support period for Doğtaş was extended until December 2028 on December 12, 2023.



**730 Points of Sale**

Doğanlar Furniture Group has been on a continuous growth trajectory at home and abroad. The company had acquired new points of sales in Türkiye and abroad, bringing the total to 730 by the end of 2023.



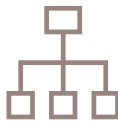
**The Group launched Digital Transformation Projects to step up digitalization and infrastructure efforts**

Through the Digital Transformation Projects initiated in July, Doğanlar Furniture Group aims to accelerate business processes and operations equipped with SAP S/4HANA, SAP Cloud and Google solutions, to automate all processes, to support the easy and quick adaptation of business processes with each other and with market variables, to ensure continuous improvement between operations, and to reduce risk and increase security level.



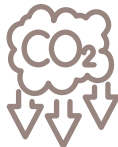
**The Group bought back shares under Board decision**

To protect our Company’s shareholders, to ensure a stable share price consistent with its real value, and to protect the trust of our investors, a total of 11,598,392 Turkish lira worth of shares were repurchased in 2023 with the Board of Directors decision under the CMB’s Communiqué No. II-22.1 on Buy-Back Shares and the relevant announcement dated February 14, 2023. As of December 31, 2023, the total nominal value of the shares owned by our company reached 14,636,238 Turkish lira, and the ratio of shares to capital amounted to 4.18 percent.



**We have restructured our organization in light of our strategies and corporate governance approach.**

As Doğanlar Furniture Group, we have carried out a qualified and dynamic organizational restructuring to provide our company with a stronger and more focused structure within our strategic plans and vision. The Technical Assistant General Manager position was restructured, and a new appointment was made to the CFO position. The “Operations Management” department was established, and the COO was appointed to oversee it, reporting directly to the CEO.



**As part of Net Zero by 2050 Vision, we initiated Carbon Footprint Reporting studies**

We launched our carbon footprint studies as part of Net Zero Emissions by 2050 vision. We aim to comply with these regulations by measuring and reducing our carbon footprint. Our work under the Net Zero Vision will help us become ready to implement CBAM. At the same time, energy use and other costs will be reduced in line with our reduced carbon footprint. Consumers’ awareness of the environmental impact of the products and services they use will also increase. We continuously improve our efforts to reduce resource consumption and pollution in our enterprises, which helped our production facilities to receive the Zero-Waste Certificate issued by the Ministry of Environment, Urbanisation and Climate Change.



**We revised the “Dividend Distribution Policy” after the General Assembly Meeting**

After the General Assembly Meeting held on August 8, 2023, we renewed the Dividend Distribution Policy. Regulations have been established to ensure that a minimum 40 percent of the distributable profit for the period may be distributed to shareholders. The sums will be calculated as per the capital markets legislation by taking into account the performance of our Company in the relevant year, macroeconomic conditions, investments, and cash flow.



**Our brands crowned their achievements with various awards**

This year, our brands received several important awards, continuing their successful annual run of formal recognition. At the award ceremony organized by Brandverse Awards, Kelebek Furniture won the gold award in the Social Media Data Analytics category for the third time in a row. In addition, Kelebek Fijital project received two gold awards in the Digital Customer Experience and Use of VR/AR Technology categories. The Hammers Awards recognized the Kelebek Furniture’s “Kelebek Fijital” project with a gold award. Moreover, Doğtaş earned the silver award in the Social Media Usage and Data Analytics in the Furniture Industry category by Brandverse Awards.



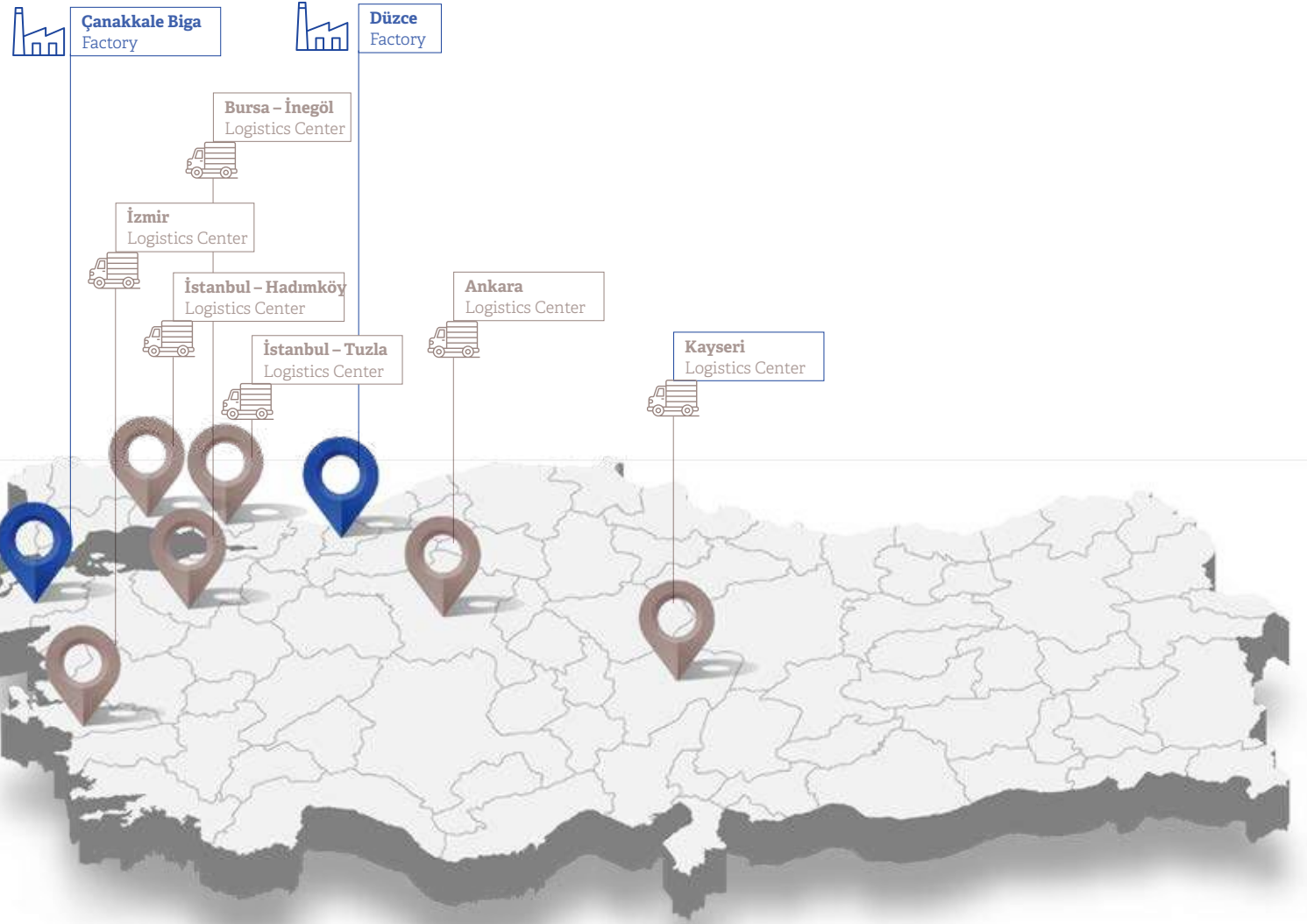
**We strengthened our organizational structure to expand into corporate sales and fortify our position in projected sales**

As part of our company strategies, the “Corporate Sales” department was established to manage the corporate sales channel more effectively and with greater focus. In addition, Kelebek Kitchen-Bathroom was restructured to form the Projected Works Kitchen-Bathroom department. During the year, the Company took part in many important projects such as the Yeşilovacık Housing Project in Mersin, the Urban Transformation Housing and Commercial Constructions Project in Istanbul Beyoğlu Okmeydanı, the Invest Vadi Project in Istanbul Sarıyer, and the Best Vadi Project in Istanbul Levent.



## Doğanlar Furniture Group in Türkiye and the Rest of the World

# Production and service network in Türkiye



### Düzce Factory

» 159,500-m<sup>2</sup> total area  
» 55,000-m<sup>2</sup> indoor space

### Biga Factory

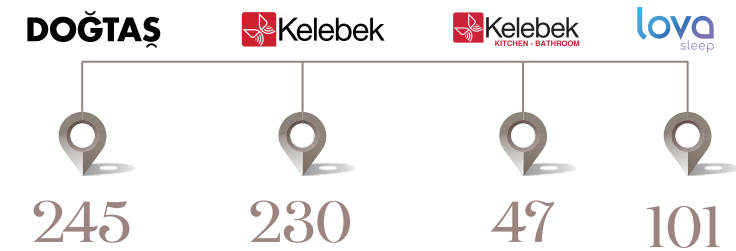
» 233,000-m<sup>2</sup> total area  
» 84,000-m<sup>2</sup> indoor space

### Logistics Centers

- Ankara Logistics Center
- Bursa İnegöl Logistics Center
- İstanbul Hadımköy Logistics Center
- İstanbul Tuzla Logistics Center
- İzmir Logistics Center
- Kayseri Logistics Center



Domestic  
Points of Sale





## Doğanlar Furniture Group in Türkiye and the Rest of the World

# Production and service network around the world



### Senegal Factory



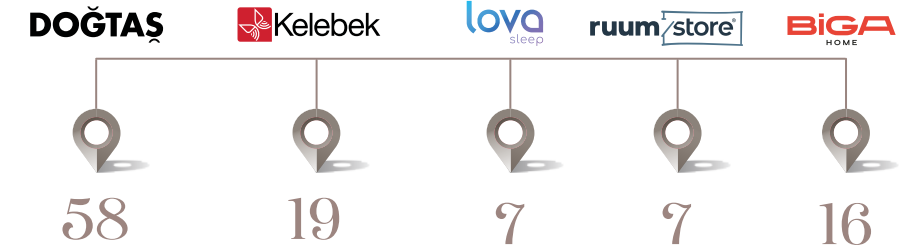
- » 52,800-m<sup>2</sup> total area
- » 10,000-m<sup>2</sup> indoor space

### Foreign Subsidiaries

- Doğtaş Kelebek Mobilya Kıbrıs Ltd. Şti.
- Kelebek Furniture UK Limited
- Doğtaş Kelebek Mobilya Senegal Ltd.Şti.
- D'Afric Senegal Furniture S.A.
- Dogtas Furniture USA INC.



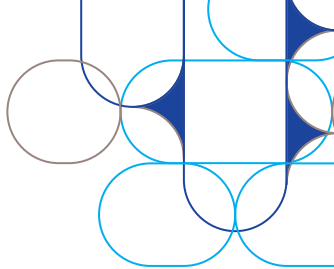
### Points of Sale Abroad



### Doğanlar Furniture Group Abroad

- » Doğanlar Furniture Group operates in 45 countries.
- » There are a total of 58 Doğtaş stores in 37 countries.
- » There are 19 Kelebek stores in 13 countries.
- » There are seven Monobrand Lova Sleep stores in six countries.
- » There are a total of 77 Lova corners in Doğtaş and Kelebek stores.
- » BiGA Home has three showrooms and 13 corner points of sale in Senegal.
- » In addition to the store channel, overseas sales are made through corner, chain, wholesale, online and projected business channels.





## Doğanlar Furniture Group in Türkiye and Abroad

Doğanlar Furniture Group serves with 730 sales points in Türkiye and abroad.

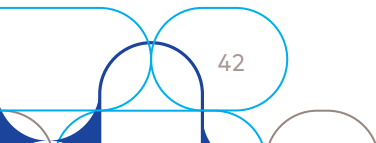
Doğanlar Furniture Group has 623 sales points in Türkiye and 107 sales points abroad.

Channel	2021	2022	2023
Domestic Retail	101	110	93
Doğtaş	31	31	31
Kelebek	46	43	38
Lova Sleep (Exclusive)	21	33	23
Lova Sleep (Corner)*	77	70	72
Kelebek Kitchen-Bathroom	3	3	1
Domestic Franchise	338	451	530
Doğtaş	163	195	214
Kelebek	127	166	192
Lova Sleep (Exclusive)	25	51	78
Lova Sleep (Corner)*	262	357	403
Kelebek Kitchen-Bathroom	23	39	46
Domestic Total	439	561	623
Foreign Retail (Subsidiary)	2	4	7
Doğtaş	2	3	3
Kelebek	-	1	1
Lova Sleep (Corner)*	2	3	4
BİGA Home	-	-	3
Foreign Franchise	68	92	100
Doğtaş	49	55	55
Kelebek	9	20	18
Kelebek Kitchen-Bathroom	-	1	-
Lova Sleep (Exclusive)	1	7	7
Lova Sleep (Corner)*	45	49	73
Ruumstore	9	9	7
BİGA Home (Corner)*	-	-	13
Foreign Total	70	96	107
General Total	509	657	730

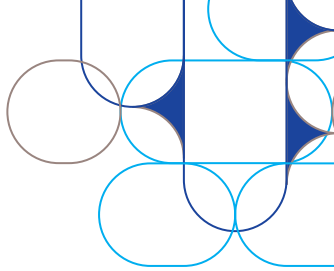
\* Lova Sleep corners inside Doğtaş and Kelebek sales points are not included in the calculation.

### Points of Sale Abroad

Region	Country	Brands
Europe	Bosnia and Herzegovina	Doğtaş, Lova Sleep
	France	Doğtaş, Lova Sleep
	Kosovo	Doğtaş, Kelebek, Lova Sleep
	Switzerland	Doğtaş, Lova Sleep
	Croatia	Doğtaş, Lova Sleep
	United Kingdom	Doğtaş, Kelebek, Lova Sleep
	Germany	Doğtaş, Lova Sleep
	Austria	Doğtaş, Lova Sleep
	Moldova	Doğtaş, Lova Sleep
	TRNC	Doğtaş, Kelebek, Lova Sleep
	Romania	Doğtaş, Lova Sleep
	Montenegro	Doğtaş, Lova Sleep
	Belgium	Doğtaş, Lova Sleep
	UAE	Doğtaş, Lova Sleep
Middle East	Iraq	Doğtaş, Kelebek, Lova Sleep
	Lebanon	Doğtaş, Lova Sleep
	Palestine	Doğtaş, Kelebek, Lova Sleep
	Oman	Doğtaş, Lova Sleep
Asia	Uzbekistan	Doğtaş, Lova Sleep
	Tajikistan	Doğtaş, Lova Sleep
	Kazakhstan	Doğtaş, Kelebek, Lova Sleep
	Turkmenistan	Doğtaş, Lova Sleep
	Azerbaijan	Doğtaş, Kelebek, Lova Sleep
	Pakistan	Doğtaş, Lova Sleep
	Kyrgyzstan	Doğtaş, Lova Sleep
	Mongolia	Doğtaş, Kelebek, Lova Sleep
Africa	Libya	Doğtaş, Lova Sleep
	Angola	Doğtaş, Lova Sleep
	Zambia	Doğtaş, Lova Sleep
	Liberia	Doğtaş, Lova Sleep
	Uganda	Doğtaş, Lova Sleep
	Kenya	Doğtaş, Lova Sleep
	Nigeria	Doğtaş, Lova Sleep
	Senegal	Doğtaş, Kelebek, BİGA Home, Lova Sleep
	Ghana	Doğtaş, Lova Sleep
	Mauritius	Doğtaş, Kelebek, Lova Sleep
America	US	Doğtaş, Lova Sleep



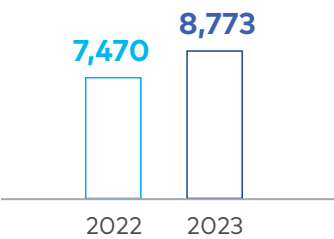




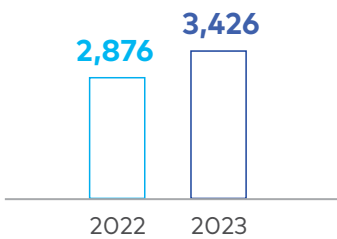
Main Financial and Operational Indicators

In 2023, Doğanlar Furniture Group generated 8,773 million Turkish lira in revenues, up by 17.40% year-over-year.

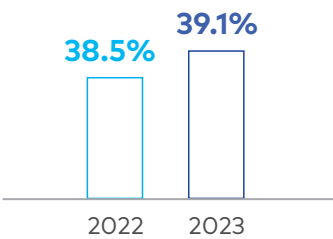
Revenue (TRY, millions)



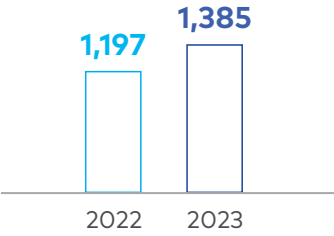
Gross Profit (TRY, millions)



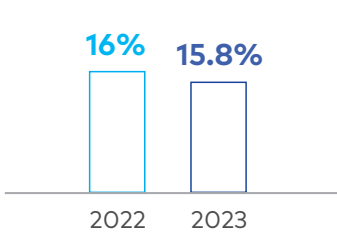
Gross Profit Margin (%)



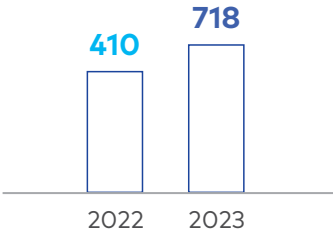
EBITDA (TRY, millions)



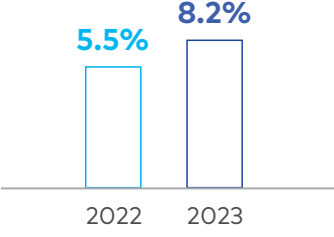
EBITDA Margin (%)



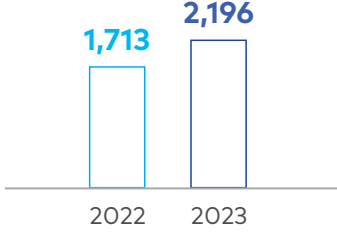
Net Profit (TRY, millions)



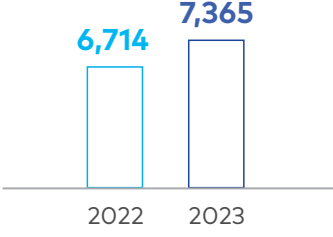
Net Profit Margin (%)



Shareholders' Equity (TRY, millions)



Total Assets (TRY, millions)

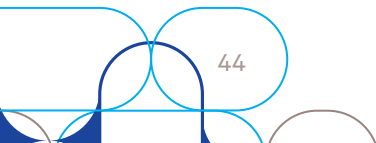


Balance Sheet (TRY, thousands)	December 31, 2022	December 31, 2023
Current Assets	3,228,183	3,523,657
Non-Current Assets	3,485,676	3,841,194
Short-Term Liabilities	3,683,664	4,239,598
Long-Term Liabilities	1,316,859	929,415
Shareholders' Equity	1,713,337	2,195,839
Total Assets	6,713,859	7,364,851

Income Statement (TRY, thousands)	2022	2023
Revenues	7,469,783	8,772,534
Cost of Sales (-)	(4,593,757)	(5,346,832)
Gross Profit	2,876,026	3,425,702
Operating Profit from Main Operations	721,545	1,100,654
Net Profit/(Loss) for the Period	409,754	718,320
EBITDA	1,197,285	1,385,495

Profit Margins (%)	2022	2023
Gross Profit Margin	38.5%	39.1%
EBITDA Margin	16.0%	15.8%
Net Profit Margin	5.5%	8.2%

Investments (TRY, thousands)	2022	2023
Lands	10,379	-
Underground and Aboveground Utilities and Buildings	132,238	66,558
Machinery, Plant and Equipment	262,598	47,384
Vehicles	3,292	2,484
Furniture and Fixtures	121,981	135,630
Special Costs	256,004	233,920
Ongoing Investments	184,574	151,532
Total	971,066	637,508





Main Financial and Operational Indicators

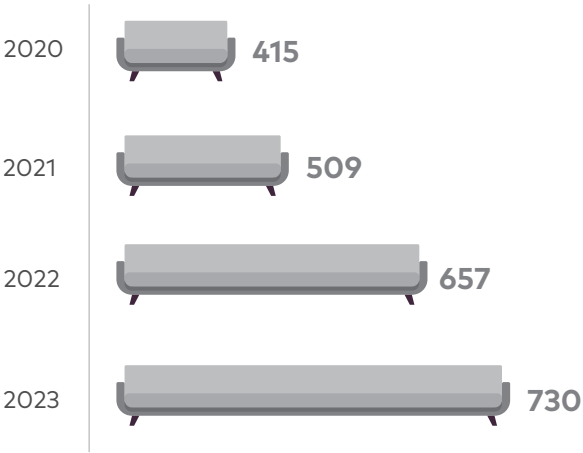


Doğanlar Furniture Group has a total sales area of 717,000 m<sup>2</sup> as of the end of 2023.

In 2023, Doğanlar Furniture Group's total sales area increased by 10% year-over-year, reaching 717,000 square meters.

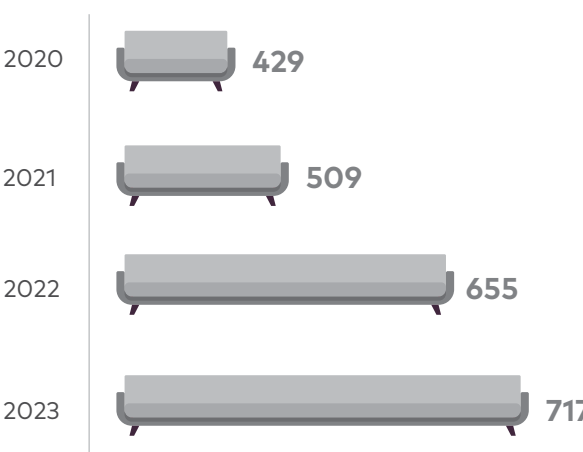
Domestic and International Points of Sale by Year (units)	2020	2021	2022	2023
DOĞTAŞ	220	245	284	303
Kelebek	156	182	230	249
lova	21	47	91	108
Kelebek KITCHEN - BATHROOM	18	26	43	47
ruumstore		9	9	7
BiGA HOME				16
Total	415	509	657	730

Total Domestic and International Points of Sale by Year (units)

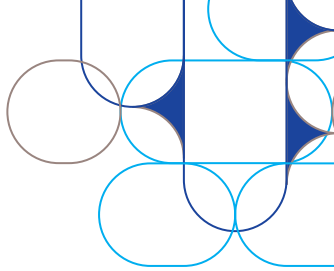


Domestic and International Points of Sale by Year (thousand m <sup>2</sup> )	2020	2021	2022	2023
DOĞTAŞ	248	279	367	396
Kelebek	177	220	271	294
lova	4	10	17	23
BiGA HOME				4
Total	429	509	655	717

Total Domestic and International Sales Points by Year (thousand m<sup>2</sup>)



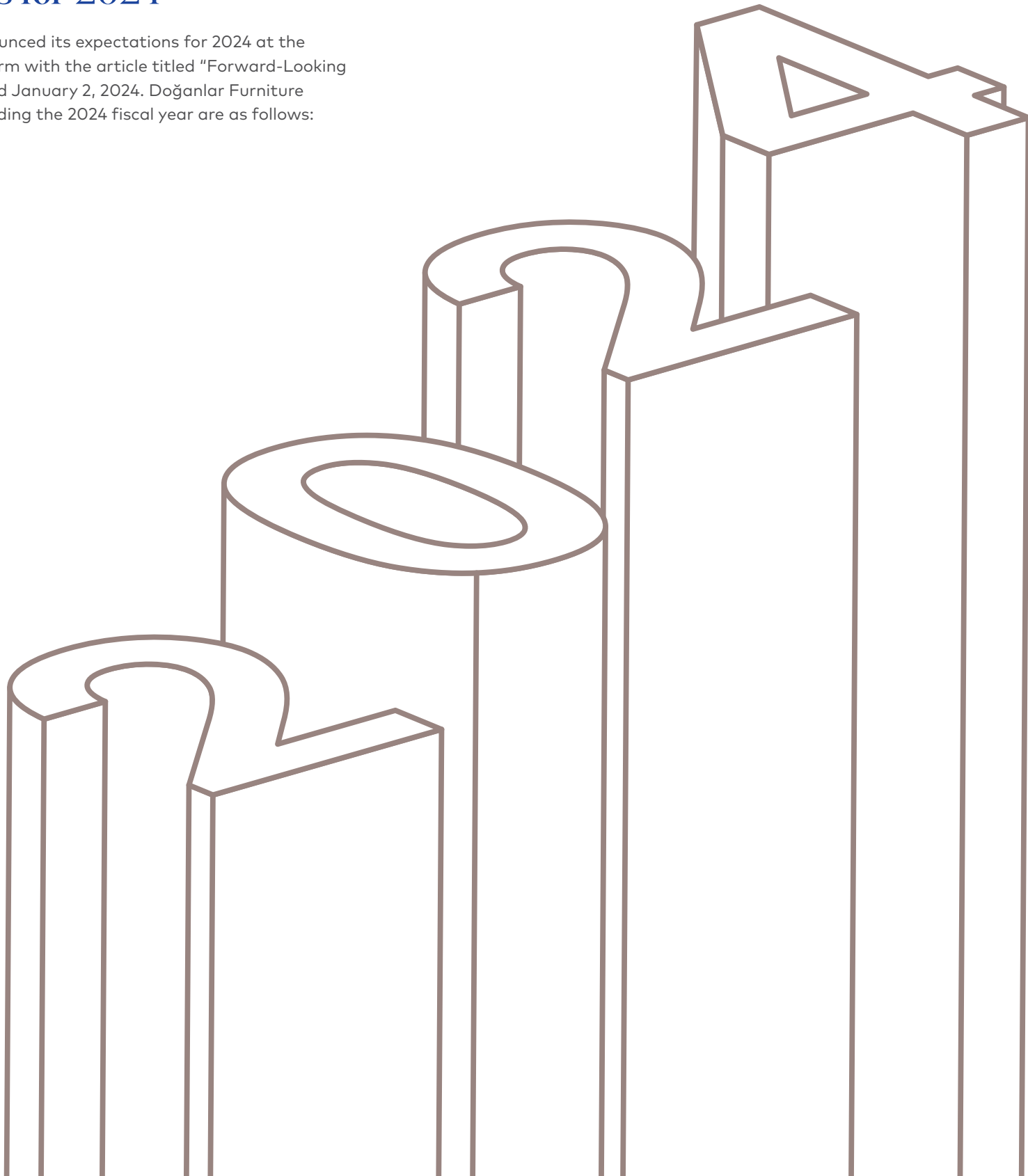




Main Financial and Operational Indicators

Expectations for 2024

Our Company has announced its expectations for 2024 at the Public Disclosure Platform with the article titled "Forward-Looking Assessments" and dated January 2, 2024. Doğanlar Furniture Group's forecasts regarding the 2024 fiscal year are as follows:



Doğanlar Furniture Group's 2024 Targets

TRY 11.2 Billion ± 3% | Consolidated Sales Revenues

10% ± 2% | Share of Exports in Consolidated Sales Revenues

14-15% | Consolidated EBITDA Margin

1.00x - 1.25x | Net Financial Debt/EBITDA

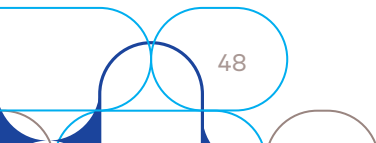
110-115 new points of sale | Total Point of Sale Growth

80-90\* new points of sale | Total Domestic Store Growth

20-25 new points of sale | Total International Store Growth

5-6% | Share of Investment Expenditures in Consolidated Sales Revenues

Expectations for 2024 are without taking into account the potential effects of TMS 29 (Financial Reporting in High Inflation Economies).

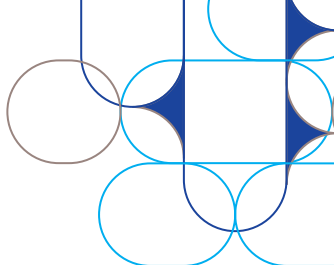




Milestones







## Shareholding Structure

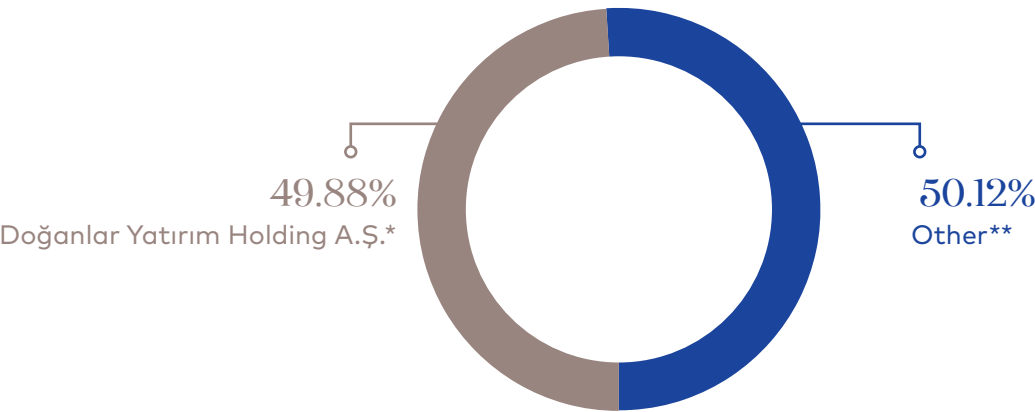
The committed, registered and issued capital of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi (“Doğanlar Furniture Group”) as of December 31, 2022, and December 31, 2023 are displayed below.

Shareholding Structure	December 31, 2022	December 31, 2023
Registered Capital Ceiling	500,000,000	500,000,000 *
Issued Capital	350,000,000	350,000,000

Our Board of Directors passed a resolution on June 3, 2020, to extend the validity period of the Registered Capital Ceiling, and we applied for the amendment of Article 6 titled “Company Capital” of the Articles of Association and received the necessary permission letters from the Capital Markets Board of Türkiye and the Ministry of Customs and Trade. The amendment to the Articles of Association, which set the Registered Capital Ceiling as 500 million Turkish lira from 2020 to 2024 (five years), was accepted at the 2019 Ordinary General Assembly held on October 30, 2020.

To strengthen the capital structure of the Company, the Board of Directors in their resolution dated October 22, 2020, agreed on a capital increase through rights issues. The request to increase the issued capital of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. from 269,069,767 Turkish lira to 350 million Turkish lira was accepted in line with the prospectus approved as per the Capital Markets Board Resolution no. 79/1619, dated December 31, 2020.

As of December 31, 2023, Doğanlar Furniture Group’s shareholders and their shareholding percentages are as follows.



\* An application was made to the Capital Markets Board on 03.04.2024 for the approval of the amendment of Article 6 titled “Capital” of the Articles of Association of our Company within the scope of the transactions regarding the increase of the registered capital ceiling of our Company from TL 500,000,000,000 to TL 1,500,000,000,000 and determination of the validity period of the registered capital as 2024-2028, and it was approved by the Board’s letter dated 24.04.2024 and numbered 52936.

\*\* During the period, shares of Doğanlar Yatırım Holding A.Ş. increased from 49.3 to 49.88 as a result of share purchases from Borsa İstanbul.

\*\*\* Free float rate is 50.08%.

## Subsidiaries and Affiliates

Business Name	Company’s Field of Activity	Place of Establishment and Operation	Currency	Paid-in	Company’s Share in Capital (%)
2K Oturma Grupları İnşaat ve Taahhüt San. ve Tic. A.Ş.	Sofa Manufacturing, Construction and Contracting	Türkiye	TRY	1,164,250	100
3K Mobilya Dekor. San. ve Tic. A.Ş.	Furniture Manufacturing and Trade	Türkiye	TRY	15,700,000	100
Doğtaş Mobilya Pazarlama Ticaret A.Ş.	Retail Furniture Trade	Türkiye	TRY	19,250,000	100
Doğtaş Bulgaria Eood	Retail Furniture Trade	Bulgaria	BGN	40,000	100
Doğtaş Holland B.V.	Retail Furniture Trade	The 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	TRNC	TRY	490,000	99
Doğtaş Kelebek Mobilya Senegal Sarl	Furniture manufacturing, exports, imports	Senegal	XOF	1,000,000	100
Dogtas Furniture USA INC.	Retail Furniture Trade	USA	USD	100,000	100
Kelebek Furniture UK Limited	Wholesale and Retail Furniture Sales	United Kingdom	GBP	1,000	100
FTR Dış Ticaret Mobilya Anonim Şirketi	Export-Oriented Intermediation, Consulting and Foreign Trade	Türkiye	TRY	47.810.000	14
D'Afric Senegal Furniture S.A	Furniture Manufacturing and Trade	Senegal	XOF	10,000,000	100

Since 2006, a chain of sales stores has been serving customers within 3K Mobilya Dekorasyon San. ve Tic. A.Ş. (“3K”), selling furniture and commercial products. The production activities of the Company’s other subsidiary, 2K Oturma Grupları İnşaat Taahhüt Sanayi ve Ticaret A.Ş., were terminated as of March 28, 2007, and the manufacturing plant was closed. Doğtaş Mobilya Pazarlama Ticaret A.Ş. (“Doğtaş Pazarlama”) was established in 1996 to sell furniture, sofa groups and commercial products through its branches throughout Türkiye. As of December 31, 2023, the related companies are inactive.

One of the subsidiaries of the Company, Doğtaş Kelebek Mobilya Kıbrıs Ltd. Şti. (“Doğtaş Cyprus”), was established in the Turkish Republic of Northern Cyprus on June 4, 2021, to operate in retail furniture sales and marketing. As of December 31, 2023, it has 1 (one) branch.

One of the Company’s subsidiaries, Doğtaş Kelebek Mobilya Senegal Ltd. Şti. (“Doğtaş Senegal”), was established on April 27, 2021, in Senegal, to manufacture, export and import furniture. As of December 31, 2023, it has 1 (one) branch office.

One of the Company’s subsidiaries, Doğtaş Furniture USA INC. (“Doğtaş America”), was established on July 28, 2021, in New Jersey, United States of America, to manage and develop the Company’s overseas retail sales activities more effectively. As of December 31, 2023, Doğtaş America has 1 (one) branch office.

One of the subsidiaries of the Company, Kelebek Furniture UK Limited (“Kelebek UK”), was established in England on April 26, 2022, to manage and develop the Company’s overseas retail sales activities more effectively. As of December 31, 2023, Kelebek UK has 1 (one) branch office.

Doğtaş Germany, Doğtaş Holland and Doğtaş Bulgaria, all subsidiaries of the Company, are not included in the consolidation and not recognized as available-for-sale financial assets since they are not significant for the consolidated financial statements.





About Doğanlar Holding



Founded by Hacı Ali Doğan in the 1970s, Doğanlar Holding is one of the leading group companies in Türkiye in the furniture, retail, energy and construction industries. Doğanlar Holding embarked on its journey in the furniture industry with Doğan Furniture founded by Hacı Ali Doğan in Biga, Çanakkale, and has consistently expanded over the years. Today, it stands as a conglomerate operating across various industries and contributing to both social and economic development. Cooperating with various institutions and organizations from different continents, Doğanlar Holding is setting an example of an innovative and global corporation for Türkiye. Its product lines meet the highest international standards and are backed by numerous quality assurance certifications. In addition to its constant emphasis on contributing to the national economy, Doğanlar Holding continues to support education, health, culture, arts, and the environment through its social responsibility projects and helps strengthen international relations with the 45 countries it exports to.

Listed on the BIST in 1990, Doğanlar Furniture Group opened its first overseas store in Dortmund,

Germany in 1991, under the Kelebek brand. In 1994, Doğtaş made its first export to Albania and began retailing two years later. Troy Park Shopping Mall, an investment of the holding, which also operates in the construction industry, was opened in Çanakkale in 1999.

In 2012, Doğanlar Furniture Group acquired Kelebek Furniture, and in 2013, the Doğtaş and Kelebek companies were merged, fortifying the Group's position in the industry. In 2017, the Group entered the energy industry, and Biotrend Energy, Doğanlar Holding's energy company, was established. In 2021, Biotrend Energy was offered to the public. In the same year, the BİGA Home brand, the production of which will take place in Senegal, Africa, was established, and in 2023, BİGA Home started its operations in Senegal.

In addition to its constant emphasis on contributing to the national economy, Doğanlar Holding continues to support education, health, culture, arts, and the environment through social responsibility projects and helps strengthen international relations with the 45 countries it exports to.

Doğanlar Holding continuously expands its investments at home and abroad with Biotrend in the energy industry; Doğyap in the construction industry; Troypark in the retail industry; and Doğtaş, Kelebek Furniture, Kelebek Kitchen-Bathroom, Lova Sleep, RuumStore and BİGA

Home in the furniture industry. It stands as one of Türkiye's top 100 business groups. With a dedicated team of 3,500 people, Doğanlar Holding proudly contributes to the national economy with its successful operations.

Since its inception, Doğanlar Holding has distinguished itself with notable achievements, earning its position as an exemplary group both in Türkiye and the rest of the world.

4  
Industries

3,500+  
Employees

2  
Design  
Centers

730  
Domestic and  
international  
Points of Sale

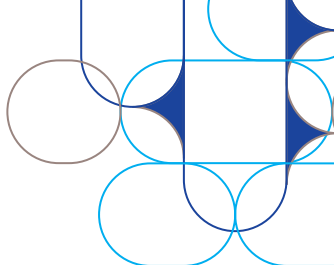
9  
Brands

45  
Export  
Destinations

22  
Production  
Centers

1  
R&D  
Center





Our Vision, Mission, Values, and Objectives



Our Vision

To become a leading "global brand" in the furniture industry.



Our Mission

To contribute to a more livable world through social and environmental initiatives, while creating lifestyles in the furniture industry characterized by innovation and a focus on people.



Our Values

Our Brand

In everything we do, we act with a keen awareness of our most valuable asset — our brands.

Transparency

To consistently prioritize openness in our management and business ethics. To embed a culture of self-criticism within our company.

Warmth

To prioritize family closeness and friendliness in our internal and external relations, and to process and ensure the family concept is felt in our organization. To see our employees, solution partners and dealers as members of our family.

Socially and Environmentally Responsible Company Culture

Aligned with our mission, we will proceed on our path, prioritizing a social and environmentalist perspective that highlights communal sharing and humanitarian values.

Reliability

It is essential for us to offer the most reliable product in terms of price and performance quality, and the most reliable service before and after sales. Reliability is built with a corporate culture that provides a fair working environment for our employees, a transparent management system for shareholders, and respect for environmental laws for society.



Our Objectives

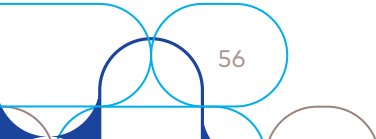
As Doğanlar Furniture Group, we strive to create projects that will bolster our country's economy and increase employment opportunities. Together with the brands under our roof, we pledge to be an organization that delivers tangible benefits to society. We recently signed the UN Global Compact, committing to align our strategy and operations with the 10 principles in human rights, labor standards, the environment, and anti-corruption, and to report publicly on our efforts every year.

Our motto is to feed the income received from each investment into another investment. Our goal is to achieve global recognition with our brands and to enrich the world's perspective. We aim to extend the quality and lifespan of our products thanks to the hybrid technology we have introduced in our Doğtaş and Kelebek brands. We apply this approach to our raw material selection as well as production processes.

We also have undertaken important work on CRM. Our aim is to feed brands from top to bottom with the CRM framework to be created.

Strategy and Areas of Growth

- »Achieving sustainable, profitable growth with new brands, new product ranges, and new markets.
- »Increasing customer satisfaction.
- »Investing in technology and human resources.
- »Advancing our environmentally sustainable production and resource utilization.





## Awards and Achievements

### Doğanlar Furniture Group: “Türkiye’s Happiest Workplace” two years in a row

Doğanlar Furniture Group forges ahead with important branding successes. The awards we have won so far crown our achievements, making us stronger and bringing great pride to our organization.

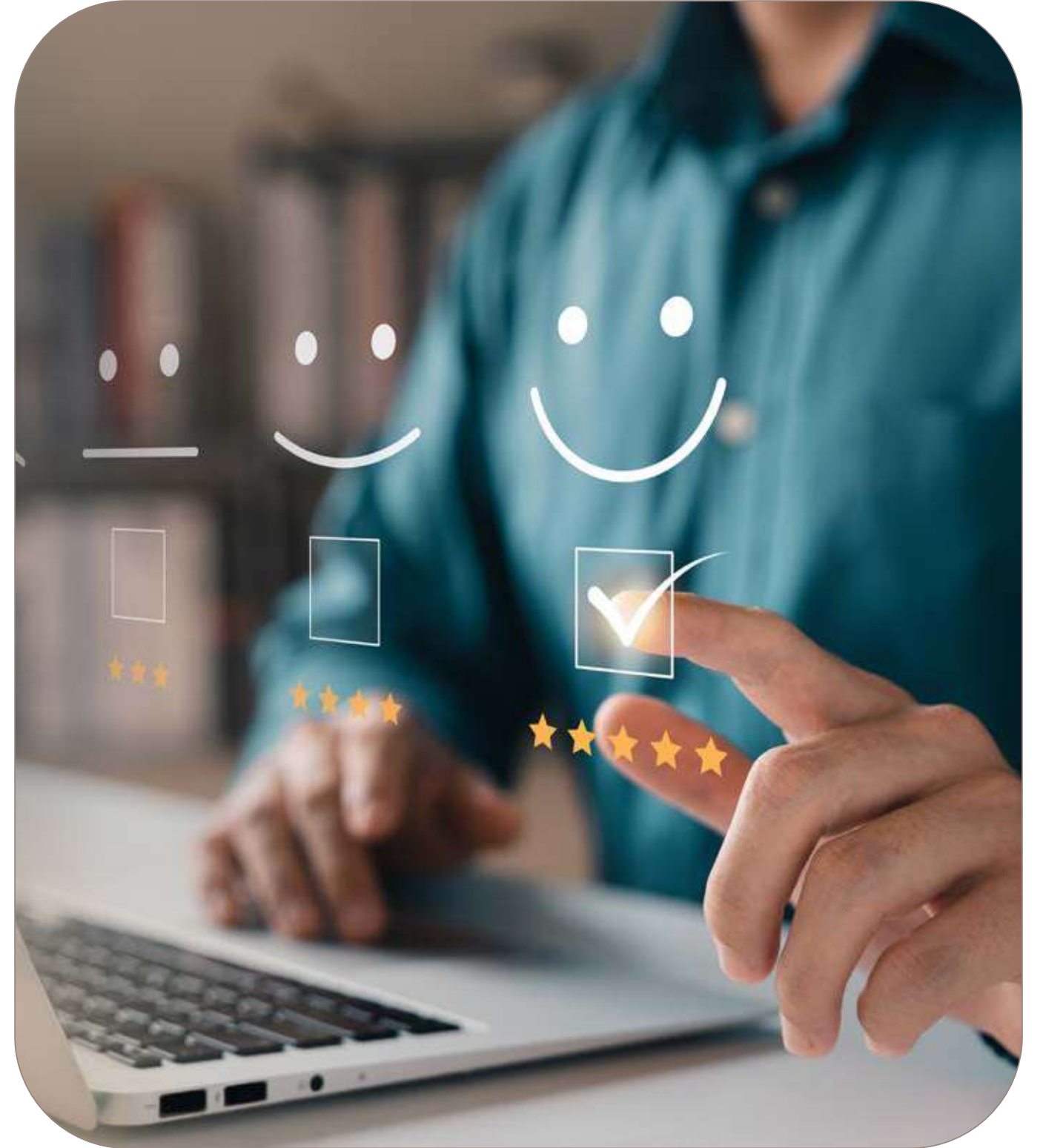
As Doğanlar Furniture Group, we are proud to be ranked 335th in the ISO 500 list, up 30 places from last year, and to be included in the Capital 500 and Fortune 500 lists.

As a result of a survey conducted by Happy Place to Work, an independent research and consultancy company founded by academics and consultants, we were again named “Türkiye’s Happiest Workplace” in 2023. We also ranked third in the top 50 list of design registrations received at the Turkishtime R&D center.

Our success streak continued with the awards given to our brands. Doğtaş received the 2022 A.C.E Awards – Excellent Customer Satisfaction Award, 2023 Social Media Awards – Türkiye Social Media Awards, and 2022 Crystal Apple Awards – Social Responsibility Category.

In 2023, Kelebek Furniture received a total of six awards.

- » 21st Golden Spider Awards: E-Commerce and Shopping Category Runner-Up,
- » 21st Golden Spider Awards: Retail and Merchandising Category Winner.
- » Brandverse Awards: Best Social Media Usage and Data Analytics Gold Award. It has been awarded the gold prize in this category for three consecutive years.
- » Brandverse Awards: Gold Award for Best Use of VR/AR
- » Brandverse Awards: Best Digital Customer Experience Gold Award
- » The Hammers Awards: Best VR/AR Team Gold Award





Live your dreams!

Our 2023  
Recap



Brands

Doğanlar Furniture Group offers a reliable and high-quality service to its customers with Doğtaş, Kelebek, Kelebek Kitchen-Bathroom, Lova Sleep, Ruum Store, and finally, with BiGA Home, which it acquired in 2023. The Group grows more successful every day with its six well-established brands and maintains industry leadership with collections that leverage all technological advancements.



Points of Sale





## Our Brands

### DOĞTAŞ

www.dogtas.com

Doğtaş continues its journey as one of the leading brands in the sector, growing steadily with its wide range of product options, stylish designs and quality that carefully beautify living spaces.

Doğtaş strives to infuse living spaces with style and character, enhancing the value of shared moments with its distinctive designs and superior quality. From cozy chats to large gatherings, it accompanies memorable unions with its elegant, comfortable and unique design line.

As a global Turkish brand, Doğtaş sets trends worldwide, boasting 58 stores in major cities like New York, London, Paris, Lyon, Berlin, Vienna, and Lausanne and extending its reach to Africa, the Turkic Republics, and Asia. With over 300 concept stores at home and abroad, Doğtaş is one of the most important players in the furniture industry. Doğtaş is proud to offer functional, high-quality and accessible collections that satisfy diverse needs, supporting its customers in creating living spaces of all styles and types. From material to fabric, and color to design, Doğtaş products give people the freedom to express themselves with whichever combinations they like in their living spaces. The designs, which reflect years of experience and expertise, are offered to customers with 300 different fabric and 35 different wood color options.

In 2022, Doğtaş launched the Design and Innovation Center, which paved the way for Hybrid Technology, where comfort is brought to the forefront. This technology helps people with back and joint pain to sit more comfortably and for longer periods with supportive hybrid chairs designed according to body curves. Doğtaş shows how much it cares about the comfort and convenience of consumers in its renewed product collections. As such and in addition to implementing hybrid technology, it has taken comfort to the next level with products featuring highly comfortable Comfort Plus and Relax mechanisms.

For a better future and greater sustainability, Doğtaş has, for the first time in Türkiye, transformed 100-percent recycled fabrics into armchairs. In addition to furniture, Doğtaş operates in the Doğtaş Genç, Doğtaş Garden and Doğtaş Home categories, growing in the furniture industry's different sections and continuing its journey as a leading brand in the industry.

The Doğtaş Home collection offers more than 500 designs in 14 categories for those looking to personalize their homes and add a touch of their soul. It features a collection that spans the entire spectrum of living space essentials, including carpets, trinkets, decoration objects, lighting options, vases, frames, mirrors, candles, and air fresheners. Doğtaş knows that living spaces greatly affect the quality of young people's success and daily lives. As such, it strives to improve young people's lives with the Doğtaş Genç collections.

As living spaces move to gardens, balconies and terraces, Doğtaş Garden brings style, comfort and quality to the outdoors. Featuring metal and rattan group furniture, it stands apart from its contemporaries in both design and quality. The brand maintains its industry leadership by offering products that are washable, stainless and ready for anything, even in climatic conditions.



### What did it do in 2023?

- »The Company continued to invest in domestic and international stores.
- »Expansion has been achieved with new categories (Doğtaş Garden, Doğtaş Genç, Doğtaş Home).
- »Projects prepared according to customer insights (Paw Guarantee and Paw Friendly Fabrics, Wipeable Fabric) were implemented.
- »New product designs are developed in line with current design and trend applications.
- »As people transition to spending more time at home, comfort must be prioritized in furniture design. In light of this direction, the Hybrid Technology created by the R&D Center has been implemented.
- »Technological Applications (VR Merchandising) were implemented.
- »Actions were taken to manage country-based marketing activities.

### What will it do in 2024?

- »The Company will continue to invest in domestic and international stores.
- »New recycling activities will be added to facilitate the transition to being a more socially and environmentally conscious brand.
- »New product designs will be introduced to customers according to current design and life trends.
- »Emphasis will be placed on quality architectural services and decoration works.
- »Brand and designer collaborations will continue.
- »Efforts will be intensified for integration into alternative sales channels.
- »Portfolio studies specific to target countries will be drafted.
- »Digital transformation projects will be implemented for end-to-end customer experience management.
- »Efforts for managing country-based marketing activities will continue.
- »Work will be initiated to activate a new website focused on a user-friendly customer experience.



## Our Brands



www.kelebek.com

## Kelebek proudly offers its products in over 200 furniture stores at home and abroad, aspiring to be a mass and global brand.

Kelebek offers its products in over 200 furniture stores at home and abroad with the aim of becoming a mass and global brand. With its overseas concept stores and exports of standard and special Kelebek products to 13 countries, Kelebek is among the most distinguished brands in the international market.

Pioneering in the industry, Kelebek presented VR/AR experience and three-dimensional product display to consumers with Kelebek Fijital, Türkiye's largest digital project, and was awarded five different prizes.

Offering furniture for every taste and style with its wide range of products, 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 to grow by category in its journey of more than 88 years. In addition to the furniture group, Kelebek operates in the Kelebek Kids, Kelebek Garden & Balcony and Kelebek Dekor categories, thriving in the furniture industry's different sections. Kelebek is on a steady growth trajectory with its sub-brands Kelebek, Kelebek Kids, Dekor, and Garden, maintaining its leadership in the industry.



## What did it do in 2023?

» In January, the company participated in the Istanbul Furniture Fair and presented its new collections featuring a global design vision for 2023.

» **Kelebek X Karim Rashid Collaboration:** Kelebek announced its collaboration with the world-famous industrial designer Karim Rashid with a special press launch at home and abroad. Karim Rashid will design new products for Kelebek as part of the collaboration. At the same time, he provided trainings to interior architects working within Kelebek.

» In March 2023, 87 people were awarded 87 prizes ranging from cars to vacation vouchers, from furniture to electronic home appliances, with the "Big Giveaway at Kelebek" campaign launched for the 87th anniversary in 2022.

» **Kelebek Kids 5th Traditional Drawing Contest:** In April, the fifth traditional painting contest was organized with the motto "Tiny hands draw for their mothers." On April 23rd, National Sovereignty and Children's Day, the winners were determined and awarded by a jury at the Kelebek store in the Marmara Forum Shopping Mall.

» A sponsorship agreement was signed with the Turkish Women's Ice Hockey Federation. Showcasing its commitment to supporting women in sports, Kelebek released a special film for the May 19 Commemoration of Atatürk, Youth and Sports Day in all media outlets.

» Through the launch of its digital display project, the brand has introduced digitalization to its stores.

» In June, the Company participated in the IMM fair in Germany and presented its new collections featuring a global design vision for 2023.

» With Almeda Abazi Sayışman, the face of the brand, new collections were promoted in all channels with the movies prepared in the Kelebek Dekor and Kelebek Garden categories.

» The ITU Zes Solar Car Team was sponsored at the Bridgestone World Solar Challenge 2023 competition in Australia.

» A special advertisement for the 100th anniversary of our Republic was filmed and broadcasted on all media channels, focusing on the founding story of Kelebek, a brand of the Republic established with the signature of Mustafa Kemal Atatürk to produce plywood and airplane wings for the first domestic airplanes.

## What will it do in 2024?

» The Company will continue to invest in domestic and international stores.

» Recycling activities will be emphasized to facilitate the transition into becoming a more socially and environmentally conscious brand.

» With a global design vision, new product designs will follow current design and life trends.

» Brand and designer collaborations will also be emphasized in 2024.

» Alternative sales channels will be fully integrated.

» Portfolio studies specific to target countries will be drafted.

» An end-to-end customer experience management project will be implemented.

» Participation in domestic and international fairs will be achieved. (Türkiye-Germany)

» Efforts will be focused on transitioning to a website with an infrastructure that will provide an excellent customer experience 24/7.



## Our Brands



[www.kelebekmutfak.com](http://www.kelebekmutfak.com)

Kelebek, Türkiye's first in panel furniture and kitchen manufacturing, extends its expertise to kitchens and bathrooms. Leveraging this experience, today Kelebek Kitchen-Bathroom designs comfortable living spaces tailored to each customer's needs, desires, and lifestyle standards.

Kelebek Kitchen-Bathroom offers free project design service with 20 cabinet door models and more than 1,500 product options at its widespread sales points across the country.

The brand provides Türkiye's first and only five-year warranty for all kitchen and bathroom models, along with complimentary measurement, delivery, and installation services.



### What did it do in 2023?

- » To increase our interaction with customers in domestic stores, events were organized with famous chefs.
- » The Kelebek Kitchen-Bathroom website was renewed with up-to-date designs to become more user friendly.
- » Fast Kitchen Sets, developed under the Kelebek Kitchen guarantee, started to cater to customers seeking utmost comfort in offices, compact spaces, or summer homes and desiring to purchase a standard kitchen complete with all elements without necessitating custom project designs.
- » The quotation and ordering system has been made suitable for use in different languages.
- » Sign of the City, a competition where construction projects are awarded, was sponsored as a project partner.

### What will it do in 2024?

- » The Sign of the City Awards sponsorship will continue in 2024.
- » Digital display work will be undertaken in stores.
- » An e-commerce channel will be activated.
- » Modular bathrooms will be added to the product portfolio.
- » In projected works, communication channels will be developed by meeting with architects and contractors on different platforms.
- » On the export front, more focus will be placed on projected business, and new projects will be undertaken.



## Our Brands



www.lovayatak.com

## Lova Sleep adopts globally recognized technologies and developments to create tailored products backed by scientific studies.

Türkiye's leading furniture manufacturer Doğanlar Furniture Group has extended its experience and industry know-how to Lova Sleep in a unique way. Developed with a focus on sleep comfort and quality, Lova Sleep introduced dynamic sleep features in 2017. As of 2023, it continues to provide services at 520 corner and 108 mono brand sales points.

Positioning itself as Türkiye's "Comfortable Sleep Brand," Lova Sleep strives to deliver a high-quality and comfortable sleep experience. With this goal in mind, it constantly advances its mattress technologies and responds to different sleep needs with mattresses produced from cutting-edge materials. It offers a unique comfort experience with a comfortable sleep experience tailored to an individual's body structure and sleeping habits.

With its modern facility located in Biga, Çanakkale, Lova Sleep manufactures with the latest technology production lines and ergonomic designs. Lova Sleep teams conduct extensive research on body anatomies and sleeping positions, all to provide a more satisfying and healthier sleeping experience. The research carried out at the brand's R&D center and the findings obtained by using cutting-edge devices contribute greatly to the shaping of the product portfolio. Thus, each product is iterated on, improved and innovated regularly to ensure customers receive the most comfortable sleeping comfort. Lova Sleep meticulously integrates new-generation in-bed materials into its products and offers high-quality bed solutions to meet the special demands of its customers.

Lova Sleep aims to be more environmentally friendly for a sustainable world by utilizing recycled fabrics and materials.



### What did it do in 2023?

- » In 2023, the "comfort" theme was adopted based on market research and consumer purchasing forecasts. As part of this theme, service and product quality and customer satisfaction were prioritized and distilled into the following: "comfortable when buying, comfortable when using, and comfortable after buying."
- » In 2023, Lova Sleep embraced a multi-channel communication strategy. The media was actively used to increase brand visibility, and a comprehensive media strategy was pursued. Continuous communication was established with consumers on radio, television, outdoor platforms, magazines, and digital platforms.
- » The Company prioritized easy availability to its consumers and reached 520 corner sales points in 108 exclusive and Doğtaş Kelebek stores by the end of the year.
- » The user experience was enhanced by optimizing the website. The website operates as a 24/7 online sales channel and features live customer support, a 360-degree virtual store tour, and a comfortable sleep test.
- » In 2023, the Company exhibited its new product collections to consumers and potential new investors by opening stands at IFF in Türkiye and the IMM Cologne Fair.
- » Performance systems were implemented in the retail channel, and the customer experience was improved through the establishment of a more measurable and traceable structure.

### What will it do in 2024?

- » In 2024, Lova Sleep will continue to adopt a comprehensive 360-degree communication strategy. This strategy will be expanded to include interactions from the brand's digital platforms, social media communications, traditional media tools and interactive events. In addition, this strategy, which will be continuously updated in line with customer feedback and requests, will support Lova Sleep's mission to provide customers with a more effective and personalized experience.
- » In 2024 and beyond, the Company plans to increase the number of stores in target markets, implement customer satisfaction-oriented improvements, and enhance its online sales, store sales and after-sales processes.
- » Lova Sleep aims to maximize customer satisfaction, especially in online sales, and provide end-to-end customer experiences. Besides providing customers with high-quality products, the brand will implement various improvements to make the shopping experience on online sales platforms more immersive and seamless.
- » As part of its sustainability efforts, the Company seeks to diversify its product portfolio to include products made from recycled fabrics and expand it to home textiles and sleep textiles. The company will give precedence to eco-friendliness and adherence to ecological balance principles in its production processes.



Our Brands



www.ruumstore.com

Boasting 80 sub-categories and 20,000 different products, ruumstore.com offers high quality, functional, modular, multi-purpose furniture to suit all rooms at accessible prices.

Total Number of Product Categories: 80  
Products Sold: 20,000

10,000 AI-powered products in the Metaverse universe and  
500 products offered on the 3D experience site (see 3D at home)

Doğanlar Furniture Group's youngest brand, ruumstore.com, met with internet customers in 2019 with the motto "Whatever your dream is, it is in your home" and is the online and offline/on2off sales brand of the Doğanlar Furniture Group. With 80 categories and 20,000 product types, Ruum Store offers quality, functional, modular, multi-purpose furniture to suit all rooms at affordable prices and reaches those seeking practicality and function in their living spaces with the quality and assurance of the Doğanlar Furniture Group. Ruum Store furniture is crafted with meticulous attention to fine details and a focus on high-quality materials. The brand offers next-business-day delivery and ensures straightforward assembly with clear instructions. Ruum Store blends convenience with technology, providing customers with QR codes and AI-supported 3D imaging. This enables a broad selection of functional furniture, including coffee tables, desks, bookcases, ottomans, bedside tables, and TV units. Ruum Store, which underscores a long-term vision in its designs, strives to design pieces that can be easily combined with each other in its collections and to cater to all rooms in a living space, such as the living room, balcony, kitchen, children's room, bedroom, bathroom, and entrance.

Ruum Store offers a combination of physical and digital concepts in its Fijital Experience stores, designed as a first in the industry.

In 2024, Ruum Store Fijital Experience Stores, which are set to become retail stores, offer showroom, café, gaming, and metaverse areas. In the Metaverse, Ruum Store presents 10,000 products through VR&AR and smart screen applications and has brought a brand-new perspective to the industry thanks to its ability to display more than 10,000 products on 86 square meters. Ruum Store emerges as a beacon of innovation in the industry, recognized for its inventive approaches that continue to sculpt the industry's landscape.

Ruum Store increased the number of products on its website six-fold to over 20,000.

What did it do in 2023?

- » Growing its chain markets projections, Ruum Store has stepped up its work with chain markets which enjoy a widespread network across Türkiye. Sales volume was increased in Migros, A101, Şok, and BİM channels, with sales projections expanding to the district, neighborhood, street, and household level.
- » As part of our alternative and stronghold markets strategy, contacts were increased in countries such as Russia, Morocco, and Bulgaria, and a new sales channel was created in the Russian market.
- » Through the warehouses established in the US and the UK, sales in global marketplaces have begun. Growth gained momentum in channels such as The Range in the UK and Wayfair in the US.
- » The brand became the supplier of Amazon EU in Türkiye and prepared sales areas in 12 different channels globally.
- » Sales increased in all marketplaces in Türkiye.
- » Ruum Store boosted the number of products on its website six-fold to over 20,000. The number of multi-purpose, easy-to-install product groups that are high-quality and serve every room has increased.
- » The number of categories and subcategories quadrupled to 80 subcategories. The brand planned a regional product management, channel management, and a localized global approach.

What will it do in 2024?

- » To support a healthy lifestyle, Ruum Store designed a jump-box, a smart fitness tool suitable for home, work, and office use. The brand will promote this product across all channels and develop sustainable projects aimed at enhancing the brand's commitment to encouraging physical activity and combating obesity.
- » A new product portfolio for tinyhouse, bungalow and container house projects will be created.
- » Through the innovative Design – Transform project, Ruum Store aims to pioneer recycling efforts in the industry by digitally showcasing its recycling studios to customers. This initiative will enable the brand to reintegrate returned or damaged products back into the market without resorting to destruction.
- » Ruum Store products will include earthquake information sheets to enhance earthquake preparedness, detailed guides on securing furniture, and smart QR Code cards that outline emergency response steps, all designed for the safety and benefit of customers.
- » Ruum Store will enhance customer experience by enabling the digital projection of "rooms," tailored to the specific square meter specifications provided by the customer, incorporating functional products that align with individual tastes and feedback. These personalized room designs will be transformed into videos, facilitating "the room I dream of" projects for customers.
- » Using new-generation payment methods, the brand will enable customers to accumulate "ruum money" and enjoy the many advantages of Ruum Store membership, overall increasing its communication with customers.
- » To promote accessible shopping, the brand will develop voice command shopping, shopping with sign language, free installation support for people with disabilities, a special website design for color blind people, and holistic shopping processes for all disadvantaged groups.
- » Digital stores will contribute to the customer's new-generation technological shopping experience through the positioning of AR&VR glasses, which display 10,000 products on a 90-square-meter space, and smart screens with a voice command system.
- » Smart screen panels will be used to show customers the detailed product content.
- » In the Metaverse area, a virtual store and player-focused gaming area will be provided.
- » The brand aims to increase customer contact points by designing corner Ruum Store areas in chain markets or shopping malls which enjoy a widespread domestic and/or international sales network.



Our Brands



[www.bigahome.com](http://www.bigahome.com)

BiGA Home joined Doğanlar Furniture Group in 2023 as the first brand to produce abroad.

BiGA Home has swiftly reached 16 sales points with three showrooms and 13 corner sales points. The brand is present as a corner in Senegal’s leading home-life stores as well as mono-brand stores. The brand offers high-quality, innovative products to suit Senegalese users’ every taste and style requirement and aims to extend its success in Senegal to the entire African continent. All BiGA Home-branded designs will be produced in the factory established in Senegal.

With the BiGA Home brand, the Group aims to export to nearly 20 countries, primarily Senegal and African countries, including the Economic Community of West African States (ECOWAS), Mauritania, and the USA. Trade with ECOWAS countries is exempt from customs duties.

Launched with a 10,000-square-meter production area, the brand has commenced mass production and sales in categories such as home, bedding, bed base, headboard, upholstered products, kitchen, and office, where there are projected works.





Sales-Marketing

“Ruumstore,” the newest brand of Doğanlar Furniture Group, successfully completed the Amazon audit processes and made the first shipments to Amazon Europe.

Doğanlar Furniture Group is actively enhancing its sales and marketing efforts to efficiently communicate its product range, services, and customer-centric solutions. Throughout 2023, marketing teams seized every opportunity to engage with their target audiences in Türkiye and globally, leveraging both physical and online platforms to continue their successful efforts.

Doğtaş

Doğtaş expanded its sales and marketing operations across Türkiye through franchises, company-owned stores, and digital channels, while internationally, it leveraged franchises, subsidiaries, corner shops, and chain outlets.

The brand increased the quality of all sales channels and carried out country- and region-based advertising activities and market-specific social media activities. New categories are being introduced at points of sale, and the architectural service of the stores has been improved. Traffic was generated to the stores through advertising & communication activities specific to the target markets and newly opened sales points.

The Group attended several fairs in Türkiye and abroad. In Türkiye, Doğtaş participated in the Istanbul Furniture Fair and in Italy the ISALONI MILANO Fair held in April, and “Lova Sleep” participated in the IMM Cologne Fair. Investments in new stores continued. Pakistan, Libya-Tripoli, Moldova, Mauritius, Mauritius, and Germany-Cologne stores commenced operations.

In 2023, Doğtaş signed new store agreements in addition to existing franchise stores abroad, including Paris and Marseille in France, London 2 in England, Antwerp in Belgium, Tel Aviv in Israel, Nablus in Palestine, Accra in Ghana, Ashgabat 2 in Turkmenistan, Bishkek in Tajikistan, and Podgorica in Montenegro. Our subsidiaries’ stores in New York, the USA, and Dakar, Senegal, also commenced operations.

In 2024 and beyond, Doğtaş is set to continue its growth trajectory by adding new sales points and sustainably increasing both turnover and profitability at its existing outlets. Points of sale are targeted to become experience centers through the use of technology.

In its international business development efforts, the Company is focused on expanding its customer base across wholesale, chain, corner, and projected business sales channels. The primary goal is to enhance its export turnover by securing additional sales through these diversified channels. The Company aims to expand its customer base by actively participating as a direct exhibitor in major industry fairs, which are crucial for business development. Additionally, it plans to visit other fairs to further its efforts.

In 2024, as in previous years, participation in both domestic and international fairs will continue to be a priority. Doğtaş will participate in leading international fairs such as Isaloni/Italy, High Point/USA, MOW/Germany, CIFF/China, and INDEX/ Dubai.





Kelebek

In 2023, Kelebek emphasized marketing activities to support sales. In addition to the work done on Meta, the brand has made significant gains through joint projects with famous social media figures. Furthermore, television and radio advertisements and sponsorships also contribute to increasing Kelebek brand awareness. In coordination with the countries where the Company has sales points abroad, extra significance was given to social media communication.

Kelebek's main growth target for 2024 will be to continue its expansion through exclusive stores and corner outlets. The Company is specifically aiming to reinforce its presence in Russia and the Balkan region, while also continuing to expand into key African markets. Kelebek is also focused on enhancing its market presence in the Middle East, recognizing the region's significant role in Turkish exports. Besides exclusive stores, the Company aims to be one of the major players in multi-stores and construction projects with competitive prices and high-quality products.

In 2024, the Kelebek brand will strategically emphasize design, directing its communication efforts to highlight its dedication to design within the furniture industry.

Kelebek Kitchen-Bathroom

The brand continued to provide outdoor advertising support to both newly opened dealers and dealers in need of advertising, and to organize special events with chefs for architects in stores. In 2023, VR investments will be made in stores to allow customers to see their kitchens in 3D, construction projects will be evaluated, an award organization will be sponsored, and the brand name will be focused on projected works.

Lova Sleep

Lova Sleep has adopted a 360-degree marketing communication strategy. Continuous communication was carried out throughout the year on radio and digital platforms, and periodically through TV commercials, printed media, and outdoor advertisements. By increasing the number of stores, the Company strives to make its products more accessible for the target audience. The infrastructure of the 24/7 online sales site was strengthened, and necessary integrations were made to provide a better customer experience. Platforms have been launched that allow site visitors to tour the store at any time and from any location and to chat live with a customer representative. In June, the Company participated in the international IMM Cologne furniture fair in Cologne, Germany, where the 2023/24 Collection was presented and investor meetings were held.

After Germany, Turkmenistan, and Tajikistan, new "Lova Sleep"-branded franchise stores, known as "Lova Sleep" abroad, have opened in France, Azerbaijan, and Iraq. In 2024, the brand will continue to launch new sales points abroad.

In 2024, the brand will persist in its efforts to streamline operations, aiming for faster and higher quality management. This will include reducing wait times for shopping and enhancing the customer experience across all channels, supported by significant investments in technological infrastructure to achieve these goals. To enhance the customer journey, efforts are planned across pre-sales, in-store sales, and post-sales processes to optimize each phase. These improvements aim to be implemented swiftly. The initiative to enhance the customer experience by developing a "talking store" will be advanced through upgrades to in-store visuals, POP and promotional materials.



Ruum Store

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

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

In 2024, besides the accessible shopping experience, "concept marketing" strategies are implemented to address marketing concerns and to market the brand's ability to respond to all the needs of a room and/or home.

E-Commerce

Our brands are available via the online shopping services at [www.dogtas.com/tr](http://www.dogtas.com/tr), [www.kelebek.com/tr](http://www.kelebek.com/tr), [www.lovayatak.com](http://www.lovayatak.com), and [www.ruumstore.com](http://www.ruumstore.com). The Doğtaş, Kelebek, Lova Sleep, and Ruum Store brands are sold through foreign dealers and subsidiaries, and online through marketplaces.

In 2023, the infrastructure transition on the Lova Sleep website significantly improved the customer experience. Thanks to order, payment and shipping integrations, users can enjoy an easier and smoother shopping experience on the website. In addition, features such as 360-degree virtual tour and Comfortable Sleep Test were added, allowing visitors to learn about and try the products more closely.

PersonaClick integration was implemented to make the Lova Sleep web page more user-friendly. Thanks to this integration, the consumer experience is personalized, and services are provided more effectively in line with users' preferences and needs. In addition, remarketing efforts have been initiated for users who have previously visited our website without making a purchase but have consented to data access.

With the [dogtas.us](http://dogtas.us) website for the Doğtaş brand, Doğtaş continues its online sales of Doğtaş products primarily in New York and New Jersey. Through its warehouses established in the US and the UK, Ruum Store has begun selling in global marketplaces. Growth gained momentum in channels such as The Range in the UK and Wayfair in the US.

The brand became the supplier of Amazon EU in Türkiye and prepared sales areas in 12 different channels globally.

Corporate Sales and Projected Works

As part of our company strategies, in 2023, the "Corporate Sales" department was established to manage and develop the corporate sales channel more effectively and with greater focus. In addition, Kelebek Kitchen-Bathroom was restructured to form the Kitchen Projected Works department. Kelebek Kitchen-Bathroom aims to participate in wooden constructions of kitchens, bathrooms, cloakrooms, and more, without being limited by the project scope.

In 2023, the Company has been involved in many important projects. Some of these include the movable furniture manufacturing works of the Yeşilovacık Housing Project in Mersin; kitchen cabinets and bathroom cabinet manufacturing works for the Istanbul Beyoğlu Okmeydanı Urban Transformation Housing and Commercial Constructions Project in Istanbul Beyoğlu Okmeydanı; kitchen works for the Invest Vadi Project in Istanbul Sarıyer; and kitchen and bathroom works for the Best Vadi Project in Istanbul Levent.



## Production Facilities and Logistics Centers

Doğanlar Furniture Group's production facilities located in Düzce and Biga are equipped with the latest technology, allowing the Group to put its stamp on collections that shape the furniture industry. The Company's Düzce Plant operates on a total area of 159,500 square meters and the Biga Plant on a total area of 233,000 square meters.

The production facility in Dakar, Senegal was also put into operation in 2023.

### Biga Factory

İdriskoru Köyü, Hacivenez Mevkii, No.: 29, Biga, ÇANAKKALE



<b>Total area</b>	<b>Indoor space</b>	<b>R&amp;D space</b>	<b>Storage space</b>
233,000 m <sup>2</sup>	84,000 m <sup>2</sup>	1,175 m <sup>2</sup>	20,000 m <sup>2</sup>

<b>Production capacity</b>	<b>Annual Bed Production capacity</b>
2.4 million m <sup>2</sup> /year panels, 96,000 pieces/year flooring	75,600 pieces

### Düzce Factory

Ankara Yolu Üzeri 9. km, Doğanlı Köyü, 81100, DÜZCE



<b>Total area</b>	<b>Indoor space</b>	<b>R&amp;D space</b>	<b>Storage space</b>
159,500 m <sup>2</sup>	55,000 m <sup>2</sup>	1,325 m <sup>2</sup>	25,000 m <sup>2</sup>

<b>Production capacity</b>
1.92 million m <sup>2</sup> /year panels, 53,500 units/year flooring



Senegal Factory



En Face Du Marche D'intérêt National, D Afric Senegal Furniture, Diamniadio/DAKAR

**Total area**  
52,800 m<sup>2</sup>

**Indoor space**  
10,000 m<sup>2</sup>

**Production capacity**  
220,000 m<sup>2</sup>/year panel,  
15,000 pieces/year flooring

**Annual Bed Production capacity**  
25,000 pieces

Logistics Centers



Logistics centers were established in six major centers in Türkiye to reduce logistics and operation costs and increase customer satisfaction for Doğanlar Furniture’s extensive dealer and supplier network across the country. Together with the warehouse areas in **Düzce** and **Biga**, a total of **122,000 square meters of storage area** has been attained in Türkiye.

**Domestic Logistics Centers**

- |                                   |                                 |                                      |   |
|-----------------------------------|---------------------------------|--------------------------------------|---|
| » Ankara Logistics Center         | » Bursa İnegöl Logistics Center | » İstanbul Hadımköy Logistics Center | » |
| » İstanbul Tuzla Logistics Center | » İzmir Logistics Center        | » Kayseri Logistics Center           |   |

In addition, the Company's overseas subsidiaries have 6,000 square meters **of storage space in four different locations.**

- » USA    » Senegal    » UK    » Cyprus



## R&D Activities

Doğanlar Furniture Group meticulously manages every stage of design, from the initial concept and selecting unique, appropriate materials to product planning, creating production prototypes, completing product manufacturing and certification, and developing commercial identities for its offerings.

Doğanlar Furniture Group applied to the Ministry of Industry and Technology requesting to operate as a Design Center and obtained the Design Center Certificate following the Ministry inspections to the Design Centers in Maltepe and Düzce on August 3, 2017, and January 10, 2020, respectively. The Group has emerged as a leader in sustainable furniture, showcasing unique design models produced to international quality standards and sofas crafted from fabric made of recycled plastic bottles. Doğanlar Furniture Group and R&D provides positive direction for the company vision while implementing infrastructure for distinctive studies and research, which could be described as an industry first.

In 2023, Doğanlar Furniture Group Design and R&D expenditures reached 68.609.576 Turkish lira. Doğanlar Furniture Group Design and R&D Center has 61 employees, 47 of whom are designers.

### Doğtaş

- has a new 1,175-square-meter design and innovation space.
- enjoys state-of-the-art production machinery.
- designs more comfortable products with hybrid technology.
- increases product designs that prioritize comfort and convenience.
- integrates technological module studies into its products.

### Kelebek

- » has 1,335 square meters of new design and innovation space.
- » unifies minimalism and naturalness as a brand of individual pleasure and design, creating a butterfly effect in millions of homes in our country and around the world.

### Kelebek Kitchen-Bathroom

- » plans to implement the VR application, a TÜBİTAK project, for kitchen sales.

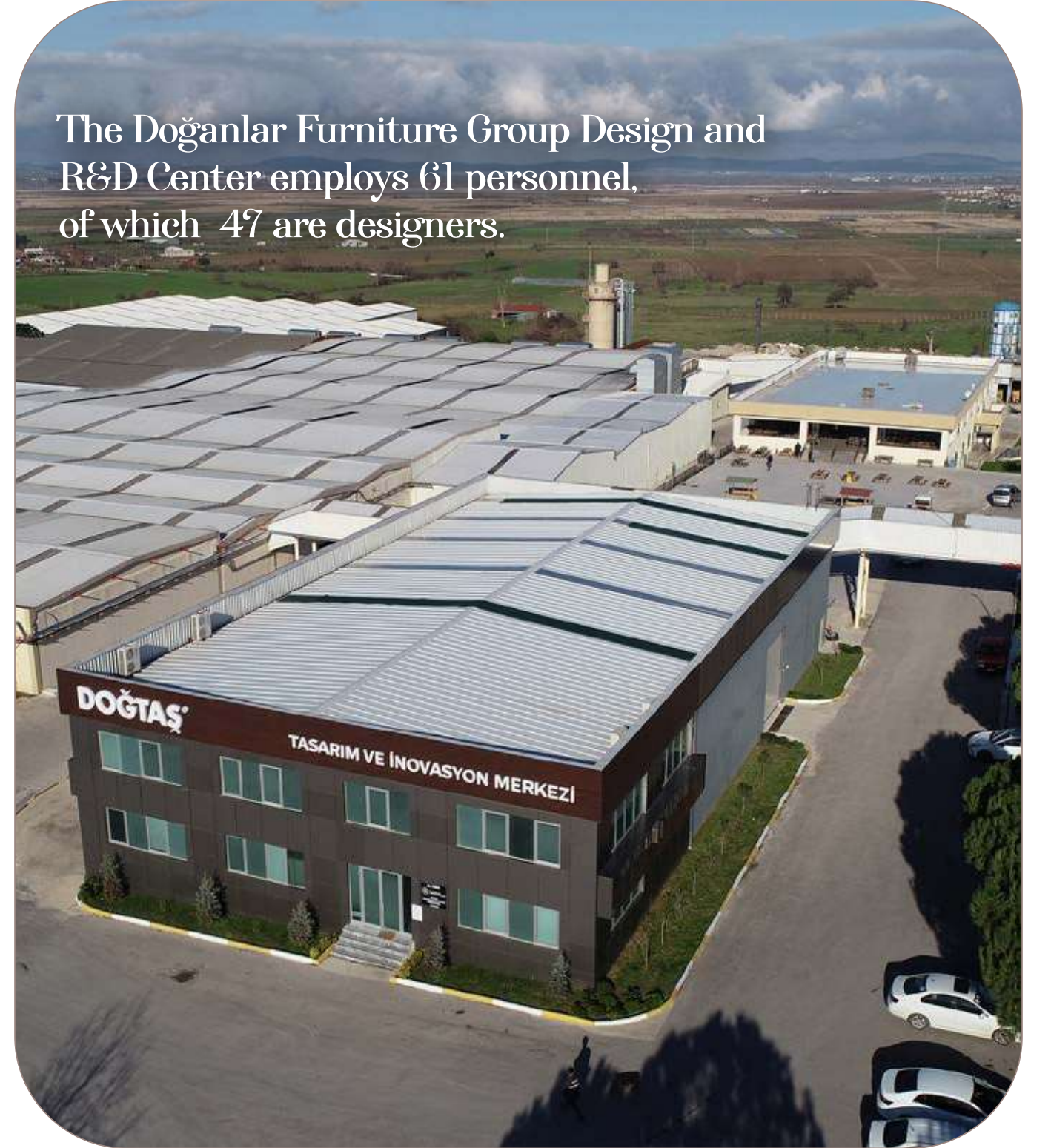
### Lova Sleep

- » continuously develops mattress technologies for a unique sleep experience and offers personalized comfort by using cutting-edge materials, all to attain its goal of becoming "Türkiye's Most Comfortable Sleep Brand."
- » studies and documents Türkiye's sleeping habits as well as body and spine types by utilizing several tests and technological devices together with the Turkish Physiotherapists Association and Hacettepe University academics, and integrates its findings into its products.
- » offers free consultation in stores with a physiotherapist who will recommend the right mattress and pillow for customers.

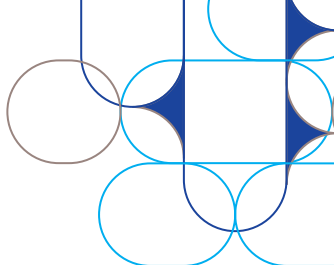
### Ruum Store

- seeks to design distinctive furniture and home-life products and sell online with the motto "The most stylish solutions for narrow spaces," all of which began in 2019.
- embraces a "cover strategy" to more effectively produce single-parcel, smaller-packaged and popular items that are more suited to the global online sales culture.

The Doğanlar Furniture Group Design and R&D Center employs 61 personnel, of which 47 are designers.







## Investments

# Doğanlar Furniture Group’s total investment spending in 2023 reached TRY 638 million.

### Investments Made

#### An artificial intelligence-powered shopping experience

Ruum Store has launched digital experience stores and built product control panels with smart displays. The brand developed Atlas, which has a multi-function infrastructure, as well as holophonic assistants for an accessible shopping experience. The design of the metaverse store was also completed. An NFT collection was created; an artificial intelligence-supported installation-solution robot with QR Code functionality was developed for product installations; and VR & AR glasses were started to be used for room designs and shopping experiences.

#### Customer-oriented production investments

With the addition of newly opened sales points, Lova Sleep has enhanced its accessibility by reaching a total of 610 sales points. By increasing the number of outlets, the factory production line has been expanded, thereby increasing the daily production. These developments were supported by machinery and equipment investments. Improvements have also been made in quality control covering all these processes. Investments were also made in human resources by employing managers and teams experienced in mattress production. In addition, production techniques implemented in cooperation with R&D and Design teams have provided price and cost advantages in production.

In 2023, Doğanlar Furniture Group’s investment spending reached 637.507.992 Turkish lira in total, including the modernization of retail, marketing and production facilities, and IT and fixture investments. Within the scope of digital infrastructure investments, an investment of TL 60 million was realised during the period for the SAP-HANA project, which started this year. In 2024, the Group aims to make investment expenditures corresponding to 5–6 percent of consolidated sales revenues.

### Investment Incentive Certificates

Doğanlar Furniture Group obtained investment incentive certificates from the Ministry of Industry and Technology for Biga/Çanakkale and Düzce production facilities. Support provided by these investment incentive certificates are detailed below.

The investment incentive certificate for the **Biga/Çanakkale Production Facility** was received on February 6, 2020. The incentive belongs to the Second Region support class, which includes VAT Exemption, Corporate Tax Deduction (55 percent, Investment Contribution Rate (ICR) 20 percent), Insurance Premium Employer Share Support (Three Years), and Customs Duty Exemption. The expiry date of this document is August 6, 2026.

The investment incentive certificate for the **Düzce Production Facility** was received on January 29, 2020. The incentive belongs to Fourth Region support class, which includes VAT Exemption, Corporate Tax Reduction (70 percent, Investment Contribution Rate (ICR) 30 percent), Insurance Premium Employer Share Support (Six Years), Customs Duty Exemption, and Interest Support. The expiry date of this document is July 24, 2026.

# The Doğtaş brand has been granted another five years in the Turquality support program.

### Turquality

TURQUALITY® is the world’s first-ever and the only state-sponsored brand development program. Today, increasingly fierce competition and changing consumption patterns encourage companies to create strong brands if they seek to become international players. TURQUALITY® program is the first-ever and the only state-sponsored brand development program established to create global players with exclusive brands in international markets and instill a positive Made-in-Türkiye image from these brands through executive know-how, corporate development, and growth, including production, marketing, sales and after-sales services by the companies that hold a competitive advantage for our country and present a potential for brand development.

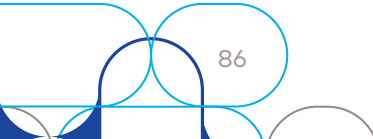
The focus of the TURQUALITY® Program differs from the usual export incentives; it aims to support companies in their efforts of brand development rather than help them simply increase exports. Doğtaş brand has been a part of the Turquality support program since 2008. The five-year roadmap submitted to the Ministry of Trade was approved by the Ministry and the Turquality support period for Doğtaş brand was extended until December 2028 on December 12, 2023. To date, 68 stores in 36 countries in Europe, Africa, Asia and the Americas have received Turquality support for rent, store decoration, promotion and advertising. We received Turquality support also for participation in exhibitions.

Our “Kelebek” brand entered the Brand Support Program from 2014 to 2018 and the Turquality support program in 2019 for five years. To date, the Company has benefited from Turquality support for seven stores in four countries.

Turquality support programs also provide support for corporate infrastructure expenses. Support in this context includes:

- » Corporate infrastructure-related software and software-related consultancy expenses
- » Overseas brand and patent registration
- » Environmental and quality certifications
- » Fashion and industrial designer expenses
- » Overseas market survey
- » A growth roadmap.

Our brands under Turquality benefited from all the support items mentioned above.





Human Resources

Doğanlar Furniture Group’s human resources approach is designed to create a meaning and purpose-oriented work culture.

Doğanlar Furniture Group prioritizes its people as its most valuable asset, and in this regard, implements various practices for its employees. Doğanlar Furniture Group’s human resources approach has been created with the aim of creating a meaning- and purpose-oriented work culture. The basic principle of Doğanlar Furniture Group, which closely follows HR trends with its human resources policy and strategy, is to ensure that employees continuously improve themselves by balancing their individual goals with the company goals to best contribute to the organization.

Doğanlar Furniture Group Human Resources Principles

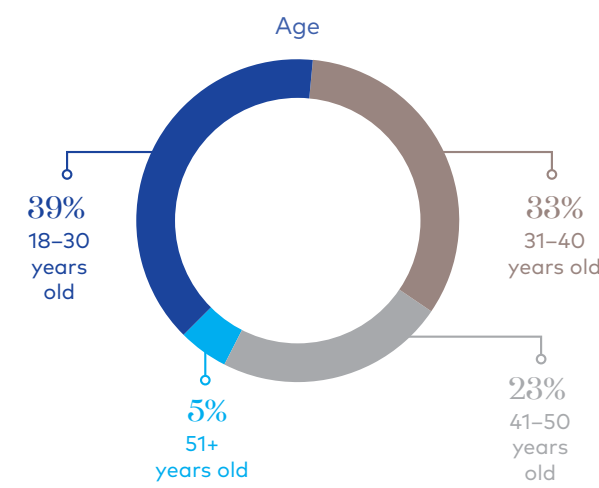
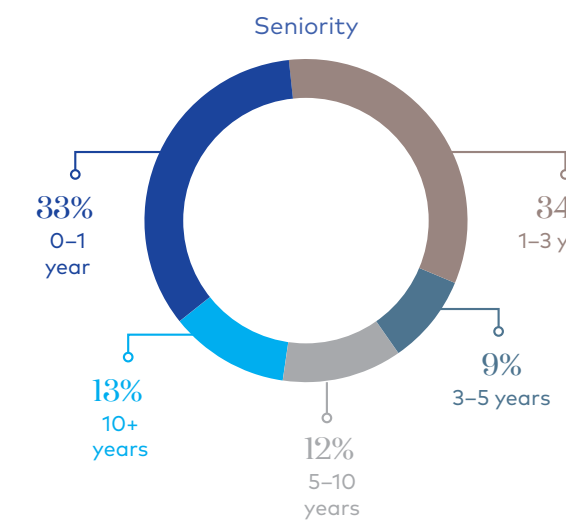
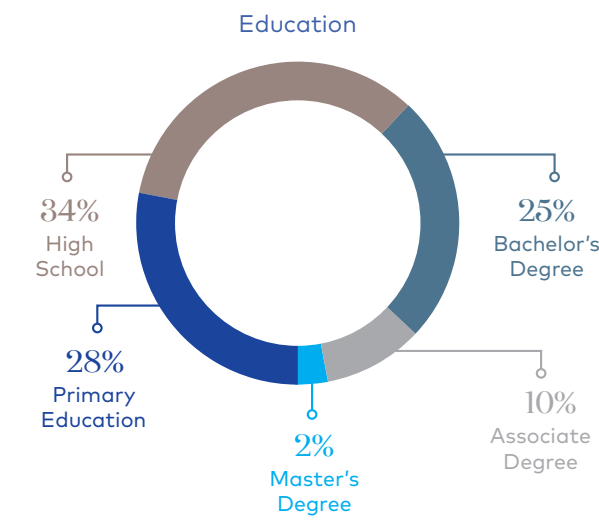
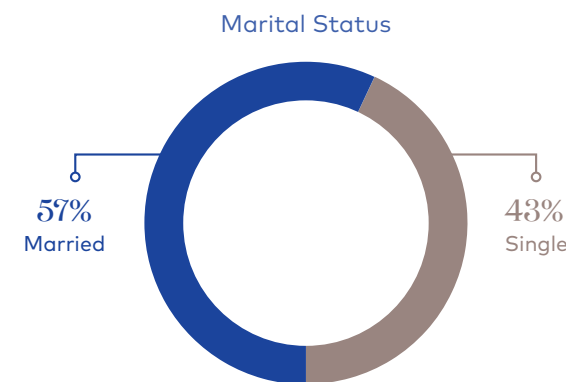
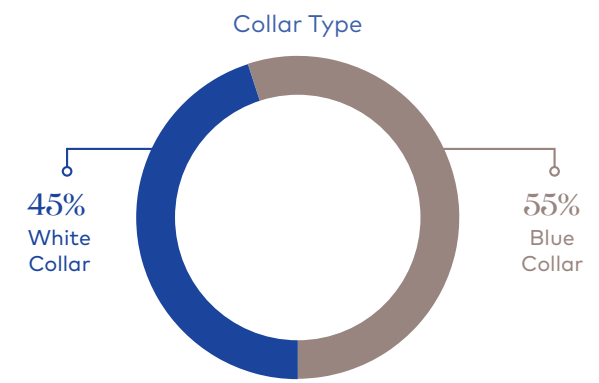
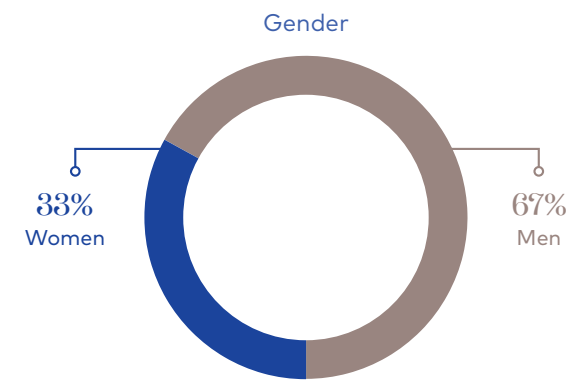
- » We believe in open communication and support it at all levels.
- » We create a peaceful work environment in which our employees will be happy and proud to take part.
- » We do not discriminate against or favor anyone in our career and talent management operations, and offer equal opportunities to those who possess role model qualities with their knowledge, skills, and behavior.
- » We provide training and development programs to improve our employees’ expertise and personal and leadership skills.
- » We put in place suggestion and reward systems that encourage innovative ideas that grow our business.
- » We encourage high-performance and success and reward the results.

Career Management

Aligned with the Company’s strategic objectives, we conduct annual planning activities to assess our human resources needs. This planning process not only fosters our Company’s sustainable success but also diversifies our employees’ career paths within our organization by enhancing their skills and competencies. As a first step, we evaluate our high-potential employees who meet these requirements. As part of succession activities, employees are given the opportunity to work horizontally or vertically in different positions within the Company through annual performance evaluations based on their competencies and business objectives, and are offered opportunities for promotion, rotation and reassignment. We value the career plans of all our employees. Therefore, we make development plans for our employees to transform their potential into performance, and we contribute to their development by providing them with training options.

Recruitment

We aim to recruit the candidates who best suit our Company values and corporate culture, and who possess the education, experience and competencies required for the job. We position our guiding “Values” at the center of our recruitment process, and prefer candidates who share our common values and can adapt themselves to our corporate culture. The most important criteria in the recruitment process are a candidate’s educational background, knowledge and skill set, professional experience, and competencies as required by the position. Eligibility criteria for candidates are defined separately for each position. We offer employment based on this definition. All applications made to our company are recorded in the candidate database. As part of our annual labor force planning, we manage our recruitment process by searching this database to find eligible candidates for open positions. We treat all applications as confidential to ensure fairness and equal opportunities. During the recruitment process, we use various candidate evaluation techniques based on the requirements of the position for fresh graduates and experienced professionals alike.





### Training and Development

In 2023, our Training and Development department began transforming the corporate academy. Our aim is to add value to the Doğanlar Furniture Group ecosystem by providing training and development solutions that are focused on needs and benefits, support corporate strategies, and promote a learning organizational culture. To this end, our training and development activities are shaped by four Ds — Driving, Deepening, Designing, and Delivering Value, all of which form the basis of our Academy D.

We foster our employees' growth through training in Corporate Development, Personal Development, Professional Development, and Leadership. These trainings are tailored to each position based on a thorough needs analysis. Additionally, the outcomes of this analysis are confirmed through discussions with senior management and department heads. We also consider requests for other forms of development, such as seminars, conferences, and external technical or behavioral training. These requests are assessed by the Human Resources team and relevant managers, considering budget, benefits, and suitability.

In 2023, 10,106 person/hours of training was provided to approximately 1,693 people, including Headquarters, Enterprises, and domestic and international dealers. Approximately 10,000 hours of training have been completed online on the Akademi-D Development Platform, which we have taken live and which includes over 300 pieces of content. We prepared and launched tailored programs for our brands including Retail School Sales Consultant, Interior Architect Development Journey, Store Manager Development Journey, and Dealer Development Journey. This hybrid program, which incorporates on-site learning, practical job applications, and online solutions, consists of five separate modules.

For topics highlighted in the needs analysis, we promote self-learning by guiding employees to our Akademi-D Development Platform, which features monthly training content under the "Training of the Month" section.

In 2024, our focus will be on providing training and development opportunities for all our employees, and designing, offering and enriching alternative learning methods. We will work to continuously improve and develop our systems and processes. We aim for continuous learning in our organization through internal trainer training and mentor projects.

### Success-Oriented Performance Management

Aligned with the Company's strategies, every department has specific goals and related performance indicators. In this setting, how well employees meet the duties and responsibilities outlined in their job descriptions, along with their competencies, are regularly assessed. These assessments are based on criteria and weights set by department managers.



### Employee Satisfaction and Loyalty Management

Employee loyalty and satisfaction are regularly assessed by independent companies to obtain employee feedback and identify the actions required to increase employee loyalty. The results are evaluated in terms of loyalty, leadership, performance culture, and employee experience.

### Motivation Practices

At our company, we evaluate the recommendations of our employees through the employee suggestion system and adopt these recommendations to improve our processes. With Süper Fikir, our employee suggestion system, our employees earn points and rewards for the ideas they provide individually or as a team.

Through our Entertainment, Culture, and Communication Platform (E.C.C.P), we generate ideas and explore the best methods to gather, have fun, increase our knowledge, and improve communication. We organize activities that reflect our employees' common interests. With our corporate social responsibility events, we strive to enhance team unity and contribute positively to our environment.

### In 2023, Doğanlar Furniture Group:

- » Carried out internal communication activities to enhance employee interaction within the organization;
- » Created the infrastructure for a target- and competency-based performance system with the Strategic Planning department to implement a development-oriented performance management system;
- » Periodically conducted employee engagement and opinion surveys and formed action plans;
- » Initiated efforts to implement the corporate culture project, which began in 2022, to embark on a transformation journey where cultural principles are embraced by all;
- » Established D-Academy to create a structure that supports continuous development and inspires others;
- » Conducted training programs that ensure the development of employees and increases motivation;
- » Provided internship opportunities for students.

As of December 31, 2023, Doğanlar Furniture Group has 2,741 employees. Of these, 1,427 employees are members of the Öz Ağaç-İş union. The Collective Labor Agreement negotiations between Doğanlar Mobilya Group and the Öz-Ağaç Labor Union have come to a successful conclusion. A three-year Collective Labor Agreement was signed, and it entered into force as of January 1, 2022.

The Company offers its employees the opportunity to benefit from Private Health Insurance within the scope of social benefits. This insurance also allows the spouses and dependents of employees and their children to benefit from this right. Nursery assistance is provided to working women with children who are covered by the union. Social benefits, such as transportation and meals, are also provided.

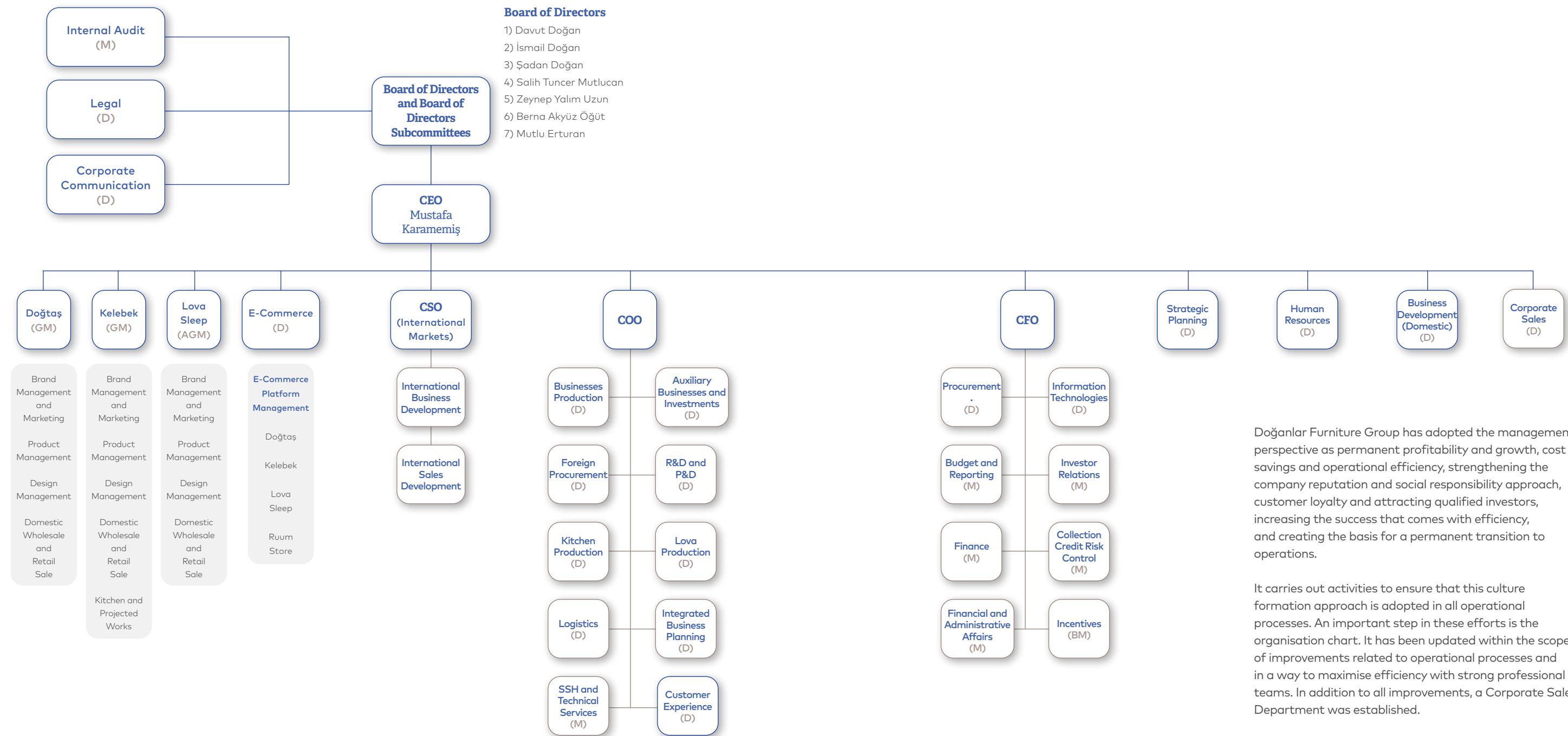
### What will happen in Human Resources in 2024?

Doğanlar Furniture Group Human Resources remains committed to enhancing organizational competencies, designing the employee experience for happiness and engagement, and building a strong employer brand. Centered on these three key strategies, the Company targets to execute its projects for the years 2024–2027. For 2024, planned human resources activities encompass transforming corporate culture, attracting talent through employer branding efforts, becoming the top choice for candidates, setting up talent management, developing the performance management system and fostering its acceptance among employees, introducing flexible working conditions and benefits packages to promote employee satisfaction, overhauling the reward system, and broadening the feedback culture.





Organizational Chart



Doğanlar Furniture Group has adopted the management perspective as permanent profitability and growth, cost savings and operational efficiency, strengthening the company reputation and social responsibility approach, customer loyalty and attracting qualified investors, increasing the success that comes with efficiency, and creating the basis for a permanent transition to operations.

It carries out activities to ensure that this culture formation approach is adopted in all operational processes. An important step in these efforts is the organisation chart. It has been updated within the scope of improvements related to operational processes and in a way to maximise efficiency with strong professional teams. In addition to all improvements, a Corporate Sales Department was established.



## Information Technologies

At Doğanlar Furniture Group, we are leading the digital transformation in the furniture industry with an innovative approach by migrating all our processes to the cloud through the industry's first “Rise with SAP HANA” project and tailoring our processes to meet current needs.

Doğanlar Furniture Group consistently enhances and evolves its digital infrastructure, ensuring it meets contemporary requirements. In 2023, the Company launched important Information Technologies projects and applications.

With SAP S/4HANA CLOUD and SAP SERVICE CLOUD Digital Transformation Projects that we started this year:

- » Business processes and operations will be equipped with SAP Cloud and Google solutions.
- » Business processes will be automated across operations. Business processes will be interconnected and fast, easily adjusting to market variables.
- » Access to real-time and complete data as well as reporting will be available.
- » A stronger digital infrastructure in CRM will be achieved, increasing retail turnover efficiency.
- » Business processes will be customized without requiring costly maintenance.
- » Risk will be reduced through continuous improvement across operations.
- » The level of security will be increased.
- » A stable, performant and standardized structure will be established on the system side.



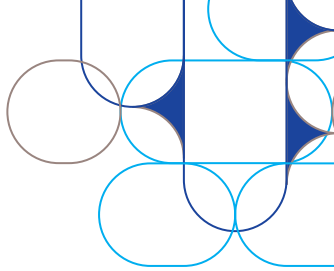
### Projects and Practices Implemented in 2023

- » Infrastructure renewal efforts were completed at all production sites and distribution centers.
- » New certification studies have been initiated according to ISO 27001:2022 standard.
- » Data center server improvement efforts were finalized.
- » New software infrastructure was established for e-solution processes.
- » The warehouse management system was commissioned in all warehouses and operation centers.
- » SAP process improvement projects are ongoing.
- » Service sections in mobile development projects went live.
- » Business intelligence reporting system dashboard studies were completed.
- » Our Rise with SAP HANA project has started. With the project, we plan to transform all our processes into a structure that will enable us to manage the needs of our customers in the fastest and most efficient way.
- » IOT – Data collection and monitoring projects have started. We are planning to increase efficiency in production with Machine Learning applications and to implement monitoring methods.
- » As part of sustainable energy efficiency activities, the factory energy monitoring and tracking (Scada system) project has been initiated.
- » A training portal was launched to enable all employees to benefit from and access training activities instantly.
- » A personnel shift planning tracking system was put into operation at our retail stores.
- » To consolidate and manage all data in a single portal, Master Data Management software work has been initiated.
- » E-commerce infrastructure processes were improved and renewed.
- » An in-house job tracking portal was commissioned.

### In 2024, the Doğanlar Furniture Group's Information Technologies initiatives will include the following projects and applications:

- » The Rise with SAP HANA project will continue with development and go-live phases. According to the project schedule, a live transition is planned for January 2025.
- » Phase 2 and 3 of our mobile sales projects will continue. Plans are in place to commission our tablet-based quick sales and fabric dressing applications and our individual mobile application.
- » Integration of cyber security software will be completed.
- » Business intelligence reporting system dashboard studies will be expanded to dealer and retail channels.
- » The consistent improvement of our data center will continue.
- » New e-commerce infrastructure will be commissioned. A unified management structure for websites and marketplaces through a single application will be established.
- » RPA (Robotic Process Automation) applications will support both efficient work processes and the operations of a qualified workforce.
- » Plans are in place to actively deploy decision support systems by analyzing years of accumulated data through Artificial Intelligence applications.





Investor Relations and Share Performance

In 2023, Doğanlar Furniture Group organized and attended over 50 video conferences and face-to-face meetings, including webcasts.

As part of the disclosure policy, the Investor Relations Department of Doğanlar Furniture Group provides information regarding the Company's operational results, performance, and other periodical developments through meetings with shareholders, investors, research specialists from intermediary institutions, and other stakeholders.

Doğanlar Furniture Group Investor Relations hosts webcast presentations with corporate investors every quarter, following the announcement of financial and operational results. The Company's CEO and CFO participates in the meetings, where investors' questions are immediately addressed. The Department also conducts one-on-one meetings with investors, emphasizing the regularity of these meetings for transparency, accurate information sharing, and corporate governance. In 2023, more than 50 events, including video conferences, face-to-face meetings, and webcasts, were organized and attended.

At the same time, the website [www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com) is prepared in Turkish, English and French to provide direct access to institutional and individual investors and to keep them informed about developments. The Company strives to transparently respond to inquiries from institutional and individual investors who reach out to the Company via phone, email, or during General Assembly Meetings through the Electronic General Assembly (e-GEM) system, adhering to the publicly disclosed information framework.

Investor Relations Department operates under the CFO. At the same time, Gözde Çivici, Doğanlar Holding Investor Relations Director and Secretary General, provides services to the Doğanlar Furniture Investor Relations Department. Investor Relations Manager Aysun Vardan serves as a member of the Corporate Governance Committee.

Aysun Vardan – Investor Relations Manager

License Documents

Capital Market Operations Level 3  
Corporate Governance Rating License

Investor Relations General Communication

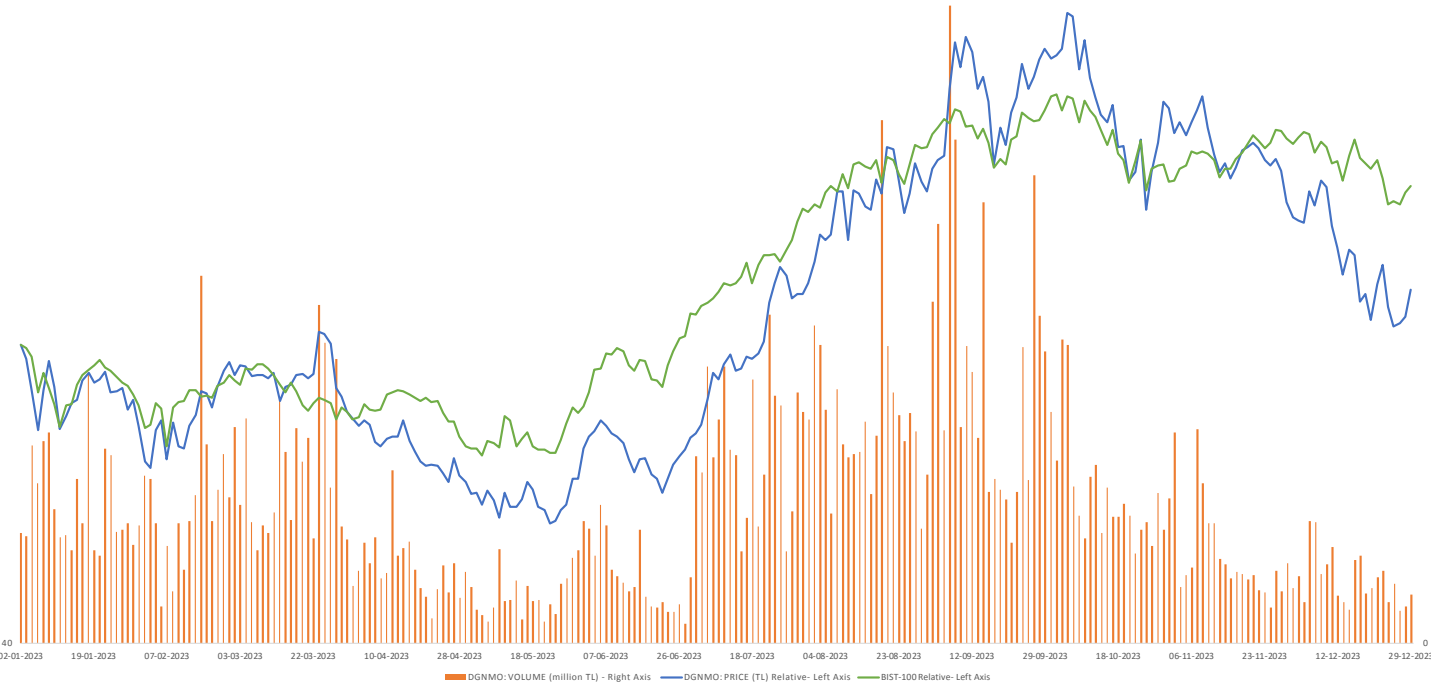
Telephone: +90 216 425 1224  
Email: [ir@doganlarmobilyagrubu.com](mailto:ir@doganlarmobilyagrubu.com)

Share Performance

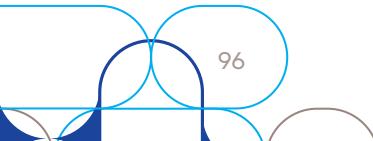
The shares of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. have been traded on Borsa İstanbul A.Ş. since 1990. On December 31, 2023, the closing share price was 9.37 Turkish lira. The Company's share performance information is given below.

Share Information	
BIST code	DGNMO
Initial Public Offering	1990
Indices Included	BIST INDUSTRIALS / BIST 500 / BIST BUYBACK / BIST ALL - 100 / BIST ALL / BIST STARS / BIST WOOD PAPER PRINTING / BIST PARTICIPATION ALL SHARES
Number of Publicly Traded Shares	175,299,742.74
Free Float Rate	50.08

Share Value on December 31, 2023	TRY	USD
Lowest (May 24, 2023)	5.4	0.27
Highest (October 5, 2023)	14.06	0.51
Total Market Value of Shares	3,279,500,000	111,000,000



As of 2023 year-end, Doğanlar Furniture Group's market cap is TRY 3.2 billion.





Live your dreams!

Sustainability



## Sustainability Approach

Doğanlar Furniture Group maintains its financial sustainability by identifying and addressing environmental, social, and governance-related risks while transforming opportunities into value.

» Our company upholds its commitment to sustainability, diversity, equality, inclusion, and robust corporate governance. We aim to deliver enduring value to all stakeholders by innovating sustainable and durable product designs for consumers and conducting our interactions with employees, partners, communities, and the planet with integrity.

Our commitment to producing high-quality and comfortable furniture differentiates our brands in the market. In the new world order, we are dedicated to doing what is right for our customers, consumers, employees, shareholders, and the planet.

Together with our environmental, social and governance (ESG) efforts, our organization continuously invests in sustainable products, a healthy planet, and a culture rooted in values.



## Sustainability Management



Our sustainability management consists of Sustainable Design, Sustainable Planet and Sustainable Culture.



### Sustainable Design

We have taken a very important step to ensure the protection and sustainability of our forests and documented our responsibility and sensitivity to nature by obtaining FSC® certification. This document aims to protect forest resources and contribute to the goal of creating a sustainable world for future generations.



Look for our FSC®-certified products



### ADVANCED SDGs





## Sustainability Management

**Sustainable Design**

As a member of SEAQUAL, an organization that collects and recycles plastic waste from the oceans and seas, we use 100-percent recycled yarns as raw materials in mattress production.

**ADVANCED SDGs**

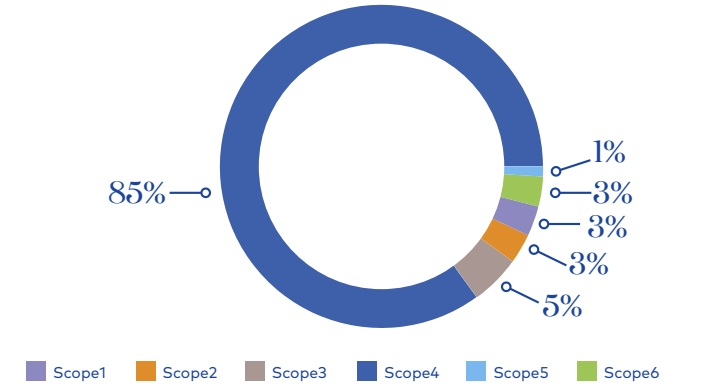
In 2023, Doğanlar Furniture Group successfully finalized its ISO 14064-1 Corporate Carbon Footprint Reporting, aiming to determine its environmental impact, set sustainability targets and develop strategies to reduce emissions in line with Turkey's 2053 targets. With our Carbon Footprint Reporting project, we have identified emission-intensive steps along our entire value chain. To achieve the our Country's net-zero target, we use the outcomes of this study as a guideline and develop projects to reduce emissions.

**Sustainable Planet**

Our production facilities have been awarded the Zero-Waste Certificate issued by the Ministry of Environment, Urbanization and Climate Change. We engage in continuous improvement activities to conserve resources and minimize pollution at our plants.

Within the scope of energy management, charging stations have been established at the production facilities in Düzce and Biga and at the head offices within the scope of efforts to convert fossil fuel vehicles into electric fuel vehicles. Efforts are being made to convert the fossil-fuelled rental vehicles available in the company into electric fuel vehicles.

Emission distribution by scope (%)

**ADVANCED SDGs**



Sustainability Management

We remain committed to reducing gender inequality.  
43% of our Board of Directors are female independent board members.



Sustainable Culture

In line with our equality, diversity and inclusion approach, we observe equal opportunity in all human resources practices such as recruitment, career and additional rights. As a signatory to the United Nations Global Compact and Women’s Empowerment Principles (WEPs), we declare that we commit to maintaining a fair, equitable and respectful workplace that upholds human rights.



Sustainable Culture

In line with our social development goals, we are proud to contribute to the sustainability of Turkish sports as the official sponsor of the Turkish Ice Hockey Federation (TBHF) – Ice Hockey Women’s Super League with our Kelebek brand.



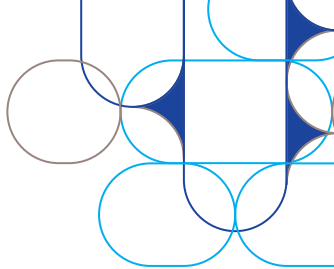
ADVANCED SDGs



ADVANCED SDGs



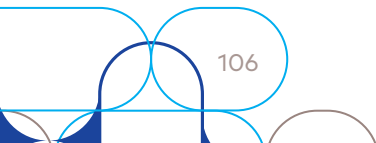




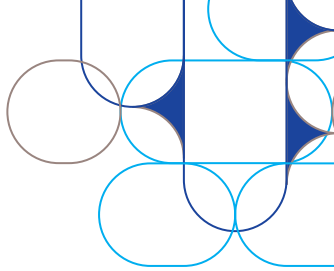
Sustainability Strategy and Targets

A. OUR ENVIRONMENTAL SUSTAINABILITY GOALS					
Description	Target (2023)	Achieved (2023)	Target (2024)	Target (After 2024)	Sustainable Development Goal and Indicator
Establishing a zero-waste system and obtaining zero-waste certificates	X	X			 
Reporting and verification of carbon footprint, announcement of the Company's carbon footprint reduction targets	X	X			
Reporting water footprint	X		X		 
Conducting suppliers' environmental sustainability assessment				X	
Composting organic wastes (from cafeteria, etc.) (fertilizer production)				X	 
Implementing carbon pricing and considering this price when making investment decisions (carbon tax and carbon emission trading system)				X	
Building vehicle fleets in a way that allows the use of alternative, low-carbon or renewable fuels			X		 
Reducing energy intensity in production processes			X		

A. OUR ENVIRONMENTAL SUSTAINABILITY GOALS					
Description	Target (2023)	Achieved (2023)	Target (2024)	Target (After 2024)	Sustainable Development Goal and Indicator
Reducing the consumption of plastic packaging			X	X	 
Installing a SPP system (Renewable energy investments)				X	 
Participating in RE100 initiative (Renewable energy)				X	 
Reducing the need for new resources and waste disposal by extending product life, and repairing, reusing, remanufacturing and recycling products				X	 
Moving toward green investments (SPP Investments)				X	 
Choosing or developing products that improve the energy efficiency of offices, including lighting, ventilation, heating and cooling			X	X	



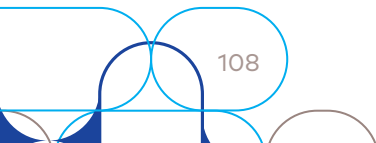




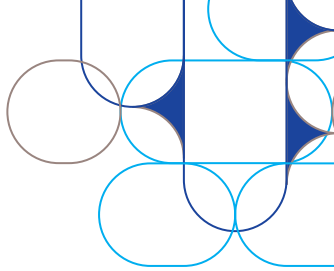
Sustainability Strategy and Targets

B. OUR SOCIAL SUSTAINABILITY GOALS					
Description	Target (2023)	Achieved (2023)	Target (2024)	Target (After 2024)	Sustainable Development Goal and Indicator
Improving workplace health and safety	X	X			
Developing projects to keep women in the labor force and ensure their participation in the labor force	X	X			 
Determining a zero tolerance policy against all forms of discrimination in the workplace	X		X		 
Developing emergency plans (disaster, weather events, etc.)	X	X			
Including women-owned businesses and SMEs in the supply list			X	X	
Applying for employee support programs	X	X			 
Investments to increase the physical activity of employees (sports, etc.)			X	X	

B. OUR SOCIAL SUSTAINABILITY GOALS					
Description	Target (2023)	Achieved (2023)	Target (2024)	Target (After 2024)	Sustainable Development Goal and Indicator
Developing practices within the company for cultural training and career development of employees	X	X			
Cultural training of employees and for career development applications within the company development	X	X			
Creating opportunities for low-wage employees to upgrade their skills and gain access to improved employment opportunities within and outside the industry	X		X		
Providing training and support to women entrepreneurs and small business owners and to develop co-operations with them			X	X	
Providing internship opportunities for young people from disadvantaged groups to increase social mobility and improve company performance through increased workforce diversity	X	X	X		
Increasing access to technologies and innovations that can benefit underserved markets and communities			X	X	 



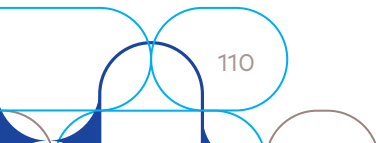




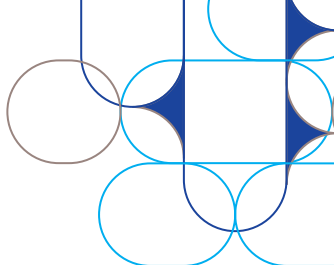
Sustainability Strategy and Targets

C. OUR GOVERNANCE SUSTAINABILITY GOALS					
Description	Target (2023)	Achieved (2023)	Target (2024)	Target (After 2024)	Sustainable Development Goal and Indicator
Participating in initiatives such as Business for Peace and Business for the Rule of Law			X	X	
Developing policies to prevent corruption and bribery	X		X		
Actively participating in global and local sustainability platforms (UN Global Compact, UN Global Compact Türkiye)	X	X			
Providing internationally recognized certifications and standards to maintain and strengthen its position in global markets					

C. OUR GOVERNANCE SUSTAINABILITY GOALS					
Description	Target (2023)	Achieved (2023)	Target (2024)	Target (After 2024)	Sustainable Development Goal and Indicator
Ensuring equal opportunities among employees	X	X		X	
Incorporating innovation and R&D into production processes through technology, applications and knowledge	X	X		X	
Preparing a road map for combating bribery and corruption by determining the code of ethics	X	X			
Participation in the Women's Empowerment Principles	X	X			







## Sustainability Strategy and Targets

### Environmentally Friendly Practices

Doğanlar Furniture Group prioritizes environmental sustainability in all its activities, recognizing that natural resources are finite. The Group aims to protect people, society, and the environment through its investments, develop efficient and creative business models, and address future generations' expectations by offering eco-friendly, value-added products.

### Climate Action

Efforts to mitigate the impacts of climate change are undertaken by assessing its effects globally, across industries, and within organizations, and implementing necessary adaptation measures.

### Sustainable Product Design

The Group is committed to designing products that utilize materials from sustainable sources, with an emphasis on sustainable production and distribution processes. This approach aims to minimize the use of energy and scarce resources throughout the entire product lifecycle, from inception to completion.

### Equality, Diversity and Inclusion

The Group develops practices to ensure that individuals are not discriminated against on the basis of gender, ethnic origin, religion, sexual orientation, age, etc., in the workplace and throughout the value chain.

### Social Responsibility

To take part in social projects that add value to people and the environment, the Group continues to make an impact in its operational fields through initiatives that make donations to various foundations and provide financial support for the development of local communities and disadvantaged groups.

### Occupational Health and Safety

As part of occupational health and safety, we establish production conditions that eliminate risks across our industries. Our group companies comply fully with the Occupational Health and Safety Law No. 6331, Labor Law No. 4857, and all regulations and legal obligations associated with these laws, ensuring comprehensive safety measures are in place.

### R&D, Innovation and Technology

To provide products and services by creating value for all stakeholders, we prioritize R&D and innovation in all our industries and incorporate technological innovations into our business processes.

## Environment

Doğanlar Furniture Group and its six leading brands under the same roof share the same values and commitment to quality. One of our indispensable values is to ensure the continuity of the life cycle. As a pioneering company in the industry with our practices and approaches, we are committed to leaving a more habitable world for future generations.

### As part of our Environmental Policy, we aim to:

- » Comply with applicable national and international regulations regarding the environment and meet stakeholder expectations in this regard;
- » Periodically analyze and continuously improve the environmental impact of our businesses under the "Sustainable Development" approach;
- » Ensure our products' compliance with our purpose and context, including the environmental impact of our products created by suppliers, contractors, retailers and all recycle stakeholders; embrace measures to prevent pollution at the source; reduce our waste and implement recycling methods as much as possible starting from the project design process;
- » Reduce our consumption by efficiently utilizing all resources, including energy and water, vital for our operations; monitor and ensure sustainable development in this regard by setting annual targets;
- » Plan and implement measures to minimize environmental damages from any undesirable event or emergency that may occur during our activities;
- » Carry out training activities to spread our environmental awareness and sensitivity to all our stakeholders and help them acknowledge their individual responsibility;
- » Ensure that our policy serves as a framework for setting environmental targets.

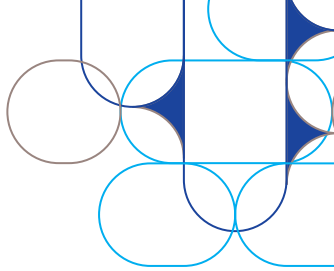
In 2024, our company plans to measure and verify its carbon and water footprint, reduce the use of plastic packaging, implement SPP projects, utilize organic waste with composting techniques, and increase the amount of products with environmentally friendly and sustainable design.



At Doğanlar Furniture Group, together with our six brands, we share a core, indispensable value: ensuring the continuity of the life cycle. As a pioneering company in the industry with our practices and approaches, we are committed to leaving a more habitable world for future generations.














Sustainability Principles Compliance Framework

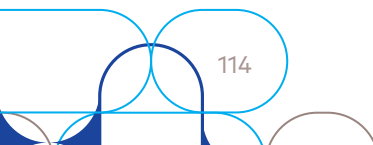
If the compliance status with the principles is determined as “Yes” or “Partially,” there must be information about the report/link including the publicly disclosed information.

Explanations on compliance with the principles are presented in the “Description” column.

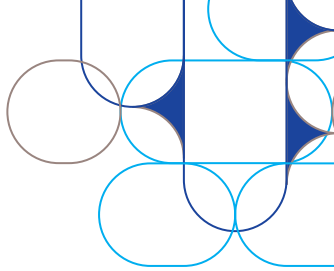
The extent to which the requested information is provided on a consolidated or solo basis should be indicated in the “Description” column.




If the compliance status with the principles is determined as “Yes” or “Partially,” there must be information about the report/link including the publicly disclosed information.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION
	YES	NO	PARTIALLY	IRRELEVANT		
A. General Principles						
A1. Strategy, Policy and Goals						
A1.1	Material environmental, social and corporate governance (ESG) issues, risks, and opportunities have been identified by the Board of Directors.			X	ESG issues, risks and opportunities are evaluated and the company's ESG issues, risks and opportunities will be explained.	
	ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Labor Policy, etc.) have been established and publicly disclosed by the Board of Directors.	X			Policies on Environmental Protection, Employee Rights, Occupational Health and Safety, Remuneration, Disclosure, and Donations and Aid are in place.	
A1.2	Short- and long-term targets set under the ESG policies have been disclosed to the public.		X		In 2024, short, long and medium term targets will be set.	
A2. Implementation/Monitoring						
A2.1	Committees and/or units tasked with implementing ESG policies, along with the company's highest-ranking officials responsible for ESG matters and their roles, have been identified and made public.		X		In 2024, plans have been created to establish a Sustainability Committee.	
	The responsible committee and/or unit has reported its activities within the scope of policies to the Board of Directors at least once a year.		X		In 2024, plans have been created to establish a Sustainability Committee. The necessary reports will be made once the committee has been established.	
A2.2	Implementation and action plans aligned with ESG objectives have been formulated and made public.	X			The annual report describes ESG practices and plans. (Page 106-111)	
A2.3	ESG Key Performance Indicators (KPIs) and the annual achievement levels of these indicators have been made public.		X		Plans are in place to conduct studies in 2024 focused on ESG Key Performance Indicators (KPIs).	




If the compliance status with the principles is determined as “Yes” or “Partially,” there must be information about the report/link including the publicly disclosed information.		COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION
		YES	NO	PARTIALLY	IRRELEVANT		
A2.4	Activities to improve the sustainability performance of business processes or products and services have been disclosed to the public.			X		The annual report specifies the company’s sustainability efforts for products and services. (Page 102-113)	
A3. Reporting							
A3.1	The annual reports comprehensively, accurately, and clearly presented information about the company’s sustainability performance, targets, and actions.	X				The targets set in 2024 will be finalised in a measurable and traceable manner together with the sustainability working groups.	
A3.2	Information on which of the company’s activities are aligned with the United Nations (UN) 2030 Sustainable Development Goals (SDGs) has been made public by the company.	X				The Sustainability Development Tools which are contributed are mentioned in the Annual Report. (Page 106-111)	
A3.3	Lawsuits filed against and/or finalized on ESG issues, which are important in terms of ESG policies and/or which may significantly affect operations, have been disclosed to the public.				X	In 2023, no lawsuits were filed against and/or finalized on environmental, social and corporate governance issues.	
A4. Verification							
A4.1	The company’s ESG Key Performance Measures have been verified by an independent third party and disclosed to the public.		X			There is no verification by independent third parties.	
B. Environmental Principles							
B1	The company has publicly disclosed its policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.	X				We have an environmental policy.  We hold an ISO 14001 Environmental Management System Certificate. (Page 122)	
B2	Regarding environmental reports providing information on environmental management; limitations on the scope of the report, reporting period, reporting date, and reporting conditions have been made public.			X		The sustainability section of the annual report refers to data on environmental management. (Page 113) 2022 Annual Report (Pages 92/98) Plans are in place to publish the sustainability report in 2024.	
B3	Provided in A2.1.						
B4	Environmental objectives that are part of the performance incentive systems for stakeholders (including board members, managers, and employees) have been made public.		X			Plans are in place to publish the sustainability report in 2024. The objectives are planned to be detailed in the report.	





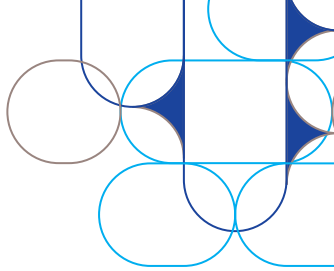



If the compliance status with the principles is determined as "Yes" or "Partially," there must be information about the report/link including the publicly disclosed information.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION
	YES	NO	PARTIALLY	IRRELEVANT		
B5  The ways in which material environmental issues are integrated into business objectives and strategies have been disclosed to the public.			X		<p>The sustainability section of the annual report identifies environmental strategic objectives. (Page 106-107)</p> <p>Plans are in place to publish the sustainability report in 2024. The report is planned to detail the processes of integrating environmental targets and strategies into the business plan.</p> <p>2024 prioritisation analysis studies are carried out.</p>	
B6  Provided in A2.4.						
B7  Information on how environmental issues are managed and integrated into business objectives and strategies throughout the company's value chain, including operational processes, suppliers, and customers, has been made public.		X			<p>We are continuously working on this issue. Procedures for Responsible Supply Chain Management are currently being developed.</p>	
B8  Information on whether the company participated in the policy creation processes of environmental institutions and non-governmental organizations as well as the company's cooperations with such institutions and organizations has been made public.			X		<p>Within the scope of the cooperation with organisations, 100% recycled yarns are used in mattress production by participating in the SEAQUAL organisation, which collects and recycles plastic waste in the ocean and seas. (Page 102)</p>	
B9  Information on environmental impacts, based on environmental indicators such as Greenhouse Gas Emissions (Scope-1 [Direct], Scope-2 [Energy Indirect], Scope-3 [Other Indirect]), air quality, energy management, water and wastewater management, waste management, and biodiversity impacts, has been periodically shared with the public in a comparable manner.			X		<p>In the Sustainability section of the Annual Report, information was provided on the carbon footprint reporting activities carried out. (Page 102)</p> <p>As part of energy management, we are continuing projects to transition our company's fossil fuel vehicles to electric vehicles and to install charging stations. (Page 103)</p> <p>In the sustainability report planned to be published in 2024, environmental indicators within the scope of GRI standards will be given comparatively for the years 2021, 2022 and 2023.</p>	


If the compliance status with the principles is determined as "Yes" or "Partially," there must be information about the report/link including the publicly disclosed information.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION
	YES	NO	PARTIALLY	IRRELEVANT		
B10  Details of the standard, protocol, methodology and base year used to collect and calculate the data have been publicly disclosed.		X			<p>The 2024 sustainability report will specify the data and calculation standards.</p>	
B11  The increase or decrease in environmental indicators for the reporting year in comparison with previous years have been disclosed to the public.		X			<p>In the sustainability report planned for 2024, comparisons will be made in light of data collected from 2021,2022 and 2023.</p>	
B12  Short- and long-term targets have been set to reduce environmental impacts, and these targets and progress against the targets set in previous years have been disclosed to the public.			X		<p>We have started to work on short, long and medium term targets to reduce environmental impacts. Together with the sustainability working groups, we will work on their maturities and time frames planned to be realised.</p>	
B13  A strategy to tackle the climate crisis was established, and planned actions have been made public.			X		<p>We have an environmental policy.</p> <p>Our annual report identifies climate crisis actions under the heading of environmental strategies and targets. (Page 106-107)</p>	 
B14  Programs or procedures have been established and disclosed to the public to prevent or minimize the potential negative impact of products and/or services on the environment.		X			<p>During the sustainability report studies planned to be prepared in 2024, programmes and procedures will be established.</p>	
B14  Actions have been taken to reduce the greenhouse gas emissions of third parties (e.g. suppliers, subcontractors, dealers, etc.) and these actions have been disclosed to the public.		X			<p>In the sustainability report to be published in 2024, details of the ESG assessment to be made for suppliers and dealers will be shared.</p>	
B15  Environmental benefits/gains and cost savings from initiatives and projects aiming to reduce environmental impacts have been disclosed to the public.		X			<p>The 2024 sustainability report will present our environmental impact mitigation efforts and benefit/gain analyses.</p>	
B16  Energy consumption data (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) have been disclosed to the public as Scope-1 and Scope-2.		X			<p>Our 2023 Sustainability Report will include the emission amounts for the last three years.</p>	










If the compliance status with the principles is determined as "Yes" or "Partially," there must be information about the report/link including the publicly disclosed information.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION
	YES	NO	PARTIALLY	IRRELEVANT		
B17 Information on electricity, heat, steam and cooling generated in the reporting year has been made public.		X			The 2024 sustainability report will include the detailed data.	
B18 Efforts were made to increase the use of renewable energy and transition to zero or low-carbon electricity. These efforts have been publicly disclosed.			X		Project studies are in progress for our businesses' SPP systems	
B19 Renewable energy production and utilization data have been publicly disclosed.		X			Currently, renewable energy is not used. It is among our company's medium-/long-term targets.	
B20 Energy efficiency projects have been implemented, and the reductions in energy consumption and emissions achieved through these projects have been made public.			X		Measurements and reports for energy efficiency assessments were conducted as part of our energy efficiency initiatives. Under the VAP Grant program with the Ministry of Energy and Natural Resources, dust collection systems are being replaced with new filter units. In 2024, detailed information will be provided in the sustainability report.	
B21 Water consumption and the amounts, sources and procedures of the water drawn, recycled and discharged, if relevant, from underground or above ground have been disclosed to the public.			X		Domestic water is consumed. Information on water quantity and source is available, and preparations for a procedure are in progress.	
B22 Information on whether the company's operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax) has been made public.				X	We do not participate in any carbon pricing system.	
B23 Information concerning the carbon credits accumulated or purchased during the reporting period has been disclosed to the public.				X	We do not have any carbon credits.	
B24 Information on whether carbon pricing is applied within the company has been disclosed to the public.				X	Carbon pricing is not yet in place.	

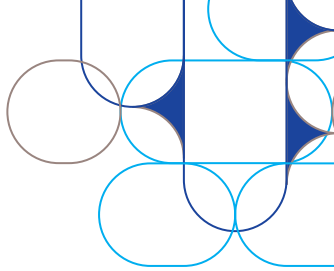
If the compliance status with the principles is determined as "Yes" or "Partially," there must be information about the report/link including the publicly disclosed information.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION
	YES	NO	PARTIALLY	IRRELEVANT		
B25 The platforms where the company discloses its environmental information have been publicly disclosed.			X		The sustainability section of the annual report identifies environmental objectives. (Page 106-107)	








C. Social Principles




C1. Human Rights and Employee Rights						
C1.1 A Corporate Human Rights and Employee Rights Policy has been established in line with the Universal Declaration of Human Rights, ILO Conventions ratified by Türkiye and other relevant legislation, the responsible parties for the implementation of the policy have been identified, and the policy and responsible parties have been disclosed to the public.	X				We have an employee rights policy.	
C1.2 Considering supply and value chain impacts; fair labor, improvement of labor standards, women's employment and inclusion issues (such as non-discrimination based on gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc.) are included in the employee rights policy.	X				We have an employee rights policy.	
C1.3 Measures to protect economically, environmentally, and socially sensitive groups (including low-income communities and women), and to uphold minority rights and equal opportunities throughout our value chain have been made public.		X			An equal opportunities policy is being prepared.	
C1.4 Progress in preventing and remedying discrimination, inequality, human rights violations, forced labor and child labor has been made public.	X				We have an employee rights policy.	



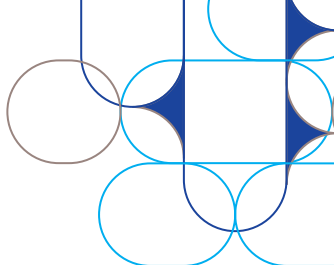




If the compliance status with the principles is determined as "Yes" or "Partially," there must be information about the report/link including the publicly disclosed information.	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION
	YES	NO	PARTIALLY	IRRELEVANT		
C1.5	X				We have an employee rights policy.	
					We support employee development by conducting needs analyses and providing Competency, Professional Development and Leadership training that differs based on position. (Page 90-91) 2022 annual report (Pages 86/87)	
			X		We have an employee rights policy.	
	X				As a result of employee satisfaction surveys conducted in 2022 and 2023, our Company was selected as "Türkiye's Happiest Workplace." (Page 36-58) 2022 annual report (Pages 19/40)	
	X				We have an OHS policy.	
C1.6			X		Doğanlar Furniture Group prioritizes employee health and safety, aiming for zero workplace accidents through its Occupational Health and Safety Policy. (Page 122) 2022 annual report (Page 101)	
C1.7	X				Personal Data Protection Policy and Information Security Policy are available and disclosed to the public.	
C1.8		X			The ethics policy is being prepared.	
C1.9	X				We share the social responsibility projects we carry out on our website and in our annual report. (Page 124) 2022 annual report (Page 53)	
C1.10			X		In 2024, within the scope of sustainability activities carried out, information meetings and training programmes will be organised for employees on ESG policies and practices.	

If the compliance status with the principles is determined as "Yes" or "Partially," there must be information about the report/link including the publicly disclosed information.		COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION
		YES	NO	PARTIALLY	IRRELEVANT		
C2. Stakeholders, International Standards and Initiatives							
C2.1	A customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed to the public.			X		<p>Our Company holds a ISO 10002 Customer Satisfaction Management System Certificate. (Page 122)</p> <p>2022 annual report (Page 32)</p> <p>Our Kelebek brand received an award in the furniture category at the A.C.E Awards, the Outstanding Customer Satisfaction Achievement awards by Sikayetvar.com, Türkiye's first and only platform for measuring customer satisfaction. (Page 58)</p> <p>2022 annual report (Pages 32/41)</p>	 
C2.2	Information on communication with stakeholders (which stakeholder, topic and frequency) have been disclosed to the public.		X			Details on stakeholder communication will be included in the 2024 Sustainability Report.	
C2.3	International reporting standards adopted in reporting have been explained.		X			The 2024 sustainability report will include information on the standards adopted.	
C2.4	Principles adopted in relation to sustainability, and international organizations, committees and principles of which the Company is a signatory or member have been disclosed to the public.	X				<p>UNGC and WEPs memberships were completed. Necessary announcements were made on the Company's website.</p> <p>Developments are included in the annual report. (Page 104)</p> <p>2022 annual report (Pages 18/19)</p>	
C2.5	Efforts were made to qualify for inclusion in Borsa Istanbul's sustainability indices and those of international providers.		X			Efforts are underway to be included in the Borsa Istanbul Sustainability Index.	
D. Corporate Governance Principles							
D1	Stakeholders' opinions were consulted to determine the most effective measures and strategies to implement in the field of sustainability.			X		A Stakeholder Workshop was organised in 2024 to receive the views of different stakeholder groups in determining the sustainability vision and priorities.	
D2	Sustainability awareness was boosted through social responsibility projects, events, and trainings emphasizing its significance.			X		In 2024, Sustainability, Awareness and Alignment trainings were organised for Doğanlar Furniture Group employees. Details of the training will be included in the 2024 Sustainability Report.	





## Quality, Occupational Health and Safety

Doğanlar Furniture Group prioritizes employee health and safety, aiming for zero workplace accidents through its Occupational Health and Safety Policy.

Under our Occupational Safety Policy, we aim to:

- » Create healthy and safe working conditions with zero occupational accidents and zero occupational diseases;
- » Identify and eliminate hazards, risks and near misses in the workplace;
- » Engage in communication activities to understand the needs and expectations of our employees and related parties on OHS;
- » Take proactive measures by making necessary plans for possible emergencies;
- » Provide opportunities for all OHS trainings that may be required and monitoring the effectiveness of the trainings;
- » Monitor and improve the OHS performance of contractor companies within the scope of our OHS Management System;
- » Identify opportunities related to OHS and integrate them into our processes and practices;
- » Set quantitative targets, create action plans and monitor their achievement levels to ensure a successful OHS performance;
- » Foster a culture where safe and healthy work practices are ingrained, and ensure resources are available to support this;
- » Comply with national and international regulations, collective bargaining agreements and other obligations related to OHS in all geographies where we operate, in new investments, and existing operations;
- » Engage all organizational levels and stakeholders in our Occupational Health and Safety (OHS) activities, focusing on continuous improvement;

Doğanlar Furniture Group has established the ISO 45001 Occupational Health and Safety System. The Group adheres to legal requirements and takes appropriate measures. It also implements systems like work permit protocols and near-miss/hazard reporting. OHS Specialists provide basic training, and the Group's own OHS Specialists provide occupational training, field training, on-the-job training, and occupational health and safety training. OHS Specialists and process managers offer various trainings to raise OHS awareness and prevent occupational accidents.

In 2023, 2,710 hours of training was provided to employees on Occupational Health and Safety to increase their OHS awareness and ensure their participation in the ISO 45001 Management System.

In 2024, the Group plans to renew risk values, organize trainings to enhance awareness on occupational safety, conduct on-the-job talks, carry out Turkish Standards Institution and Business Social Compliance Initiative audits, and reduce occupational accidents.

### Documents and Certificates Received

The focuses of Doğanlar Furniture Group's Integrated Management Systems include increasing performance, continuous improvement, the fulfillment of legal and other requirements, and the achievement of the system objectives.

Doğanlar Furniture Group holds the following certificates:

- » ISO 45001 Occupational Health and Safety Management System Certificate
- » ISO 10002 Customer Satisfaction Management System Certificate
- » ISO 9001 Quality Management System Certificate
- » ISO 14001 Environmental Management System Certificate
- » FSC® Certificate (License Code C159280)
- » ISO 50001 Energy Management System Certificate
- » ISO 27001 Information Security System
- » Düzce Plant After Sales Services Competence Certificate
- » Biga Plant After Sales Services Competence Certificate



### Integrated Management System

At Doğanlar Furniture Group, we seek to fulfill our "Mission" and achieve our "Vision" without compromising our "Values." We believe that success depends on implementing and maintaining management systems designed to continuously improve performance. As such, we, as a company, pledge to:

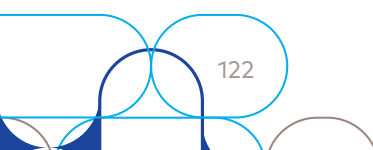
- » Meet and exceed our customers' expectations;
- » Ensure continuous feedback and address all customer complaints promptly by maintaining effective control;
- » Conduct all activities in compliance with laws and regulations;
- » Increase the competencies of our employees;
- » Strive to prevent injuries and protect employee health;
- » Reduce environmental impacts and work to prevent pollution, aligned with the organization's context;
- » Continuously decrease energy consumption without sacrificing product quality or production performance;
- » Follow and implement technological developments;
- » Provide the necessary resources to effectively run the Integrated Management System;
- » Continuously improve the effectiveness and performance of our Integrated Management System.

We have adopted Integrated Management Systems as our policy and we commit to conducting all activities in accordance with this policy.

Doğanlar Furniture Group has established an Integrated Management System. Employees are made aware of Integrated Management Systems through continuous trainings.

Doğanlar Furniture Group uses QDMS for the execution of Integrated Management Systems (ISO9001 Quality Management System, ISO14001 Environmental Management System, ISO45001 Occupational Health and Safety Management System, ISO10002 Customer Satisfaction Management System, ISO27001 Information Security Management System).

QDMS, document management, and Integrated Management Systems trainings are provided to raise employee awareness of the Integrated Management System.





## Corporate Social Responsibility Projects

Doğanlar Furniture Group brands are dedicated to advance Türkiye's social development through their projects. The Group has established a special department to work on sustainability and the environment. It collaborates with shareholders, managers, and all employees on diverse projects, from management to human resources processes, at all locations, aiming to benefit society and the environment.

Just like last year, Doğanlar Furniture Group participated in the 45th Istanbul Marathon with Doğanlar Furniture Group's Running Team and supported the **"My Dream is School"** project together with the Korucuk Foundation.

Doğanlar Furniture, which always adopts social responsibility as its leading principle, places kennels called **"Guest Paws"** in Doğtaş stores. The kennels are produced within the scope of the project. This initiative supports cats and dogs to live in a safe environment and enables each Doğtaş store to adopt a stray animal. It also offers a **"Paw Insurance"** service to encourage the adoption of shelter animals. For those who buy upholstered products from Doğtaş, the insurance, which is valid once for one year, guarantees the replacement of the faces of the seats damaged by the pawed friend, free of charge. In 2023, 23 people benefited from our paw insurance program.

Following the earthquake disaster in February, the Company launched the **"Kelebek Scholarship for Our Girls"** social responsibility project with the Turkish Education Foundation to support the education of girls living in the region. The project was launched with a film featuring brand ambassadors Nükhet Duru, Almeda & Tolgahan Sayışman, Cem Belevi, and Şebnem Sungur, and shared across all media channels. By the end of 2024, it aims to aid the education of more than 1,000 girls impacted by the earthquake.

To contribute to Türkiye and the furniture industry, Doğanlar Furniture Group has completed its preparations to launch the **Doğanlar Masters Academy** in 2024. This Academy will consider the needs and requirements of our age and bring new furniture masters into the industry. This will solve the ever-growing need for qualified employees in the Turkish furniture market and increase employment opportunities.

The Academy will primarily train three groups: Masters (Production and Design), Interior Architects, and Store Teams. All groups trained will be offered job guarantees and will be supported to secure jobs in relevant departments.

Our goals with this program:

- » To bring qualified labor force into the industry;
- » To ensure the survival and revival of professions related to furniture production;
- » To encourage the industry in positions related to sales and decoration;
- » To support quality education and Gender Equality in line with the UN Sustainable Development Goals.

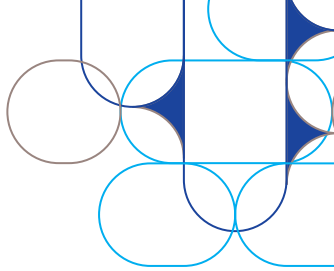




Live your dreams!

Corporate  
Governance





## Board of Directors Committees and Evaluation of the Board of Directors

### Structure and Formation of the Board of Directors, and Independent Members

We comply with the TCC, the capital markets legislation, the Capital Market Law, and the CMB regulations and resolutions. The Articles of Association also provides the rules on the matter. The Board of Directors is comprised of seven members elected by the General Assembly. There are three independent members on the Board.

The CMB's Corporate Governance Communiqué stipulates that “The number of independent members in the Board of Directors cannot be less than one third of the total number of members.” Furthermore, 43 percent of the Board of Directors is composed of independent members. In determining the members of the Company's Board of Directors, the goal is to create a structure that will enable efficient and constructive work, rapid and rational decisions, the formation of committees, and the effective organization of the committee work.

The Board of Directors consists of qualified and experienced members possessing the requisite knowledge and skills. In the current Board structure, İsmail Doğan, Şadan Doğan, Salih Tuncer Mutlucan are Executive Board Members, while Davut Doğan, Berna Akyüz Öğüt, Mutlu Erturan and Zeynep Yalım Uzun are non-executive Board Members. Pursuant to Article 7 of the Company's Articles of Association, the Board members are elected for a maximum term of three years. It is possible to re-elect the members who have completed their terms. There are three female members on the Board, and the ratio of female members is 43 percent.

A written declaration is obtained from our Independent Members of the Board of Directors stating that they must meet the “independence” requirement in accordance with the Capital Market Law and the CMB Regulations and Regulations. As of the date of the report, there were no circumstances that compromised the independence of the independent Board members.

### Operating Principles of the Board of Directors

Our Company's Board of Directors operates transparently, accountably, fairly, and responsibly, adhering to all principles outlined in the Corporate Governance Principles. In accordance with Corporate Governance Principles no. 4.4.1., the Board of Directors convenes as often as necessary to effectively execute its responsibilities. Monthly meetings are organized to evaluate the financial and operational results of the previous month.

The Company's Articles of Association outline the principles of the Board of Directors' meetings, including their frequency and the quorums for meetings and decisions. Board meetings may be held at the Company's headquarters, or if at least a majority of the Board agrees, at any other place within or outside Türkiye. The members may attend the Board meetings physically or electronically in accordance with Article 1527 of the Turkish Commercial Code. A Board resolution can also be passed by securing written approval from the quorum of members specified in the Articles of Association for a proposal on a specific issue, made by a Board member and written as a resolution, unless a member requests a meeting. However, such a resolution is only valid if the same proposal is presented to all members.

At the Board of Directors meetings, a meeting quorum is achieved by the attendance of the majority of the total number of members. Resolutions at the Board meetings are passed with the affirmative vote of the majority of the members present at the meeting, without prejudice to the cases where the affirmative vote of the majority of the Independent Members is required as per the capital markets legislation. The relevant provisions of the Turkish Commercial Code and the capital markets legislation apply to matters such as the meeting format, agenda, invitation to the meeting, voting, and meeting and decision quorums of the Board of Directors. Members have no casting votes.

In 2023, the Board of Directors convened 12 times, and the participation rate was 84 percent. The Board passed 93 resolutions on the agenda items.

Decisions of the Board of Directors are announced to the public through the Public Disclosure Platform (PDP).

The duties that our Board Members carry out outside the company are as follows:

Full Name	Davut Doğan
Role	Honorary Chairman and Board Member
Duties Outside the Company	Chairman of the Board of Directors of Doğanlar Holding A.Ş., Chairman of the Furniture and Mattress Industrialists and Retailers Confederation (MOYKON), and Chairman of the Furniture and Mattress Industrialists Association (MOYSAD).

Full Name	İsmail Doğan
Role	Chairman, Board of Directors
Duties Outside the Company	

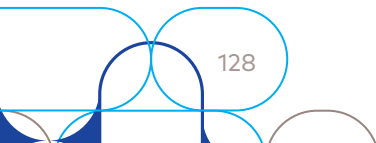
Full Name	Şadan Doğan
Role	Vice-Chairman, Board of Directors
Duties Outside the Company	Chairman of the Biga Chamber of Commerce and Industry, Chairman of the Board of Directors of Biga Organized Industrial Zone, and Member of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB) European Union Harmonization Commission

Full Name	Salih Tuncer Mutlucan
Role	Member, Board of Directors
Duties Outside the Company	Board Member and CEO of Doğanlar Yatırım Holding A.Ş., Board Member of Biotrend Çevre ve Enerji Yatırımları A.Ş., and Independent Board Member of Astor Enerji A.Ş.

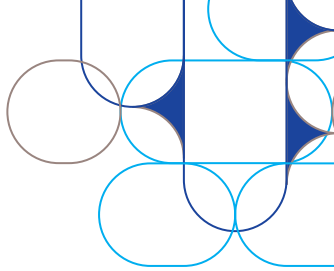
Full Name	Mutlu Erturan
Role	Independent Member, Board of Directors
Duties Outside the Company	CEO of Mage Biotechnologies

Full Name	Berna Akyüz Öğüt
Role	Independent Member, Board of Directors
Duties Outside the Company	General Manager of LCW Merchandising, Board Member of LCW

Full Name	Zeynep Yalım Uzun
Role	Independent Member, Board of Directors
Duties Outside the Company	Independent Board Member of Mavi Giyim Sanayi ve Ticaret A.Ş.







## Board Committees and the Board’s Assessment

### Board of Directors Committees

#### Audit Committee

Full Name	Role
Mutlu ERTURAN	Chair (Independent Board Member)
Berna AKYÜZ ÖĞÜT	Member (Independent Board Member)

#### Corporate Governance Committee

Full Name	Role
Zeynep YALIM UZUN	Chair (Independent Board Member)
S. Tuncer MUTLUCAN	Member
Aysun VARDAN	Member

#### Early Detection of Risk Committee

Full Name	Role
Zeynep YALIM UZUN	Chair (Independent Board Member)
Mutlu ERTURAN	Member (Independent Board Member)
Salih Tuncer Mutlucan	Member

#### Committee Working Principles

Corporate Governance Principle no. 4.5.1 foresees that the Board of Directors, to be able to soundly fulfill its duties and responsibilities, should establish the Audit Committee, the Corporate Governance Committee, the Nomination Committee, the Early Detection of Risk Committee, and the Remuneration Committee. However, due to the structure of the Board of Directors, if a separate Nomination Committee and Remuneration Committee can not be formed, then the Corporate Governance Committee may fulfill the duties of these committees. In this context, the Audit Committee, the Corporate Governance Committee and the Early Detection of Risk Committees were established in our Company. The duties of the committees that are not yet determined by the Board of Directors are fulfilled by the Corporate Governance Committee in accordance with the Corporate Governance Principles.

According to Corporate Governance Principle no. 4.5.3, all members of the Audit Committee and the chairs of all other committees should be elected from among the independent members of the Board. In this context, the elections of the chairs and members for the committees established by the Board of Directors' decision dated April 24, 2023, have been conducted in accordance with the principles of Corporate Governance. Again, in accordance with these principles, the CEO and General Manager of the Company do not take part in the committees.

Audit Committee: Non-Executive Independent Board Member Mutlu Erturan is the committee chair while Non-Executive Independent Board Member Berna Akyüz Öğüt is the only member.

The Audit Committee oversees the alignment of the Company's annual and interim financial statements and footnotes with current laws and international accounting standards. It collects insights from managers and independent auditors on the conformity of these statements with the Company's accounting principles and their accuracy. The Committee then documents its findings, alongside these insights and its own evaluations, in a report to the Board of Directors. The committee reviews the annual report to be disclosed to the public and observes whether the information contained here is accurate and consistent with the information it has. In general terms, the Committee is responsible for overseeing the functioning and effectiveness of the Company's accounting system, the independent audit and public disclosure of financial information, the internal control system, and related party transactions. In 2023, the Audit Committee held six meetings with the members in office.

Corporate Governance Committee: Independent Non-Executive Board Member Zeynep Yalım Uzun is the chair while Executive Board Member Salih Tuncer Mutlucan and Investor Relations Manager Aysun Vardan are the members.

The Corporate Governance Committee's primary purpose is to determine whether the Corporate Governance Principles are being implemented, and if not, to determine the reasons thereof and the conflicts of interest arising from the failure to fully comply with these principles, to make recommendations to the Board of Directors to improve corporate governance practices and to oversee the work of the Investor Relations Department. In the implementation of management practices aiming to enhance business performance, the Committee assesses the systems and processes in place or planned by the Company and offers recommendations.

As per the Corporate Governance Principles, since separate Nomination and Remuneration Committees have not been established due to the structure of the Company's Board of Directors, the Committee also fulfills the duties of the Nomination and Remuneration Committees specified in the Corporate Governance Principles. The Committee evaluates and submits proposals to the Board of Directors on identifying, evaluating and training suitable candidates for the Company's Board of Directors and determining the principles of remuneration of the Company's Board Members and senior executives.

In 2023, the Corporate Governance Committee held four meetings with the members in charge.

Early Detection of Risk Committee: Non-Executive Independent Board Member Zeynep Yalım Uzun is the chair while Non-Executive Independent Board Member Mutlu Erturan and Executive Board Member Salih Tuncer Mutlucan are the members.

The Committee's purpose is to proactively identify risks threatening the company's existence, growth, and sustainability, including environmental, social, and governance (ESG) risks, alongside climate-related risks and opportunities. It aims to implement necessary safeguards against these risks and effectively manage them. The Committee guides the Board in identifying, defining, monitoring, and reviewing strategic, financial, operational, ESG, or climate-related risks that may affect the Company's activities. It assesses the impact and probability of these risks, ranks them accordingly, ensures they are reported, and integrates these evaluations into the decision-making mechanisms. A member of the Committee has specific responsibility for ESG and climate-related risks and opportunities, including formulating policies, incorporating these risks and opportunities into the Company's strategy, and reporting and providing relevant information.

In 2023, the Early Detection of Risk Committee held six meetings with the members in office.

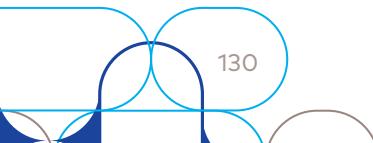
### THE BOARD'S ASSESSMENT ON THE WORKING PRINCIPLES AND EFFECTIVENESS OF THE BOARD COMMITTEES

As per the Capital Markets Board's Corporate Governance Principles, the Company has established the Corporate Governance Committee, Audit Committee, and Early Detection of Risk Committee to ensure that the Board of Directors efficiently fulfills its duties and responsibilities.

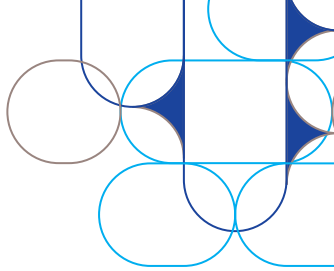
The Board of Directors has determined the duties, working principles, and members of the Committees. The Board resolution dated December 27, 2022, defined the Committees' duties and working principles. Then, the Working Principles of the Committees were made public on the Public Disclosure Platform and on the "Investor Relations" section of [www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com). The Board of Directors Performance Evaluation is conducted once a year, encompassing the individual performance of Board Members, the effectiveness of Board Meetings, and assessments of both the Chairman and the CEO through performance surveys.

In 2023, all Board Committees fulfilled their duties and responsibilities in accordance with the Corporate Governance Principles and their own Working Principles.

İsmail DOĞAN	Şadan DOĞAN
Board	Board
Chairman	Vice Chairman







## Policies

### Donations and Aid Policy

#### 1. Introduction

The donation and aid policy aims to set the Company's principles for donations and aid in accordance with applicable regulations and the Articles of Association.

The Company complies with the Capital Market Law no. 6362 ("CMB Law"), Turkish Commercial Code no. 6102 ("TCC"), capital markets legislation, other relevant legislation and regulations regarding donations and grants. The Company strictly adheres to the principles outlined in the Corporate Governance Principles of the Capital Markets Board's ("CMB") Corporate Governance Communiqué, subject to amendments and replacements over time.

This Policy has been prepared in accordance with the CMB's Corporate Governance Communiqué no. II.17.1 and Communiqué on Dividends no. II-19.1 and announced to all stakeholders through the Doğanlar Furniture Group website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)).

#### 2. Authority and Responsibility

The Donation and Aid Policy was established by the Board of Directors within the framework of the CMB Corporate Governance Principles and submitted to the approval of the 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 updating the Company's Donation and Aid Policy. Amendments to the Donation and Aid Policy necessitate a Board decision, followed by shareholder approval at the General Assembly Meeting, and are then published on the Company's website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)).

#### 3. Donation and Aid Principles

As stated in Article 12 of the Company's Articles of Association titled "Distribution of Profit":

The Company can donate to various organizations, institutions, foundations, and associations with a General Assembly resolution as per capital markets legislation. These donations, which must not contravene the Capital Market Law's ban on illegal transfer pricing or impede the Company's objectives and activities, require material event disclosures and must be reported to shareholders at the General Assembly.

The upper limit of donations are determined by the General Assembly. Any donation exceeding such a limit is prohibited, and the donations made are added to the distributable profit base.

The above-mentioned provision of the Articles of Association enables the Company to make donations. The General Assembly may determine the upper limit of donations to be made each year at the General Assembly Meeting. Donations and grants that may deviate the Company from upholding shareholder rights are avoided. However, donations and grants deemed appropriate by the Board of Directors within the framework of social responsibility, in accordance with the provisions of the capital markets legislation and the Company's policies and practices, may be made in a manner that will not hinder the Company's purpose and subject matter. Donations and aids to any legal or real person can be made in cash or in kind. Donations and payments to be made by the Company under the above-mentioned provision of the Articles of Association are disclosed to the public as per the CMB's regulations on the disclosure of material events to the public. Shareholders are informed about the amount and beneficiaries of all donations and grants made during the relevant

period, as well as any policy changes, with a separate agenda item at the General Assembly Meeting. Donations and grants must be submitted for the information of shareholders at the General Assembly. With respect to donations and grants, the Company complies with the relevant legislation, particularly the CMB's regulations on the prohibition of illegal transfer pricing and the mandatory corporate governance principles.

### Dividend Distribution Policy

#### 1. Objective

The dividend distribution policy aims to define Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi's ("Company") principles for dividend distribution, consistent with applicable regulations and the Company's Articles of Association ("Articles of Association"). It also seeks to provide shareholders with a framework for anticipating future profit distribution procedures and principles. The Company meticulously ensures that the interests of shareholders and the Company are balanced in the distribution of dividends.

The Company complies with the Capital Market Law No. 6362 ("CMB Law"), Turkish Commercial Code No. 6102 ("TCC"), capital markets legislation, other relevant legislation and regulations regarding profit distribution. The Company strictly adheres to the principles outlined in the Corporate Governance Principles of the Capital Markets Board's ("CMB") Corporate Governance Communiqué, subject to amendments and replacements over time.

This Dividend Distribution Policy of the Company has been prepared in accordance with the CMB's Corporate Governance Communiqué (II-17.1) and Communiqué on Dividends (II-19.1) and is disclosed to all stakeholders, particularly shareholders, via the Company's website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)).

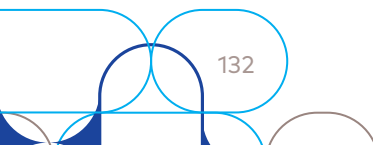
#### 2. Authority and Responsibility

The Dividend Distribution Policy was established by the Board of Directors within the framework of the CMB Corporate Governance Principles and submitted for the approval of the 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 updating the Company's Dividend Distribution Policy. Amendments to the Donation and Aid Policy necessitate a Board decision, followed by a public disclosure detailing the justifications as per the regulations on material event disclosures. Then, shareholder approval is obtained at the General Assembly Meeting before publishing the amendments on the Company's website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)).

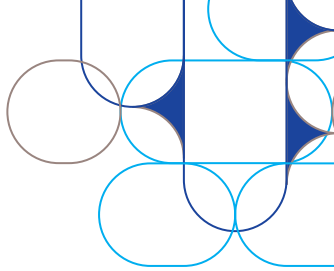
#### 3. Dividend Distribution Principles

The Board of Directors will propose a profit distribution to the General Assembly for the distribution of accumulated profits and annual dividends, considering the Company's yearly performance, current economic conditions, investments, and cash flow. The Company's primary policy is to follow the criteria determined by the Capital Market Law and balance the interests of the shareholders and the Company.

In principle, subject to relevant regulations and our financial capability, a minimum of 40 percent of the period's distributable profit, as determined by the capital markets legislation and considering market expectations and our long-term strategy as well as the capital requirements, investment and financing policies, profitability, and cash position of our Company and its subsidiaries and affiliates, is distributed to shareholders. Dividends may be distributed to shareholders in cash or in bonus shares by way of capitalization of profits, or partly in cash and partly in bonus shares. Dividends are distributed equally to all current shares based on the number of shares regardless of their issue and acquisition dates. The Company does not have any shares with dividend privileges.







Unless the reserves required to be set aside in accordance with the Turkish Commercial Code and the dividend determined for shareholders in the Articles of Association or this Dividend Distribution Policy are set aside, no decision can 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, employees of the Company or persons other than shareholders; nor can dividends be distributed to these persons unless the dividend determined for shareholders is paid in cash.

The details on the location and timing for profit distribution, as decided by the General Assembly according to legislative provisions, are communicated to shareholders through a material event disclosure on the Public Disclosure Platform and the Company's website. The aim is to distribute dividends within one month after the General Assembly meeting at the latest, with the General Assembly determining the dividend distribution date. The General Assembly, or the Board of Directors if authorized, may decide to distribute dividends in installments in accordance with capital markets legislation. The Board of Directors may distribute advance dividend provided that it is authorized by the General Assembly and complies with capital markets legislation.

**4. Dividend Distribution Principles**

Dividend distribution principles are set out in Article 12 of the Articles of Association titled "Distribution of Profit." The period profit, reported in the annual balance sheet, is determined by subtracting obligatory payments or allocations like general expenses, amortization, and due taxes from the Company's income at the operating period's end. After deducting any prior years' losses, the profit for the period is distributed in the order listed below.

**General Legal Reserves:**

a) 5 percent is allocated to legal reserves.

**The First Dividend:**

b) The first dividend is set aside from the remainder, after adding the donations (if any) made in the year, as required by the dividend distribution policy to be determined by the General Assembly and in accordance with the relevant legislation.  
c) Once the aforementioned discounts are made, an amount of dividend at a percentage to be determined by the General Assembly is distributed among the members of the Board of Directors except the Independent Members of the Board of Directors.

**The Second Dividend:**

d) The General Assembly is authorized to fully and partially distribute or set aside as voluntary reserve pursuant to the Article 521 of the Turkish Commercial Code the remaining part after deduction of the amounts specified in the items (a), (b) and (c) from the net period profit.

**General Legal Reserves:**

e) One tenth of the balance that remains after deducting the 5 percent of the issued capital as a profit share from the portion earmarked for distribution to shareholders and others who have a claim on the profits, is added to the general legal reserves pursuant to Article 519 paragraph 2 of the Turkish Commercial Code.

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 are not allowed. Dividends are distributed equally to all current shares regardless of their issue and acquisition dates.

The General Assembly will determine the method and timing of the dividend distribution as proposed by the Board of Directors. The decision by the General Assembly to distribute dividends according to these Articles of Association cannot be revoked. The Company can donate to various organizations, institutions, foundations, and associations with a General Assembly resolution as per capital markets legislation. These donations, which must not contravene the Capital Market Law's ban on illegal transfer pricing or impede the Company's objectives and activities, require material event disclosures and must be reported to shareholders at the General Assembly. The upper limit of donations are determined by the General Assembly. Any donation exceeding such a limit is prohibited, and the donations made are added to the distributable profit base.

**5. Advance Dividend Distribution Principles**

Dividend distribution principles are regulated in Article 20 of the Articles of Association titled "Advance Dividends." "The General Assembly may resolve to distribute advance dividends to shareholders in accordance with the provisions of the Capital Market Law and other relevant legislation. The provisions of the relevant legislation apply in the calculation and distribution of these amounts. The Board of Directors may be authorized by a resolution of the General Assembly to distribute advance dividends, limited to the relevant accounting period."

**Disclosure Policy**

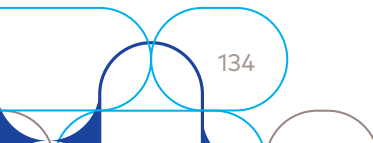
**1. General Framework and Purpose**

The disclosure policy of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. ("Doğanlar Furniture Group" or the "Company") aims to ensure that necessary information and non-confidential disclosures are provided to shareholders, investors, employees, customers, and relevant parties promptly, accurately, fully, and clearly, in an accessible and equitable way, at minimal cost. The Company adopts and implements corporate governance principles actively, exerting maximum effort to fulfill public disclosure and communication obligations as per relevant legislation.

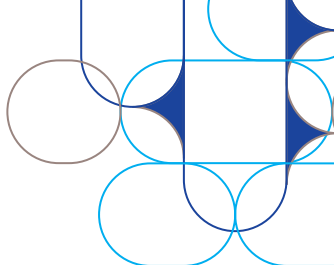
The Company complies with the Capital Market Law No. 6362 ("CMB Law"), Turkish Commercial Code No. 6102 ("TCC"), capital markets legislation, other relevant legislation and regulations, and Borsa Istanbul A.Ş. ("BIST") regulations regarding public disclosures. It strictly adheres to the principles outlined in the Corporate Governance Principles of the Capital Markets Board's ("CMB") Corporate Governance Communiqué, subject to amendments and replacements over time.

Doğanlar Furniture Group adopts and implements corporate governance principles actively, exerting maximum effort to fulfill public disclosure and communication obligations as per relevant legislation. In this context, Doğanlar Furniture Group embraces a thorough disclosure policy.

According to Article 42 of the Company's Articles of Association titled "Company Announcements," "Company Announcements are made pursuant to Article 35 of the Turkish Commercial Code and the Capital Market Law. With respect to the meetings of the General Assembly, the Company complies 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 apply to announcements regarding the reduction of capital. Upon approval and finalization by the General Assembly, the balance sheet, profit and loss statement, and the auditors' report are 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 is obliged to submit the annual report and the audit report to the Capital Markets Board within thirty (30) days following the General Assembly meeting."

Doğanlar Furniture Group's Disclosure Policy has been 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 disclosed to all stakeholders via the Company's website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)).

**2. Authority and Responsibility**

The disclosure policy was established by the Board of Directors within the framework of the CMB Corporate Governance Principles and submitted for the information of the shareholders as a separate item on the agenda of the General Assembly Meeting. It is under the authority and responsibility of the Board of Directors to monitor, supervise, develop and make necessary updates and amendments to the public disclosure and information policy of Doğanlar Furniture Group. Amendments to the Disclosure Policy are published on the Company website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)) following the approval of the Board of Directors.

The Investor Relations Department has been assigned to coordinate the disclosure function. These authorities discharge such responsibilities in close cooperation with the audit committee and the Board of Directors. All questions regarding the implementation principles and procedures of this policy should be directed to the Investor Relations Department.

**3. Public Disclosure Methods and Instruments**

The public disclosure efforts, methods, and instruments used pursuant to the Capital Market Law, the Turkish Commercial Code, and relevant other legislation are given below:

- » Financial statements, independent auditor's reports and declarations periodically disclosed on the Public Disclosure Platform ("PDP")
- » Annual Reports
- » Company Corporate Website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com))
- » Material event disclosure forms
- » Announcements and notices made through the Turkish Trade Registry Gazette and daily newspapers
- » Communication via telephone, email, or fax.

**4. Persons with Administrative Responsibilities and the Authority to Make Public Disclosures**

Within the framework of capital markets legislation, "Persons with Administrative Responsibility" are defined as (i) members of the Company's Board of Directors, and (ii) persons who, although not members of the Board of Directors, have regular access to the Company's internal information, directly or indirectly, and who are authorized to make administrative decisions affecting the Company's future development and business objectives. In the selection of individuals with administrative responsibility, the duties of such individuals in the Company's organization and the content of the information accessible to them are taken as the criteria. In this respect, the Doğanlar Furniture Group's board members, the CEO, and the Chief Financial Officer are designated as the individuals with administrative responsibility who have regular access to insider information. Accordingly, those managers and other employees who lack knowledge that may affect the value of the capital market instruments and the investment decisions of investors, in other words, who have knowledge about only a department of the Company but know less about the entirety of the Company are not considered to have access to insider information. Unless otherwise specified in this Disclosure Policy, persons authorized to make public disclosures about the Company are Executive Board Members, the CEO, and Investor Relations Department. In principle, material event disclosures are signed and submitted to the relevant authorities by "qualified electronic certificate" holders who are in charge of financial reporting. Those in charge of making material event disclosures are chosen among the persons authorized to represent and bind the Company.

**5. Investor Relations Department**

Doğanlar Furniture Group fulfills all liabilities arising from the Turkish Commercial Code and capital markets legislation under the supervision of the Investor Relations Department reporting to CFO pursuant to the CMB Communiqué on Corporate Governance Principles. The Investor Relations Department, mandated by law, plays a crucial role in ensuring and facilitating the exercise of shareholder rights, especially the rights to information and review. The Investor Relations section of the Company's corporate website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)) contains information and data on the Company under the corporate governance profile. The Company's corporate website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)) is monitored and kept up-to-date by the Investor Relations Department.

The main activities of the Investor Relations Department are summarized below.

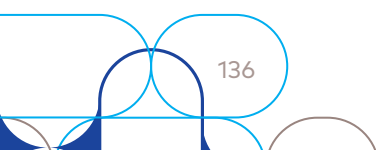
- a) Responding to the verbal and written information requests of shareholders about the Company provided that such information is not confidential or a trade secret.
- b) Conducting the general assemblies in accordance with the applicable legislation, the Articles of Association, and other internal regulations.
- c) Preparing the documents that may be utilized by shareholders at General Assembly meetings.
- d) Ensuring that any matter related to the public disclosure, including the Legislation and Disclosure Policies, is observed and monitored.
- e) Keeping the records of shareholders reliable, secure, and up-to-date.
- f) Informing the analysts who make assessments about the Company.
- g) Following and checking the contents of any written and visual news about the Company, the value and price of capital market instruments, or the information and disclosures that may affect the investors' behaviors in coordination with the Corporate Communications Department.
- h) Presenting the information and disclosures that may affect the exercise of shareholding rights to the use of the shareholders on the Company's corporate website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)).
- i) Informing the public by notifying the Central Securities Depository of the Turkish capital markets through the PDP of the necessary material event disclosures in accordance with the CMB's Communiqué on Material Events, which may be amended and replaced from time to time.
- k) Keeping track of the amendments in the Capital Market Law and the relevant legislation, and submitting them for the benefit of the Company's relevant units.

**6. Public Disclosure of Material Events**

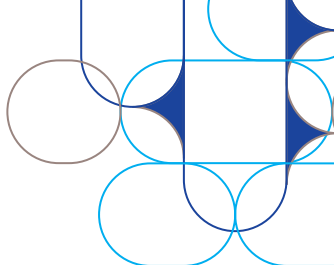
The disclosures that must be made under the capital market legislation regarding material events containing internal or continuous information that may affect the value and price of capital market instruments or investor decisions are submitted to the Public Disclosure Platform in due time. Furthermore, the disclosures submitted electronically to the PDP are published on the Company's corporate website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)) within the time specified in the legislation following the disclosure.

**7. Measures to Maintain Confidentiality of Material Events Until Public Disclosure**

The Company is responsible for taking measures to ensure the confidentiality of material events until they are disclosed to the public. In this context, employees who have relevant information cannot share the information with third parties until a material event disclosure is made. The Company may postpone the disclosure of insider information to the public to prevent damage to its legitimate interests, provided that it does not mislead investors and can ensure that this information is kept confidential. In these cases, the Company takes all kinds of measures to ensure the confidentiality of insider information in accordance with capital markets legislation. Should an unauthorized disclosure of insider







information to a third party be detected, an immediate material event disclosure will be made in accordance with capital markets legislation and CMB regulations if confidentiality is deemed unmanageable. As soon as the reasons for the postponement of public disclosure of insider information are removed, public disclosure is made in accordance with the legislation. The statement must state the decision to postpone and the underlying reasons for the postponement.

The Company informs its managers and employees through corporate training about their legal obligations regarding insider information and the sanctions for the misuse or dissemination of this information. The Company takes the necessary measures by signing a confidentiality agreement with employees and third-party service providers to ensure that their access to insider information is restricted if they have not been authorized. The Company may also resort to other similar measures to protect confidentiality. Persons who have access to insider information are informed in writing that they must accept the obligations under the law and relevant legislation regarding this information, and the sanctions for the misuse or dissemination of this information. In addition, to prevent unauthorized disclosures about the operational results, sharing information with capital market participants concerning undisclosed operational results and other issues is prohibited during certain periods of the calendar year. This period is considered the "Silent Period." During the Silent Period, Company officials do not comment on the Company's financial position, except for information disclosed to the public on behalf of the Company. Questions from capital market participants, such as analysts and investors, regarding the financial situation will not be answered.

The Executive Board Members, the CEO and the Investor Relations Department are authorized to make public statements about the Company during the Silent Periods; are allowed to attend and speak at conferences, panels, and other similar events; may give interviews in print and visual media; and have the authorities of the Investor Relations Department to attend investors' meetings, provided in each case that the confidentiality rules concerning insider information are followed. For the Company, the "Quiet Period" begins two weeks before 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 on Press Releases, Informative Meetings, and Presentations and Reports at Informative Meetings**

Company press releases are issued to print and broadcast media as needed. The Executive Board Members, the CEO, and the Investor Relations Department have the authority to issue press statements to print and broadcast media. Before or alongside the public announcement of the matters subject to material events, a disclosure is made to the Public Disclosure Platform, and the related statement is published on the Company's Corporate Website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)).

The Investor Relations Department responds to information requests from shareholders, investors, and analysts. Answers are provided correctly, completely, and equally, whether in writing, verbally, or during informational meetings, based on information that has been publicly disclosed. Shareholders and other relevant parties are informed during investor meetings. The executives in charge of financial management and reporting and the managers of the Investor Relations Department attend such meetings held by the Investor Relations Department. Presentations and reports used in these events can be published on the Company's Corporate Website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)).

The Investor Relations Department emails the relevant information, including financial statements, to the shareholders and organizations that prepare research reports on our company, upon request.

The Company may occasionally attend national and international conferences or meetings to share information with investors and analysts. Presentations and reports used in these events can be published on the Company's Corporate Website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)).

**9. News and Rumors in the Press and Media Outlets**

A professional media monitoring agency monitors the news and rumors about Doğanlar Furniture Group in the press and media organs or on websites. When it is legally required to make a public disclosure of material events, such a statement is made after the necessary information is compiled from the relevant units.

When a news item or rumor exists in the press, in a media outlet or among the public and has the potential to affect the investment decisions of investors or the value of capital market instruments, one which does not originate from those authorized to represent the company, and which differs in content from the information disclosed to the public by a material event disclosure, prospectus, circular, announcement texts approved by the CMB, financial report, or other means of public disclosure, Doğanlar Furniture Group makes a statement about the accuracy and completeness of such information. It does not, however, comment on the comments, analyses, evaluations, and forecasts about the Company based on information disclosed to the public.

The Executive Board Members, the CEO, and the Investor Relations Department evaluate whether a piece of news or a rumor affects the value of company shares or investor decisions and decide whether a material event disclosure should be made. If news and rumors are deemed to potentially impact the Company's share value and investor decisions, a material event disclosure is made. The Executive Board Members, the CEO, and the Investor Relations Department are authorized to make these material event disclosures.

**10. Principles Regarding the Disclosure of Forward-Looking Statements**

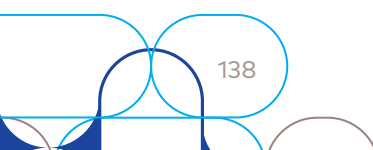
Assessments that include plans and forecasts, which constitute insider information about the future, or that give investors an idea about the Company's future activities, financial status and performance may be disclosed to the public within the framework of the principles specified in the capital markets legislation. If forward-looking information is disclosed to the public, it is disclosed together with the assumptions and historical realizations on which these assumptions are based. If it is later understood that the estimates for the future will not be realized to a significant extent, the information in question is reviewed and restated.

Future assessments are based on reasonable assumptions and estimates. In case of deviations caused by unforeseen risks and developments, if a significant difference occurs between the matters previously disclosed to the public and the realizations, a public disclosure is made with a clear explanation for these differences.

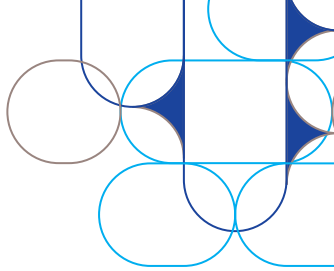
A Board of Directors' decision is taken regarding the disclosure of the Company's forward-looking statements. Pursuant to capital markets legislation principles, besides material event disclosures, forward-looking assessments may be shared through press and media organs, press conferences, press releases, national and international conferences or meetings, and other means of communication.

**11. Corporate Website**

In public disclosure, the Company's Corporate Website at ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)) is actively used as recommended by CMB's Corporate Governance Principles. The disclosures on the Company's website do not replace the notifications and material event disclosures that must be made under the provisions of the capital market legislation. All company disclosures to the public can be accessed via the website. The website is structured and segmented accordingly. Every measure is taken regarding the security of the website. The website content and layout are organized according to CMB'S Corporate Governance Principles. In particular, the announcements regarding the upcoming General Assembly meetings, the agenda items, and other information, documents, and reports on the agenda items, and information on the methods of participation in the general meeting are prominently featured on the website. The website is continuously improved.







Remuneration Policy

1. Objective

The remuneration policy aims to set the pay principles for the Board of Directors and senior management of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi ("Company"), aligning with the Company's long-term objectives and adhering to the regulations applicable to the Company as well as the provisions of the Company's Articles of Association ("Articles of Association").

The Company complies with the Capital Market Law No. 6362 ("CMB Law"), Turkish Commercial Code No. 6102 ("TCC"), capital markets legislation, other relevant legislation and regulations regarding remuneration. It strictly adheres to the principles outlined in the Corporate Governance Principles of the Capital Markets Board's ("CMB") Corporate Governance Communiqué, subject to amendments and replacements over time.

This Remuneration Policy of the Company has been prepared in accordance with the CMB's Corporate Governance Communiqué (II-17.1) and is disclosed to all stakeholders, particularly shareholders, via the Company's website (www.doganlarmobilyagrubu.com).

2. Authority and Responsibility

The Remuneration Policy was established by the Company's Board of Directors within the framework of the CMB's Corporate Governance Principles and submitted to the shareholders as a separate item on the agenda of the General Assembly Meeting to receive their opinions. The Board of Directors is authorized and responsible for monitoring, supervising, developing and updating this Remuneration Policy. Amendments to the Remuneration Policy require Board approval, after which they are presented to shareholders for their information and insights at the General Assembly Meeting and published on the Company's website (www.doganlarmobilyagrubu.com).

3. Remuneration Principles

The Remuneration Committee, or in its absence, the Corporate Governance Committee, submits to the Board of Directors its recommendations regarding the remuneration of board members and executives with administrative responsibilities.

The Board of Directors is responsible for the Company's achievement of the operational and financial performance targets set and disclosed to the public. The assessment of the Company's success in meeting its publicly announced operational and financial performance targets, and the explanations for any shortfalls, are detailed in the annual report. The Board of Directors reviews and assesses the performance of itself, its members, and executives with administrative responsibilities. The remuneration for Board of Directors members and executives with administrative duties is set based on these evaluations. After the General Assembly sets the remuneration for Board members and executives with administrative duties, the Remuneration Committee, or the Corporate Governance Committee in its absence, tracks if economic shifts, including inflation, within the fiscal year necessitate a pay raise. Should adjustments be needed, a recommendation is made to the Board of Directors. If the Board evaluation concludes that it would be appropriate to adjust the remuneration of Board members and executives with administrative responsibilities, the Board passes a resolution on this matter and submits it for the approval of the General Assembly to decide on the remuneration change, if necessary. The rights of the Board Members: A fixed fee/attendance fee may be paid to the chairman and members of the Board of Directors for the services they render under these titles. The amount to be paid is determined by the General Assembly. In any case, independent board members receive a specific payment amount that guarantees their independence; and dividends, stock options and payment schemes based on the Company's performance cannot

be used to compensate the independent board members. The Company discloses to the public on the annual report the remunerations and all benefits provided to the board members and executives with administrative responsibility. Disclosures are made for individuals.

The rights of senior executives: These rights are set based on market and industry conditions, inflation, and the executive's position, rank, qualifications, and personal performance. They receive a monthly salary for the duration of their employment contract. The monthly salary is adjusted annually based on established principles and salary determination criteria, assuming stable market conditions.

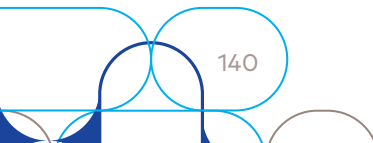
Consideration is also given to market and industry conditions, salaries for similarly ranked executives in the industry, achievement of goals, and the executive's potential. The assessment of individual performance takes into account the manager's approach, work style, behavior, and annual targets set with their superior, at specified rates. Bonus: The Company does not pay any bonuses.

**Premium:** Premiums are calculated based on the overall economic conditions, the Company's annual performance, and an employee's individual performance, provided a defined lower threshold—set by the Board of Directors based on specific weighted criteria for the calendar year—is met. The Company's premium plan is tailored specifically for job descriptions and areas of competence and is conditional on the absence of major risk events (including climate-related risks) in the relevant jobs and areas. Where considered necessary by the Board of Directors, different methods may be used to determine the premium which may include financial and non-financial performance measures. Premium payments may be made in cash and/or in the form of other benefits (such as employee share acquisition plans or deferred bonus plans) to be determined at the discretion of the Board of Directors. Currently, the Company does not offer any regular premiums to its senior executives.

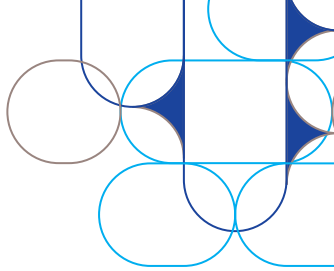
The total amount of benefits offered to the Board Members and Senior Executives is explained below.

December 31, 2022	December 31, 2023
69,271,652 TL	95,080,460 TL
Doğanlar Furniture Group's other policies can be accessed from the links below.	

<p>Employee Rights Policy</p> 	<p>Integrated Management Systems Policy</p> 	<p>Anti-Bribery and Anti-Corruption Procedure</p> 	<p>Environment Policy</p> 
<p>Occupational Health and Safety Policy</p> 	<p>Information Security Management System Policy</p> 	<p>Personal Data Protection and Processing Policy</p> 	







Other Matters

Changes from Period End to Report Preparation

- Our Company has decided to invest in the establishment of a Solar Power Plant (SPP) on the roofs of our production facilities located at Bandırma Yolu 5. km Biga, Çanakkale (Biga) and Doğanlı Köyü Düzce (Düzce) to protect nature, increase efficiency, and reduce electricity costs by supporting the clean energy production of our country. As such, the necessary contracts have been concluded with Schmid Pekintaş Güneş Enerji Sistemleri and Free Yapı Enerji San. ve Ticaret A.Ş. in this regard. Accordingly, the electricity generation power is planned to be 4,542 kWp for Biga and 5,000 kWp for Düzce, totaling 9,542 kWp. The investment cost of the SPP investments is \$4,233,069 and plans are in place to complete these investments within six months. These SPP investments will also serve our Company’s sustainability strategy by reducing its carbon footprint.

- Within the scope of Article 10 of the Communiqué on Material Events, with the decision of our Board of Directors dated 22.01.2024, it has been decided to disclose our Company’s expectations for 2024 to the public. In this context, the expectations for 2024 are given as follows, without taking into account the potential effects that may arise from the application of TAS 29 (Financial Reporting in Hyperinflationary Economies).

**Consolidated Sales Revenues:** TL 11.2 billion ± 3  
**Share of Exports in Consolidated Sales Revenues:** 10% ± 2%  
**Total Point of Sale Growth:** 100 - 115 new points of sale  
- **Domestic Point of Sale Growth:** 80 - 90 new sales points  
- **Overseas Point of Sale Expansion:** 20 - 25 new sales points  
**Consolidated EBITDA margin:** 14-15  
**Net Financial Debt / EBITDA (including IFRS-16):** 1.00x - 1.25x  
**Capital Expenditures:** 5%-6% of consolidated sales revenues

- At the Extraordinary General Assembly Meeting of FTR Dış Ticaret Mobilya Anonim Şirketi, in whose capital we hold a 14.2857% stake, it has been resolved to increase its capital by TL 37,800,000 to TL 47,810,000, fully funded in cash. It has been decided that our Company will use all of its right to purchase new shares and the amount of our Company’s participation in the cash capital increase will be determined as 5,400,000 Turkish liras.

- Due to the expiry of the authorisation of the registered capital ceiling granted by the Capital Markets Board in 2024, to extend the authorisation for a period of 5 years, valid for the years 2024-2028, and to obtain a new authorisation from the Capital Markets Board in order to increase the registered capital ceiling of TL 500,000,000 to TL 1,500,000,000, and within the framework of the regulations of the Capital Markets Board regarding the registered capital system, it has been resolved to amend Article 6 of the Articles of Association of the Company as attached, and to submit the registered capital ceiling to the approval of the first General Assembly to be held after obtaining the necessary approvals regarding the amendment of the Articles of Association. In this context, an application was made to the Capital Markets Board on 03.04.2024 and The Board gave an appropriate opinion with the letter dated 24.04.2024 and numbered 52936.

- JCR Avrasya Derecelendirme A.Ş. has affirmed our Company's Long Term National Rating as “BBB+ (tr)” and Short Term National Rating as “J2 (tr)” in the investment grade good category. The outlook for both ratings has been set as “Stable”. On the other hand, in parallel with the international ratings and outlooks of the Republic of Turkey, our company's Long Term International Foreign and Local Currency Corporate Credit Ratings and outlooks have been determined as “BB / Negative”

- Our Company Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. and one of the Public Institutions and Organizations affiliated to the Republic of Turkey have reached an agreement on the production of Furniture Group, Bedding and Textile product groups. Pursuant to the agreement, the total price of the products to be supplied by our Company has been determined as 41,800,000 Turkish Liras included VAT (the buyer has the right to increase and decrease by 20% in accordance with the agreement). The term of the agreement is one year from the date of signature.

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

Legislative Amendments in 2023

During the period, the following legislative changes that affect the Company’s balance sheets were implemented:

As per the Presidential Decree dated July 7, 2023, and numbered 7346, effective from July 10, 2023;  
» - The general VAT rate of 18 percent was increased to 20 percent.  
» - The VAT rate for deliveries and services subject to 8 percent VAT was increased to 10 percent.

In addition, the General Communiqué on Tax Procedure Law was published on December 30, 2023, for the determination of the procedures and principles of the financial statements to be subject to inflation adjustment for the end of the 2023 accounting period and the following accounting periods in accordance with paragraph (A) of the repeated Article 298 and provisional Article 33 of the Tax Procedure Law No. 213.

Information on Own Shares Acquired by the Company

During the accounting period January 1, 2023–December 31, 2023, the Company purchased shares with a nominal value of 13,839,743 Turkish lira as part of the share buy-back transactions pursuant to the decision dated May 23, 2018, and the share buy-back transactions initiated and completed with the decisions of the Board of Directors dated February 17, 2023, and August 7, 2023, as per the announcement made by the Capital Markets Board (“CMB”) on February 14, 2023. The Company purchased shares with a nominal value of 796,495 Turkish lira within the scope of share buy-back transactions initiated with the Board of Directors decision dated October 31, 2023.

The total nominal value of the company shares owned by our Company together with the shares repurchased with the decisions of the Board of Directors dated August 23, 2018, February 17, 2023, and August 07, 2023 reached up to 14,636,238 Turkish lira, and the ratio of the shares to the capital reached up to 4.18 percent.

Information on Lawsuits Filed Against the Company That May Affect the Company's Financial Position and Activities and Their Possible Outcomes

In 2023, the Company was not subjected to any lawsuits that may affect its financial position and activities.

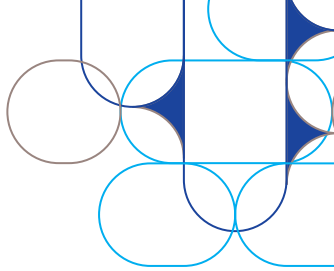
Credit Rating\*

Title of the rating agency	Rating date	Long-term national rating	Investment grade status
JCR Eurasia	April 24, 2023	BBB(+)	Investable

(\*) JCR Avrasya Derecelendirme A.Ş.'s rating report dated 17.04.2024 confirmed the rating as BBB(+).







**Explanations on Administrative or Judicial Sanctions Against the Company and Governing Body Members for Non-Compliance with Legislative Provisions**

The Company and its Board of Directors have not engaged in any activities that violate legislative provisions, nor have any administrative or judicial sanctions been imposed on the Company and the Board of Directors.

**Information on Conflicts of Interest Between the Company and Service Providers Like Investment Consulting and Rating Agencies, and Preventive Measures Taken**

No conflict of interest was observed during the period. In the procurement of such services, we adhere to CMB regulations and other relevant legislative requirements, taking great care to prevent any potential conflict of interest.

The Company's capital adequacy has been evaluated pursuant to Article 376 of the Turkish Commercial Code no. 6102 and applicable legislation, confirming that the capital is sufficient and not eroded.  
During the year, the Company made donations and grants amounting to 4,060,566 Turkish lira.

In the previous fiscal year, despite being part of a group of companies, the Company engaged in no legal transactions benefiting the parent company or one of its affiliates upon a directive from the parent company, and no measures were taken or avoided from being taken to benefit the parent company or any of its affiliates.

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

None.

**Commercial and Financial Relations with Direct and Indirect Subsidiaries During the Period:**

Information is provided in the Footnotes of Related Party Disclosures on Consolidated Financial Statements dated December 31, 2023, and on Special Independent Audit Reports.

**Substantial Amounts in Asset Sales or Purchases**

None.

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

None.

**Amendments to the Articles of Association**

With the Board decision dated November 15, 2022, the Company's Articles of Association was modified by amending Articles 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 20, 21, and 22; removing Articles 23 through 45; and adding Articles 7, 18, and 19. The Capital Markets Board, in its letter dated March 13, 2023, reference number E-29833736-110.03.03.03-34486, endorsed the amendment of the Articles of Association. Following this, the Ministry of Trade's letter dated March 29, 2023, with reference number E-50035491-431.02-00084058903, granted approval as per Article 333 of the Turkish Commercial Code No. 6102. These amendments were ratified at the Company's Ordinary General Assembly on May 2, 2023.

**Declarations of Independence**

March 15, 2024

I hereby declare that I am a candidate to serve as an "Independent Member" on the Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi ("Company") Board of Directors according to the criteria set forth in the Company's Articles of Association and the Corporate Governance Communiqué No. II-17.1 announced by the Capital Markets Board (CMB). In this context:

a) I, my spouse, or my relatives by blood or marriage have not had an employment relationship in a managerial position where important duties and responsibilities would be assumed in the last five years, have not owned more than 5 percent of any capital or voting rights or privileged shares by ourselves or with someone else, and have not established any significant commercial relationships with the Company or the partnerships under the control or significant influence of the Company, or partners holding the managerial control of or exerting significant influence in the Company or legal entities over which these partners have managerial control;

b) Within the last five years, I have not held a partnership stake of 5 percent or greater, have not assumed a management position where I would have important duties and responsibilities, or have not been a Board Member at companies which the Company has procured products and services from or sold products or services to, especially the services of auditing (including tax audit, legal audit and internal audit), rating and consultancy, as part of a contractual relationship, during the times these transactions took place;

c) I have the professional education, knowledge and experience required to fulfill the duties I will undertake as an Independent Board Member;

d) In compliance with the legislation, I will not be working full-time in public institutions and organizations after being elected as a member, except as a faculty member;

e) I am a resident in Türkiye pursuant to the Income Tax Law no. 139, dated December 31, 1960, and December 19, 1960;

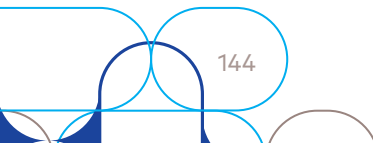
f) I have the strong ethical standards, a professional reputation, and the experience required to contribute to the Company's activities, maintain impartiality in conflicts of interest between the Company and the shareholders, and make decisions freely by considering the rights of the stakeholders;

g) I can devote sufficient time to company affairs to follow the operation of the Company's activities and duly fulfill the requirements of the duties I have undertaken;

h) I have not been a member of the Company's Board of Directors for more than six years within the last 10 years;  
i) I do not serve as an Independent Board Member at more than three of the companies in which the Company or the partners holding the management control of the Company have managerial control, and in more than five of the companies listed on the stock exchange;

j) I am not registered and announced in the name of the legal person elected as a Board Member.

**ZEYNEP YALIM UZUN**





## Statements of Independence

March 15, 2024

I hereby declare that I am a candidate to serve as an "Independent Member" on the Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi ("Company") Board of Directors according to the criteria set forth in the Company's Articles of Association and the Corporate Governance Communiqué No. II-17.1 announced by the Capital Markets Board (CMB). In this context:

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- b) Within the last five years, I have not held a partnership stake of 5 percent or greater, have not assumed a management position where I would have important duties and responsibilities, or have not been a Board Member at companies which the Company has procured products and services from or sold products or services to, especially the services of auditing (including tax audit, legal audit and internal audit), rating and consultancy, as part of a contractual relationship, during the times these transactions took place;
- c) I have the professional education, knowledge and experience required to fulfill the duties I will undertake as an Independent Board Member;
- d) In compliance with the legislation, I will not be working full-time in public institutions and organizations after being elected as a member, except as a faculty member;
- e) I am a resident in Türkiye pursuant to the Income Tax Law no. 139, dated December 31, 1960, and December 19, 1960; f) I have the strong ethical standards, a professional reputation, and the experience required to contribute to the Company's activities, maintain impartiality in conflicts of interest between the Company and the shareholders, and make decisions freely by considering the rights of the stakeholders;
- g) I can devote sufficient time to company affairs to follow the operation of the Company's activities and duly fulfill the requirements of the duties I have undertaken;
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- i) I do not serve as an Independent Board Member at more than three of the companies in which the Company or the partners holding the management control of the Company have managerial control, and in more than five of the companies listed on the stock exchange;
- j) I am not registered and announced in the name of the legal person elected as a Board Member.

**BERNA AKYÜZ ÖĞÜT**

## Statements of Independence

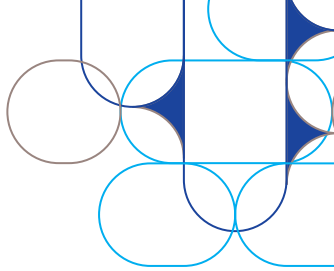
March 15, 2024

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- b) Within the last five years, I have not held a partnership stake of 5 percent or greater, have not assumed a management position where I would have important duties and responsibilities, or have not been a Board Member at companies which the Company has procured products and services from or sold products or services to, especially the services of auditing (including tax audit, legal audit and internal audit), rating and consultancy, as part of a contractual relationship, during the times these transactions took place;
- c) I have the professional education, knowledge and experience required to fulfill the duties I will undertake as an Independent Board Member;
- d) In compliance with the legislation, I will not be working full-time in public institutions and organizations after being elected as a member, except as a faculty member;
- e) I am a resident in Türkiye pursuant to the Income Tax Law no. 139, dated December 31, 1960, and December 19, 1960;
- f) I have the strong ethical standards, a professional reputation, and the experience required to contribute to the Company's activities, maintain impartiality in conflicts of interest between the Company and the shareholders, and make decisions freely by considering the rights of the stakeholders;
- g) I can devote sufficient time to company affairs to follow the operation of the Company's activities and duly fulfill the requirements of the duties I have undertaken;
- h) I have not been a member of the Company's Board of Directors for more than six years within the last 10 years;
- i) I do not serve as an Independent Board Member at more than three of the companies in which the Company or the partners holding the management control of the Company have managerial control, and in more than five of the companies listed on the stock exchange;
- j) I am not registered and announced in the name of the legal person elected as a Board Member.

**MUTLU ERTURAN**





## Corporate Governance Principles Compliance Statement

Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. ("Doğanlar Furniture Group") operates pursuant to the Corporate Governance Principles published by the Capital Markets Board ("CMB") (II-17.1). Doğanlar Furniture Group conducts its relations with shareholders, employees, customers, and all relevant parties through effective management and oversight, embracing core corporate governance principles of accountability, fairness, transparency, and responsibility.

The Group adheres to all mandatory principles outlined in the Corporate Governance Communiqué no. II-17.1 and follows the majority of the recommended non-mandatory principles. While striving for full adherence to the non-mandatory Corporate Governance Principles, the Group acknowledges that practical challenges and discrepancies between some principles and the current market and Company structure have prevented achieving this objective. We are currently working on the principles yet to be implemented and will enact them once the necessary administrative, legal, and technical frameworks are established, facilitating the Company's effective management.

The Company's Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) for the accounting period January 1, 2023–December 31, 2023, have been prepared in accordance with the presentation principles set forth by the CMB's resolution no. 2/49 dated January 10, 2019, and the CMB's Corporate Governance Communiqué no. II-17.1. Doğanlar Furniture Group's Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) for the accounting period January 1, 2023–December 31, 2023, are available on the Company's corporate website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)) under the heading "Corporate Governance/Corporate Governance Principles Compliance Report" as well as on the Public Disclosure Platform's website ([kap.gov.tr](http://kap.gov.tr)).

### General Assembly Meetings

The General Assembly meetings of our Company are organized in strict adherence to the guidelines specified under the "General Assembly" section of the Corporate Governance Principles, the Turkish Commercial Code, and the Regulation on the Procedures and Principles of General Assembly Meetings of Joint Stock Companies and the Turkish Ministry of Trade Representatives to Be Present at These Meetings.

Upon 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 are announced to the shareholders in accordance with the principles.

As such:

- » We published on the corporate website the total number of shares, which shows the Company's share structure, and information on the right to vote, on the General Assembly Meeting announcement date.
- » We prepared the General Assembly agenda by putting each proposal under a separate title and describing the agenda item headings clearly to prevent misinterpretations. Care has been taken to avoid the use of phrases such as "other" or "miscellaneous" in the agenda. The information provided prior to the General Assembly meeting is posted based on the agenda items.
- » During preparation of the Ordinary General Assembly agenda, there were no matters that the shareholders requested in writing from the Company's Investor Relations Department to add to the agenda items. Similarly, the shareholders, the CMB, or other organizations and institutions related to the Company did not request any items to be included on the agenda.

- » The meeting method of the General Assembly aims to achieve maximum participation from the shareholders. We hold General Assembly meetings to prevent any inequality between the shareholders. General Assembly meetings are held at the Company headquarters.

The 2022 Ordinary General Assembly meeting held on May 2, 2023, and the Extraordinary General Assembly meeting held on August 8, 2023, were held in Istanbul, where the Company headquarters is located, in accordance with the Company's Articles of Association. The Company's Articles of Association allow the meetings to be held at other locations of the city where its headquarters is located.

- » The meeting chair made the necessary arrangements and obtained the essential information prior to running the General Assembly pursuant to the TCC, the applicable law, and the relevant legislation.

- » The meeting chair endeavored to ensure agenda items were handled in a clear and understandable way during the Ordinary General Assembly. Shareholders were given equal opportunity to express their views and ask questions. The meeting chair ensured that the shareholders' questions, except those that fell into the category of trade secrets, were answered directly at the General Assembly.

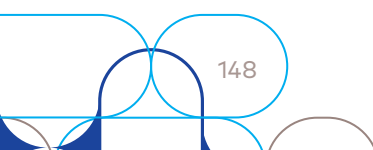
- » Executive Board Members, at least one other Board Member and a representative of the independent audit company participate in the General Assembly meetings. Additionally, those with responsibilities relating to the agenda items and those who need to make statements are required to be present. If those other than the ones required to be present by the law cannot attend the meeting, the chair submits to the General Assembly their reason for not being present. The CMB resolution no. 4/89 dated February 1, 2013, applies in this regard. Our shareholders, our Chairman of the Board of Directors, members of the Board of Directors, the CEO of the Company, the Independent Auditor, and employees of the Company participated at the Ordinary General Assembly with regard to the 2022 fiscal year.

The 2022 Ordinary General Assembly meeting was held on May 2, 2023, at 10:30 a.m. at Kavacık Mah. Ertürk Sk. No.: 3/1 İç Kapı No.: 1 Beykoz/Istanbul. At the General Assembly Meeting, 17,737,910,947 shares out of the 35 billion shares, which accounted for the Company capital on that date, were represented.

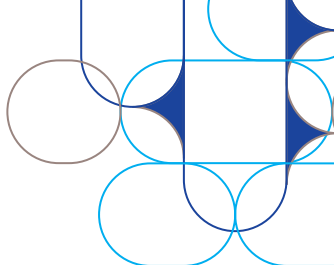
On August 8, 2023, the Extraordinary General Assembly meeting was held at 10:30 a.m. at İdealtepe Mah. Rifkî Tongsir Caddesi No.: 107 Maltepe İstanbul. At the General Assembly Meeting, 17,581,272,047 shares out of the 35 billion shares, which accounted for the Company capital on that date, were represented.

Agenda item questions by shareholders that attended the meeting personally or by proxy were answered during the meeting. Meeting minutes and a list of attendants were disclosed to the public through the PDP on the same day. Meeting minutes and a list of attendants are available for the shareholders on the corporate website.

Pursuant to Article 12 of the Articles of Association, the General Assembly determines the upper limit of donations. Any donation exceeding such a limit is prohibited, and the donations made will be added to the distributable profit base. The Company's donations must not violate the Capital Market Law's ban on illegal transfer pricing, the Turkish Commercial Code (TCC), or any other applicable laws. Material event disclosures are required, and shareholders must be informed about donations at the General Assembly. At the May 2, 2023, General Assembly Meeting, it was reported that the company donated 100,000 Turkish lira in 2022, and the upper limit for donations and aids was designated as 6 million Turkish lira for 2023. Meeting minutes of the General Assembly, including for past years, are available on the corporate website on [www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com).







### Voting and Minority Rights

The Company avoids practices that make it hard for the shareholders to vote. It puts in place the mechanisms necessary to provide each shareholder to exercise the right to vote in the easiest and most appropriate way. According to subparagraph 3 of Article 10 of the Company's Articles of Association regarding Electronic Attendance to the General Assembly Meeting, the right holders who are entitled to attend the General Assembly Meetings of the Company under the "Regulation on General Assembly Meetings of Joint Stock Companies to be Held Electronically" may attend these meetings electronically in accordance with Article 1527 of the Turkish Commercial Code. At the 2022 Ordinary General Assembly meeting, in accordance with this provision of the Articles of Association, it was ensured that the right holders and their representatives could exercise their rights specified in the aforementioned regulation through the system established.

There are no privileged shares and thus no voting shares in the Company's Articles of Association. Each share has one vote. The partnership structure of the Company does not include a legal entity with which it has a mutual affiliate relationship. There is no regulation on minority shares to be represented in the management. The Articles of Association does not include a cumulative voting method.

### Transfer of Shares

The Company's Articles of Association does not have a provision that restricts the transfer of shares. The transfer of the Company's shares is carried out in accordance with the Turkish Commercial Code, capital markets legislation and other relevant legislation. Shares may be transferred outside of the stock exchange without restrictions. No restrictions may be imposed on the transfer of shares traded and to be traded on the stock exchange.

When the Company buys back its shares, it follows capital markets legislation and other relevant laws and ensures that all necessary material event disclosures are made.

### Public Disclosure and Transparency

Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. strives to make all legislated disclosures to the public. The Company pursues an active and transparent disclosure policy. It complies with the Capital Market Law in all public disclosure practices and aims to employ the most effective communication policy within the scope of the CMB Corporate Governance Principles.

The Company's Articles of Association sets forth the information, other than that required by the legislation, to be disclosed to the public; the frequency and method of the disclosure; the approach to responding to the questions sent to the Company; and other matters.

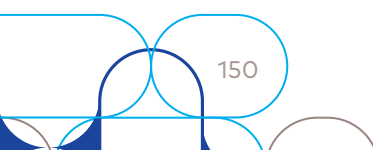
The information to be made public pursuant to the Public Disclosure and Transparency principle is disclosed on the "Public Disclosure Platform" at the [www.kap.org.tr](http://www.kap.org.tr) address and on the corporate website on [www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com) on time, in full, and in a comprehensible, interpretable and low-cost manner to help in decision-making by the individuals and institutions that will benefit from the disclosure.

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

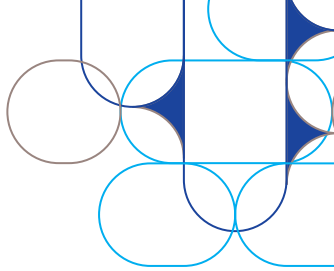
The Disclosure Policy is available on the corporate website.

## Corporate Governance Principles Information Form and Compliance Report

The Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) for the accounting period January 1, 2023–December 31, 2023 are available on the Company's corporate website ([www.doganlarmobilyagrubu.com](http://www.doganlarmobilyagrubu.com)) under the heading "Corporate Governance/Corporate Governance Principles Compliance Report" as well as on the Public Disclosure Platform's website ([kap.gov.tr](http://kap.gov.tr)).







## Information on Risk Management and Internal Control Mechanism Practices

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

Doğanlar Furniture Group's internal audit activities are conducted by the Audit Department with contributions from all employees. Internal audits aim to:

- » Protect tangible and intangible assets of Doğanlar Furniture Group;
- » Ensure that activities comply with both internal and external legislation;
- » Strengthen internal control processes to increase effectiveness and efficiency in business processes;
- » Ensure that corrective measures are taken in a timely manner.

Internal audits are conducted under the quarterly Audit Plan/Calendar prepared by the Audit Department and updated periodically.

Findings, opinions, and suggestions from internal audits are first shared with practitioners, then evaluated and reported. After the report, a Corrective/Preventive Action Meeting (CPA) is scheduled within the set period to identify the action, the responsible person, and the target completion date for each finding. This approach ensures quick adoption and implementation of necessary corrective and preventive measures, along with rapid execution of suitable, feasible solutions that enhance processes and activities. All activities are continuously monitored and evaluated by the Company management and the internal audit unit, as well as the process owners. The Board of Directors and the Audit Committee are periodically informed about the Internal Control System and Internal Audit activities.

The Doğanlar Furniture Group Risk Management and Internal Audit System is structured to ensure that all financial and operational risks related to the activities are kept under control and at a reasonable level at all times.

**Doğanlar Furniture Group's main financial risks can be summarized as follows:** The Company's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign exchange rates, and interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects 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 at banks, as well as from credit exposures to wholesale and retail customers, including outstanding receivables and promissory transactions. The Company Management evaluates the credit quality of its customers by taking into account their financial position, past experience and other factors. The Company continuously monitors the utilization of these credit lines to ensure that there is no collection loss on the trade receivable balances of the customers.

### b) Liquidity Risk

Liquidity risk encompasses risks related to the inability to finance asset growth, the inability to settle maturing liabilities, and the transactions made in illiquid markets. As part of liquidity risk management, the Company diversifies its funding sources, maintains sufficient cash and cash equivalents, and ensures that the total amount of cash and cash equivalents does not fall below a predetermined level of short-term liabilities to meet a sudden cash requirement.

### c) Currency Risk

The Company faces foreign exchange risk due to the need to convert liabilities and receivables denominated in foreign currencies into Turkish lira. This foreign currency risk is monitored by analyzing the foreign currency position. The Company is primarily exposed to foreign currency risk in USD and EUR.

### d) Derivative financial instruments

The Company implements a fair value risk hedging policy to protect its trade receivables, trade payables and financial borrowings from exchange rate turbulence on the markets.

### Private and Public Audits in 2023

Two independent audits were carried out in 2023, and no negative circumstances were reported. There were no public audits during the period.





## Statement of Responsibility

Our consolidated financial statements for the period January 1, 2023–December 31, 2023, which were approved by the decision of our Board of Directors and prepared in accordance with the Capital Markets Board Communiqué no. II-14.1, and the Annual Report of the Board of Directors are attached hereto.

In line with the Capital Markets Board regulations, regarding the Consolidated Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in the Shareholders' Equity, and Annual Report together with their footnotes, Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) prepared in accordance with the Capital Markets Board's decision dated January 10, 2019, and numbered 2/49, we declare that;

- a) They have been examined by us;
- b) On the basis of the information we have acquired within our areas of duties and responsibilities, they do not contain any untrue statements on significant issues or any deficiencies that, as of the date of the statement, may be misleading on significant issues;
- c) On the basis of the information we have acquired within our areas of duties and responsibilities, we believe that the Consolidated Financial Statements prepared in accordance with the applicable financial reporting standards reflect the truth in respect of the assets, liabilities, financial position, and profit and loss of the Company in a fair manner and that the Annual Report fairly reflects the progress and performance of the business and the consolidated financial position of the Company together with the significant risks and uncertainties that it faces.

Respectfully,



**Committee Chair**  
**MUTLU ERTURAN**



**Committee Member**  
**BERNA AKYÜZ ÖĞÜT**

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

### AUDITOR'S REPORT ON THE EARLY DETECTION OF RISK SYSTEM

#### AND COMMITTEE

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

We have audited the early detection of risk system and committee established by Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi.

#### Responsibility of the Board of Directors

Pursuant to the first paragraph of Article 378 of the Turkish Commercial Code No. 6102 (TCC), the Board of Directors must form a specialized committee to promptly identify threats to the Company's existence, growth, and continuity, implement necessary measures and remedies, manage risks, and operate and enhance the system.

#### Auditor's Responsibility

Our responsibility is to reach a conclusion on the early detection of risk system and committee based on our audit. Our audit was conducted in accordance with the Turkish Commercial Code, the "Principles Regarding the Auditor's Report on the Early Detection of Risk System and Committee" published by the Public Oversight, Accounting and Auditing Standards Board, and ethical rules. These Principles require us to determine whether the Company has established an early detection of risk system and committee, and, if so, to assess whether the system and committee function within the framework of Article 378 of the TCC. The appropriateness of the measures taken by the Early Detection of Risk Committee against risks and the actions taken by the management in response to risks are not within the scope of our audit.

#### Information on the Early Detection of Risk System and Committee

The Company established the committee on March 26, 2019, and it consists of three members. In 2023, the Committee convened six times regarding the early identification of threats to the existence and development of the Company, the implementation of necessary measures and remedies in this regard, and the management of risks, and submitted its reports to the Board of Directors.

#### Conclusion

As a result of our audit, we have concluded that the early detection of risk system and committee of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi are adequate in all material respects in accordance with Article 378 of the TCC.

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

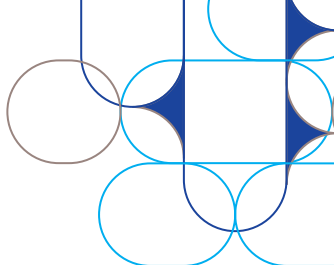
An Independent Member of BAKER TILLY INTERNATIONAL



**Metin ETKİN**  
**Responsible Joint Chief Auditor**

İstanbul, May 14, 2024





## 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.

#### A Qualified Opinion

We have audited the consolidated financial statements of Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of profit or loss, consolidated statement of other 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 adjustments that may be required as a result of the matters set out in paragraphs 1 and 2 and the effect of the matter set out in paragraph 3 of the Basis for the qualified opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRSs").

#### The Basis for the Qualified Opinion

As explained in footnote 23 of the accompanying consolidated financial information as of December 31, 2023, in the consolidated statement of financial position, a receivables balance was generated as a result of the Group's activities. The overdue balance totals 129.600.317 Turkish lira and has been outstanding for over 180 days and longer from non-related parties. In addition, in the period between January 1–December 31, 2023, the Group management has recognized foreign exchange gain amounting to 49.881.427 Turkish lira in other operating income account due to the translation of these trade receivables denominated in foreign currencies, which were significantly overdue with a delay of 180 days or longer. Adequate audit procedures were not performed to determine whether there is any impairment in the receivable amounts. Accordingly, it is not possible to determine whether any adjustment with respect to this amount is necessary.

In the consolidated statement of the Group's financial position as of December 31, 2023, the Group has dead stocks amounting to 30.010.744 Turkish lira that have been returned from sales in 2017. Adequate audit procedures were not performed to determine whether there is any impairment in these dead stocks. Accordingly, it is not possible to determine whether any adjustment with respect to the recoverability of this amount is necessary.

As explained in Note 11 of the accompanying consolidated financial information, the Group management considers Doğtaş Holland B.V., Doğtaş Bulgaria Eood, and Doğtaş Germany GmbH, subsidiaries of the Group, to be non-material for the consolidated financial information and classifies them as financial assets. Since the financial assets amounting to 89.283.765 Turkish lira, which are accounted for at cost value as of December 31, 2023, are operating on a limited basis and their total net asset value is eroded, in accordance with TFRS 9 "Financial Instruments" Standard, an impairment provision amounting to 89.283.765 Turkish lira should be recognized in the opening consolidated balance sheet as of January 1, 2015 for the entire carrying value of these financial assets. Accordingly, if the Group had recognized the related impairment loss in the consolidated financial statements, the Group's financial assets would have been lower by 89.283.765 Turkish lira and accumulated losses would have been higher by 89.283.765 Turkish lira.

We performed our independent audit per the standards on auditing issued by the Capital Markets Board of Türkiye ("CMB") and the Turkish Standards on Auditing ("TSA"), which are part of the Turkish Auditing Standards, issued by the Public Oversight, Accounting and Auditing Standards Board ("KGK"). Our responsibilities under these standards are explained in detail in the section of our report titled "Independent Auditor's Responsibilities Related to the Independent Audit of the Annual Report." We declare that we are independent of the Group following the Code of Ethics for Independent Auditors ("Code of Ethics") published by the Public Oversight, Accounting and Auditing Standards Board and the ethical provisions contained in the related regulation concerning independent auditing. We have fulfilled the Ethical

Rules and other ethical responsibilities under the regulation. We believe that the independent auditing evidence we acquired during the independent audit provides a sufficient and appropriate basis for the formation of our qualified opinion.

#### Our Audit Opinion on the Full Set of Consolidated Financial Statements

We have expressed a qualified opinion in our auditor's report dated May, 14 2024, regarding the Group's full set of consolidated financial statements for the fiscal period January 1, 2023, to December 31, 2023.

#### Responsibility of the Board of Directors with Respect to the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code no. 6102 ("TCC") and Capital Markets Board Communiqué no. II-14.1 on the Principles of Financial Reporting in Capital Markets ("the Communiqué"), the Group management is responsible for the following in relation to the annual report:

- Prepares the annual report within three months following the balance sheet date and presents it to the General Assembly.
- Prepares the annual report in a way that reflects the Group's flow of operations and its consolidated financial situation in every aspect, accurately, completely, directly, truthfully and fairly. In this report, the financial position is evaluated according to the consolidated financial statements. In the report, the progress of the Group is discussed and potential risks that the Group is likely to encounter are also clearly flagged. The evaluation of the board of directors on these matters is also included in the report.

o) The annual report also includes the following matters:

- » Events within the Group that carry special significance and take place after the end of the year of activity;
- » The Group's research and development work;
- » Financial benefits such as salaries, premiums and bonuses paid to board members and top-level managers, allowances, travel, accommodation and representation expenses, in-kind and cash benefits, insurance and similar warranties.

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

#### Responsibility of the Independent Auditor for the Independent Audit of the Annual Report

Our objective is to determine if the consolidated financial information in the Board of Directors' annual report and the Board's assessments, based on the audited financial statements, are truthful and align with the audited consolidated financial statements and the information gathered during the independent audit in all material aspects. We aim to provide an opinion on this issue and prepare a corresponding report.

We conducted our audit in accordance with the CMB standards on auditing as well as the Turkish Standards on Auditing. Those standards require that the independent audit is planned and performed in compliance with ethical rules to obtain reasonable assurance as to whether the consolidated financial information in the annual report and the Board's assessments based on the audited financial statements are consistent with the consolidated financial statements and the information obtained during the audit and whether they reflect the truth.

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

An Independent Member of BAKER TILLY INTERNATIONAL

  
**Metin Etkin**  
Responsible Auditor







Live your dreams!

# Consolidated Financial Statements



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

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

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

14 May 2024

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

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

#### INDEPENDENT AUDITOR'S REPORT

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

##### A) Report on the Audit of the Consolidated Financial Statements

###### Qualified Opinion

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

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

###### Basis for Qualified Opinion

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

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



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

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

#### Key Audit Matters

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

#### 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"> <li>-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,</li> <li>-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,</li> <li>-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,</li> <li>-Verifying trade receivable balances of third parties by obtaining confirmation letters for selected samples and reconciling to the consolidated financial statements through selected samples,</li> <li>-Performing analytical procedures to determine the existence of unusual transactions,</li> <li>-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,</li> <li>-Evaluation of the journal entries related to revenue that the Group has accounted for during the year,</li> <li>-Assessing the adequacy of the disclosures of revenue in the notes to the consolidated financial statements in accordance with the TFRS 15,</li> <li>-Testing the disclosures in the consolidated financial statements in relation to the revenue and evaluating the adequacy of such disclosures for TFRS requirements.</li> </ul>



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#### 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
The consolidated financial statements as of 31 December 2023 include short and long term borrowings amounting to TL 2.206.782.070 which constitute a significant portion of Doğanlar Mobilya's total liabilities.	We performed the following procedures in relation to the testing of borrowings:  -Evaluating and testing third party and related party reconciliations of the borrowings balances and recalculating internal rate of return and discount studies calculated by the Group.  Testing the disclosures in the consolidated financial statements in relation to the borrowings and evaluating adequacy of such disclosures for TFRS requirements.
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.	

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

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

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

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

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

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

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

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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## B) Report on Other Legal and Regulatory Requirements

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

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

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

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

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

An Independent Member of BAKER TILLY INTERNATIONAL



İstanbul, 14 May 2024

Metin Etkin

Partner

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

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

CONSOLIDATED BALANCE SHEETS  
AS AT 31 DECEMBER 2023 AND 2022

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

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

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 2023 AND 2022

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

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





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

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

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

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

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

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



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

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

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

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

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

**Distribution of total comprehensive income;**

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

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





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

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

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

	Paid-in share capital	Capital adjustment differences	Share premium	Treasury shares	Items not to be reclassified to profit/loss Gains/(losses) on remeasurement of defined benefit plans	Property, plant and equipment revaluation surplus	Items to be reclassified to profit/loss Gains/(losses) on cash flow hedges	Currency translation differences	Restricted Reserves	Retained Earnings		Equity Holders of the Parent	Non- controlling interests	Total Equity
										Prior Years Income	Profit For the Period			
<b>Prior Period (Audited)</b>														
Balances at 1 January 2022	190.930.233	1.098.202.672	44.576.996	(24.403.359)	(6.636.973)	--	(296.369.570)	(1.133.224)	22.808.888	328.851.073	-	1.356.826.736	(2.487.883)	1.354.338.853
Transfers	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Gains/losses on treasury share transactions	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Capital increases	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Comprehensive Income	--	--	--	--	(49.157.334)	44.715.620	12.652.278	(2.323.395)	--	--	409.754.406	415.641.575	(56.643.741)	358.997.834
<b>Balances at 31 December 2022</b>	<b>190.930.233</b>	<b>1.098.202.672</b>	<b>44.576.996</b>	<b>(24.403.359)</b>	<b>(55.794.307)</b>	<b>44.715.620</b>	<b>(283.717.292)</b>	<b>(3.456.619)</b>	<b>22.808.888</b>	<b>328.851.073</b>	<b>409.754.406</b>	<b>1.772.468.311</b>	<b>(59.131.624)</b>	<b>1.713.336.687</b>
<b>Current Period (Audited)</b>														
Balances at 1 January 2023	190.930.233	1.098.202.672	44.576.996	(24.403.359)	(55.794.307)	44.715.620	(283.717.292)	(3.456.619)	22.808.888	328.851.073	409.754.406	1.772.468.311	(59.131.624)	1.713.336.687
Transfers	-	-	-	-	-	-	-	-	-	409.754.406	(409.754.406)	-	-	-
Effect of Business Combination under Common Control	-	-	-	-	-	-	-	-	-	(159.055.338)	-	(159.055.338)	93.134.427	(65.920.911)
Gains/losses on treasury share transactions	-	-	-	(140.327.083)	-	-	-	-	-	-	-	(140.327.083)	-	(140.327.083)
Capital increases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	14.137.931	-	5.431.167	(15.183.156)	-	-	718.320.271	722.706.213	(33.956.055)	688.750.158
<b>Balances at 31 December 2023</b>	<b>190.930.233</b>	<b>1.098.202.672</b>	<b>44.576.996</b>	<b>(164.730.442)</b>	<b>(41.656.376)</b>	<b>44.715.620</b>	<b>(278.286.125)</b>	<b>(18.639.775)</b>	<b>22.808.888</b>	<b>579.550.141</b>	<b>718.320.271</b>	<b>2.195.792.103</b>	<b>46.748</b>	<b>2.195.838.851</b>

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





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

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

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

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

		Audited Current Period 1 January - 31 December 2023	Reclassified Audited Prior Period 1 January - 31 December 2022
	Notes		
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>681.103.161</b>	<b>1.424.971.317</b>
<b>PROFIT FOR THE PERIOD</b>		<b>684.364.216</b>	<b>352.677.622</b>
Adjustments to reconcile profit for the period to cash generated from operating activities:		<b>478.023.448</b>	<b>744.318.067</b>
Depreciation and amortisation	13	477.943.028	511.705.850
Adjustments for Impairment Loss (Reversal)	6	(9.402.116)	2.510.106
Adjustments for Receivables Impairment (Reversal)		(9.402.116)	2.510.106
Adjustments for Provision for Employee Benefits	15	8.551.386	56.218.133
Adjustments for Provision for Warranty	15	17.906.742	6.558.753
Adjustments for Other Provisions		1.284.962	3.912.714
Adjustments for tax income/expense	23	57.072.341	11.243.288
Adjustments for interest income and expenses	22	476.148.991	382.233.453
Adjustments for interest expenses	22	582.536.905	436.488.851
Adjustments for interest income	22	(63.322.752)	(19.690.505)
Unearned financial expenses from time purchases	20	5.686.347	2.649.987
Unearned financial income from time sales	20	(48.751.509)	(37.214.880)
Adjustments for unrealised currency translation differences		102.034.083	50.753.181
Adjustments for gains/losses on cash flow hedges	17	5.431.167	12.652.278
Adjustments for losses/(gains) on disposal of non-current assets	21	(54.955.003)	(39.323.226)
Adjustments for losses/(gains) on disposal of property, plant and equipment	21	(54.955.003)	(39.323.226)
Net Monetary Position Loss / Gain		(603.992.133)	(254.146.463)
<b>Changes in Working Capital</b>		<b>(520.100.889)</b>	<b>329.190.092</b>
Gains/Losses on financial investments	12	(252.899.353)	50.021
Gains/Losses on Trade Receivables		(423.345.580)	(169.394.392)
Related Parties	7	76.358	(2.182.843)
Third Parties		(423.421.938)	(167.211.549)
Gains/Losses on Other Receivables Related To Operations	8	(117.222.290)	(43.367.724)
Changes in Inventories	9	(606.771.027)	(376.658.334)
Changes in Prepaid Expenses	11	(219.212.206)	(6.190.481)
Gains/Losses on Trade Payables	6	722.945.009	551.453.473
Gains (losses) in payables due to employee benefits	16	44.337.365	33.762.823
Gains/Losses in Other Payables Related To Operations	8	(26.331.326)	46.344.317
Third Parties		(26.331.326)	46.344.317
Adjustments for other changes in working capital		65.609.144	(14.435.339)
Changes in Deferred Income	11	292.789.375	307.625.728
<b>Cash Flows from Operating Activities</b>		<b>642.286.775</b>	<b>1.426.185.781</b>
Payments for Provisions Related with Employee Benefits	16	(7.089.705)	(1.214.464)
Payments for Other Provisions	15	45.906.091	-
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(599.223.788)</b>	<b>(958.332.747)</b>
Cash outflows from purchase of property, plant and equipment and intangible assets	13,14	(658.874.420)	(1.028.177.965)
Property, Plant and Equipment		(637.507.992)	(971.065.916)
Intangible Assets		(21.366.428)	(53.112.049)
Cash inflows from sale of property, plant and equipment and intangible asset	13,14	59.650.632	65.845.218
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(79.989.022)</b>	<b>(202.050.854)</b>
Cash outflows from acquisition of treasury shares and other equity instruments		(140.327.083)	-
Interest paid		(458.547.169)	(334.986.640)
Cash inflows from borrowings	5	2.098.227.055	1.045.803.943
Cash outflows from lease liabilities	13	(65.683.483)	(35.868.969)
Cash outflows from repayments of borrowings	5	(1.498.874.813)	(866.349.700)
Cash Inflows (Outflows) Arising from the Merger Effect of Businesses Subject to Common Control		(65.920.911)	-
Cash inflows from related parties		51.137.382	(10.649.488)
<b>Net Increase/Decrease in Foreign Cash and Cash Equivalents Before the Effect of Currency Translation Differences</b>		<b>1.890.351</b>	<b>264.587.716</b>
<b>Inflation effect</b>		<b>(205.014.231)</b>	<b>116.393.667</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>(203.123.880)</b>	<b>380.981.383</b>
<b>D) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4	<b>521.526.492</b>	<b>140.545.109</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)</b>	4	<b>318.402.612</b>	<b>521.526.492</b>

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



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

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

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

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

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS

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

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

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

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

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

The registered address of Doğanlar Mobilya is as follows:

İdealtepe Mahallesi Rıfki Tongir Caddesi No:107/ Küçükyalı, Maltepe/İstanbul

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

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

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

**Subsidiaries**

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





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

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

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

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

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

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

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

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

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



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

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

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

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

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





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

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

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

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

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

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

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

**2.1 Basis of Presentation**

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

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

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

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

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



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

**2.1 Basis of Presentation (continued)**

Approval of the consolidated financial statements

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

**b) Measurement basis**

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

**c) Preparation of Financial Statements in Hyperinflationary Periods**

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

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

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

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





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

2.1 Basis of Presentation (continued)

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

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

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

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

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

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

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



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- All items included in the profit or loss statement, excluding those that have an impact on the profit or loss statement, are affected by the indexation of non-monetary items in the consolidated statement of financial position, with coefficients calculated over the periods when the income and expense accounts are first reflected in the financial statements, is indexed.

- Net monetary position is the difference between gains or losses resulting from general inflation, non-monetary assets, equity items and adjustments made to the profit or loss statement accounts. These gains or losses on the net monetary position are included in profit or loss.

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

Rearrangement of Financial Position Statement

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

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

Rearrangement of Profit or Loss Statement

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

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

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

Rearrangement of Cash Flow Statement

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

Consolidated financial statements

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





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

2.1 Basis of Presentation (continued)

Comparative amounts

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

d) Comparatives and adjustment of prior periods' financial statements

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

e) Functional and reporting currency

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

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

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

f) Basis of consolidation

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

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

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

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

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



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

2.1 Basis of Presentation (continued)

Basis of consolidation (continued)

- rights arising from other contractual arrangements; and

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

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

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

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

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

Changes in the Group's ownership interests in subsidiaries

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

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





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

2.2 Changes in accounting policies

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

2.2.1 TFRS 15 "Revenue from Contracts with Customers" standard

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

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

2.2.2 TFRS 16 "Leases" standard

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

2.2.2 TFRS 16 "Leases" standard (continued)

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

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

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

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

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



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

2.2 Changes in accounting policies (continued)

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

2.2.3 Hedge Accounting

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

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

2.3 Changes in Accounting Policies

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





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

2.4 New and Revised Turkish Financial Reporting Standards

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

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

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

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

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

**TMS 8 Amendments – Definition of Accounting Estimates**

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



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

2.4 New and Revised Turkish Financial Reporting Standards (continued)

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

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

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

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

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

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

**TMS 1 Amendments - Long-term liabilities with contractual conditions**

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





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

2.4 New and Revised Turkish Financial Reporting Standards (continued)

TAS 7 and TFRS 7 Amendments – Supplier Financing Agreements

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

TFRS 16 Amendments - Sale and leaseback transactions

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

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

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

TSRS 2 - Disclosures regarding climate

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



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

2.5 Summary of Significant Accounting Policies

a) Revenue

Contract modifications

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

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

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

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

Group recognizes revenue based on the following main principles:

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





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

2.5 Summary of Significant Accounting Policies (continued)

b) Inventories

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

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

c) Property, plant and equipment

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

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

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

**e) Financial instruments**

*i) Recognition and initial measurement*

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

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

*ii) Reclassification and subsequent measurement*

*Financial instruments – accounting policy effective from 1 January 2018*

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



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

**2.5 Summary of Significant Accounting Policies (continued)**

**e) Financial instruments (continued)**

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

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**f) Financial investments**

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

**g) Taxes on income**

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

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

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

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





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

2.5 Summary of Significant Accounting Policies (continued)

g) Taxes on income (continued)

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

h) Impairment of non-financial assets

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

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

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

i) Provision for employee benefits

Provision for employment termination benefits

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



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

2.5 Summary of Significant Accounting Policies (continued)

i) Provision for employee benefits (continued)

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

Unused vacation rights

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

j) Provisions, contingent liabilities and contingent assets

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

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

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

k) Equity items

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

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

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





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

2.5 Summary of Significant Accounting Policies (continued)

k) Equity items (continued)

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

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

l) Related parties

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

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

If a certain individual,

i) Has control or joint control over the reporting entity,

ii) Has significant influence over the reporting entity,

iii) Is a key management personnel of the reporting entity or a parent company of the reporting entity. b) An entity is considered related party of the reporting entity when the following criteria are met:

i) If the entity and the reporting entity is within the same group (meaning every parent company, subsidiary and other subsidiaries are considered related parties of others.

ii) If the reporting entity is a subsidiary or a joint venture of another entity (or of another entity that the entity is within the same group).

iii) If both of the entities are a joint venture of a third party.

iv) If one of the entities are a joint venture of a third party while the other entity is a subsidiary of this third party.

v) If entity has plans of post employment benefits for employees of reporting entity or a related party of a reporting entity. If the reporting entity has its own plans, sponsor employers are also considered as related parties.

vi) If the entity is controlled or jointly controlled by an individual defined in the article (a).

vii) If an individual defined in the clause (i) of article (a) has significant influence over the reporting entity or is a key management personnel of this certain entity (or a parent company of the entity)

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



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

2.5 Summary of Significant Accounting Policies (continued)

l) Related parties (continued)

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

m) Earnings per share

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

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

n) Statement of cash flow

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

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

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

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

o) Treasury shares

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

p) Leases

(i) Determining whether an Arrangement Contains a Lease

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





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

2.5 Summary of Significant Accounting Policies (continued)

p) Leases (continued)

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

(ii) Leased assets

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

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

(iii) Lease payments

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

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

r) Foreign currency translation

Foreign currency transactions and balances

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

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



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

2.5 Summary of Significant Accounting Policies (continued)

r) Foreign currency translation (continued)

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

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

s) Events after the balance sheet date

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

2.6 Going Concern

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

2.7 Significant accounting judgements, estimates and assumptions

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

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

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





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

2.7 Significant accounting judgements, estimates and assumptions (continued)

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

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

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

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

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

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

2.7.3 Provision for warranty

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

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



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

2.7 Significant accounting judgements, estimates and assumptions (continued)

2.7.3 Provision for warranty (continued)

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

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

NOTE 3 - BUSINESS COMBINATIONS

Business Combinations under the Management of the Same Controlling Partner:

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

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

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

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





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

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

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

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

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

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



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**NOTE 4 - CASH AND CASH EQUIVALENTS**

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

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

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

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

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





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NOTE 5 – BORROWINGS

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

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NOTE 5 – BORROWINGS (continued)

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

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

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





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NOTE 5 – BORROWINGS (continued)

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

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

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

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

Lease liabilities:

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

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



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NOTE 5 – BORROWINGS (continued)

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

Finance lease payables:

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

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

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

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

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

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

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





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**NOTE 6 – TRADE RECEIVABLES AND PAYABLES (continued)**

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

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

	31 December 2023	31 December 2022
<b>Trade receivables</b>	<b>7.805.814</b>	<b>-</b>
-Third parties	7.805.814	-
<b>Trade receivables</b>	<b>7.805.814</b>	<b>-</b>

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

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

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

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

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

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



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**NOTE 7 – RELATED PARTY DISCLOSURES**

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

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

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

The movement of doubtful receivables is as follows:

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

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

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

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





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NOTE 7 – RELATED PARTY DISCLOSURES (continued)

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

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

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

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

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

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

	31 December 2023	31 December 2022
<b>Fees paid and other benefits</b>		
	95.080.460	69.271.652
	<b>95.080.460</b>	<b>69.271.652</b>



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NOTE 7 – RELATED PARTY DISCLOSURES (continued)

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

NOTE 8 – OTHER RECEIVABLES AND PAYABLES

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

The movement of doubtful receivables is as follows:

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

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

(\*) Include receivables from VAT refund





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NOTE 8 – OTHER RECEIVABLES AND PAYABLES (continued)

	31 December 2023	31 December 2022
<b>Short term other payables</b>		
Other payables	86.572.176	109.887.233
-Related parties (Note 7)	51.151.432	23.151
-Third parties	35.420.744	109.864.082
Taxes payable	29.970.914	44.688.039
Other	5.449.830	65.176.043
	<b>86.572.176</b>	<b>109.887.233</b>
	31 December 2023	31 December 2022
<b>Long term other payables</b>		
-Related parties	--	--
-Third parties	9.602.656	7.921.479
Deposits and guarantees received	9.602.656	7.921.479
	<b>9.602.656</b>	<b>7.921.479</b>

NOTE 9 - INVENTORIES

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

There has been no inventories given as collateral against liabilities.

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



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NOTE 10 – OTHER ASSETS

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

(\*)Includes refundable or deductible VAT

NOTE 11 – PREPAID EXPENSES AND DEFERRED INCOME

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

Advances given include purchases for raw materials and supplies.

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

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





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NOTE 12 – FINANCIAL INVESTMENTS

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

	31 December 2023	31 December 2022
<b>Short term financial investments</b>		
Financial assets held to maturity	252.899.353	-
	<b>252.899.353</b>	<b>-</b>

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

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

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

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

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





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

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

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





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

	Land	Land improvements and buildings	Plant, Machinery and Equipment	Motor Vehicles	Furniture and Fixtures	Leasehold Improvements	Constructions in Progress	Total
<b>Cost</b>								
Opening balance - 1 January 2022	265.912.328	737.920.768	1.251.161.598	37.213.584	660.236.464	711.489.904	9.490.033	3.673.424.679
Additions	10.379.340	132.237.765	262.598.280	3.291.665	121.981.057	256.004.384	184.573.425	971.065.916
Transfers (Note 13)	--	--	3.407.219	--	(3.407.219)	4.979.333	(4.979.333)	--
Property, plant and equipment revaluation surplus*	49.684.022	(109.596.760)	--	--	--	--	--	(59.912.738)
Disposals	--	--	--	253.521	(915.899)	(416.248)	--	(1.078.626)
	(6.163.197)	(28.421)	(37.135.949)	--	(18.835.439)	(72.991.315)	--	(135.154.321)
<b>Closing balance – 31 December 2022</b>	<b>319.812.493</b>	<b>760.533.352</b>	<b>1.480.031.148</b>	<b>40.758.770</b>	<b>759.058.964</b>	<b>899.066.058</b>	<b>189.084.125</b>	<b>4.448.344.910</b>
<b>Accumulated depreciation</b>								
Opening balance - 1 January 2022	--	(110.093.182)	(825.384.758)	(12.220.202)	(518.589.692)	(366.186.912)	--	(1.832.474.746)
Current period depreciation	--	(56.526.321)	(84.872.105)	(6.380.496)	(48.978.902)	(113.923.072)	--	(310.680.896)
Transfers	--	--	(340.722)	--	340.722	--	--	--
Revaluation Increases/Decreases	--	77.398.831	--	--	--	--	--	77.398.831
Currency translation differences	--	--	--	(39.255)	92.522	(82.231)	--	(28.964)
Disposals	--	28.420	34.881.306	--	10.866.804	23.533.026	--	69.309.556
<b>Closing balance – 31 December 2022</b>	<b>-</b>	<b>(89.192.252)</b>	<b>(875.716.279)</b>	<b>(18.639.953)</b>	<b>(556.268.546)</b>	<b>(456.659.189)</b>	<b>--</b>	<b>(1.996.476.219)</b>
<b>Net book value, 31 December 2021</b>	<b>265.912.328</b>	<b>627.827.586</b>	<b>425.776.840</b>	<b>24.993.382</b>	<b>141.646.772</b>	<b>345.302.992</b>	<b>9.490.033</b>	<b>1.840.949.933</b>
<b>Net book value, 31 December 2022</b>	<b>319.812.493</b>	<b>671.341.100</b>	<b>604.314.869</b>	<b>22.118.817</b>	<b>202.790.418</b>	<b>442.406.869</b>	<b>189.084.125</b>	<b>2.451.868.691</b>

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

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

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





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

Revaluation of property, plant and equipment

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

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

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

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

31.12.2023

Cost

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

Accumulated depreciation

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



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31.12.2022

Cost

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

Accumulated depreciation

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

NOTE 14 – INTANGIBLE ASSETS

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

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

Accumulated depreciation

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

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





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<b>Accumulated depreciation</b>			
Opening balance – 1 January 2022	--	(159.926.296)	(159.926.296)
Current period depreciation	--	(8.740.954)	(8.740.954)
Disposals	--	3.583	3.583
<b>Closing balance - 31 December 2022</b>	--	<b>(168.663.667)</b>	<b>(168.663.667)</b>
<b>Net book value, 31 December 2022</b>	<b>157.046.163</b>	<b>67.880.654</b>	<b>224.926.817</b>

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

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

**Short term provisions**

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

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

**Long term provisions**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Provision for warranty	6.148.394	4.397.579
	<b>6.148.394</b>	<b>4.397.579</b>

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

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



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

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

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

**Contingent liabilities and contingent assets**

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

**Guarantees given**

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

(\*) 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**

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





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

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

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

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

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

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

*Operating lease commitments*

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



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**NOTE 16 – EMPLOYEE BENEFITS**

**Short term payables due to employee benefits**

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

**Short term provisions for employee benefits**

	31 December 2023	31 December 2022
Provision for unused vacation	30.082.339	34.515.842
	<b>30.082.339</b>	<b>34.515.842</b>

**Long term provisions for employee benefits**

	31 December 2022	31 December 2021
Provision for unused vacation	43.287.198	83.968.831
	<b>43.287.198</b>	<b>83.968.831</b>

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

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

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

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





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**NOTE 16 – EMPLOYEE BENEFITS (continued)**

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

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

**NOTE 17 - EQUITY**

**Paid-in share capital and adjustment to share capital**

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

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

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

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

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



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**NOTE 17 – EQUITY (continued)**

**Share premium**

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

**Restricted reserves**

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

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

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

**Revaluation surplus**

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

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

**Gains/losses on cash flow hedges**

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

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

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





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**NOTE 17 – EQUITY (continued)**

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

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

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

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

**Property, plant and equipment revaluation surplus**

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

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

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

**Gains/losses on remeasurements of defined benefit plans**

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

**Dividend distribution**

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



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**NOTE 17 – EQUITY (continued)**

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

**NOTE 18 – REVENUE AND COST OF SALES**

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

**NOTE 19 – EXPENSES BY NATURE**

**Marketing, sales and distribution expenses**

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

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





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NOTE 19 – EXPENSES BY NATURE (continued)

General administrative expenses

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

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

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

Research and development expenses

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



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NOTE 19 – EXPENSES BY NATURE (continued)

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

Personnel expenses

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

Depreciation and amortisation charges

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

NOTE 20 - OTHER OPERATING INCOME AND EXPENSES

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

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





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NOTE 21 - GAINS AND LOSSES FROM INVESTMENT ACTIVITIES

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

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

NOTE 22 – FINANCIAL INCOME/ (EXPENSES)

Financial income	2023	2022
Foreign exchange gains	27.583.865	243.977.842
Interest income	63.322.752	19.690.505
	<b>90.906.617</b>	<b>263.668.347</b>

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



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NOTE 23 – TAX ASSETS AND LIABILITIES

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

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

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

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

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

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

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

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

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





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NOTE 23 – TAX ASSETS AND LIABILITIES (continued)

Deferred tax

The deferred tax assets and liabilities are based on the temporary differences, which arise between the consolidated financial statements prepared according to TAS/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 2023 and 2022, the breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

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

Unused financial losses:

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



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NOTE 23 – TAX ASSETS AND LIABILITIES (continued)

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

	31 December 2023	31 December 2022
<b>Beginning of the period - 1 January</b>	<b>(125.675.035)</b>	<b>(174.740.656)</b>
Charge to the income statement	(75.091.731)	(23.593.821)
Property, plant and equipment revaluation surplus	--	(4.968.402)
Actuarial gains/losses on employment termination benefits	(4.712.644)	12.289.334
Yabancı Para Çevrim Farkı	433.652	135.239
Gains/losses on hedges	(1.357.791)	(1.919.654)
Inflation effect	49.971.522	67.122.925
<b>End of the period - 31 December</b>	<b>(156.432.027)</b>	<b>(125.675.035)</b>
As of 31 December 2023 and 2022, reconciliation of effective tax rate in the accompanying consolidated profit or loss statements is as follows:		
	2023	2022
Profit before tax	805.362.039	376.271.443
Tax calculated at domestic tax rate (*)	(201.340.510)	(86.542.432)
Tax rate differences /changes	--	1.123.751
Non-deductible expenses, mey	(34.540.675)	(12.259.949)
Discount and Exception effect	16.179.209	20.298.929
Reduced Corporate Tax Effect	94.275.131	36.990.713
Other	4.429.023	16.795.167
	<b>(120.997.822)</b>	<b>(23.593.821)</b>

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





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NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

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

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

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

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



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NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk (continued)

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





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

Credit risk (continued)

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

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

Liquidity risk

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

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

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

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



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

Foreign exchange risk

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

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

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

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

Derivative financial instruments

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

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

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

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





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

Market risk

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

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





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

Market risk (continued)

Foreign exchange risk

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

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

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



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

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





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

31.12.2023

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



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

31.12.2022

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

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

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

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

**Financial assets**

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





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DOĞANLAR MOBİLYA GRUBU İMALAT SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR  
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(Amounts are expressed in ("TL") unless otherwise indicated.)

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

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

31.12.2023	Level 1	Level 2	Level 3	Total
Financial Assets	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Financial Investments	-	-	342.183.118	342.183.118
Investment Properties	-	-	-	-
31.12.2022	Level 1	Level 2	Level 3	Total
Financial Assets	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Financial Investments	-	-	89.283.765	89.283.765
Investment Properties	-	-	-	-

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

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

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

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



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

NOTE 25 - SUPPLEMENTARY TFRS DISCLOSURES

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

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

NOTE 26 – EARNINGS PER SHARE

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

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

None.





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

NOTE 28 - EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

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

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



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

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

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

NOTE 29 - SUPPLEMENTARY CASH FLOW INFORMATION

	Loans and Credit Cards	Leases	Total
<b>Beginning of the Period – 1 January 2023</b>	<b>1.503.056.460</b>	<b>565.523.241</b>	<b>2.068.579.701</b>
Cash inflows	191.311.838	62.349.844	253.661.682
Cash outflows from lease liabilities	--	(115.459.313)	(115.459.313)
<b>End of the period – 31 December 2023</b>	<b>1.694.368.298</b>	<b>512.413.772</b>	<b>2.206.782.070</b>
Cash and cash equivalents (-)	-	-	(318.402.612)
<b>Borrowings, net</b>			<b>1.888.379.458</b>
	Loans and Credit Cards	Leases	Total
<b>Beginning of the Period – 1 January 2022</b>	<b>1.688.669.019</b>	<b>600.235.605</b>	<b>2.288.904.624</b>
Cash inflows	--	31.559.230	31.559.230
Cash outflows from lease liabilities	(185.612.559)	(66.271.594)	(251.884.153)
<b>End of the period – 31 December 2022</b>	<b>1.503.056.460</b>	<b>565.523.241</b>	<b>2.068.579.701</b>
Cash and cash equivalents (-)	-	-	(521.526.492)
<b>Borrowings, net</b>			<b>1.547.053.209</b>





## Contact

**Trade Name:** Doğanlar Mobilya Grubu İmalat Sanayi ve Ticaret Anonim Şirketi

**Headquarters:** Idealtepe Mahallesi Rıfki Tongsir Caddesi No.: 107 Maltepe, İstanbul

### Factories:

#### Düzce Factory

**Address:** Ankara Yolu Üzeri 9. km, Doğanlı Köyü, 81100 Düzce

#### Biga Factory

**Address:** İdriskoru Köyü, Hacıvenez Mevkii, No.: 29 Biga, Çanakkale

#### Senegal Factory

**Address:** En Face Du Marche D'intérêt National, D Afric Senegal Furniture, Diamniadio/Dakar

### FOREIGN SUBSIDIARIES

#### Doğtaş Kelebek Mobilya Kıbrıs Ltd. Şti.

**Address:** Atatürk Cad., Yağmur Sok., No.: 14IA, Yenikent, Gönyeli, Lefkoşa/KKTC

#### Doğtaş Kelebek Mobilya Senegal Ltd. Şti.

**Address:** En Face Du Marche D'interet National, Diamniadio, Dakar Senegal

#### Dogtas 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 No.:** 21271-0

**Mersis No.:** 0542005583700010

**Paid-in Capital:** 350,000,000

**Registered Capital Ceiling:** 500,000,000

**Tax Administration:** Large Taxpayers

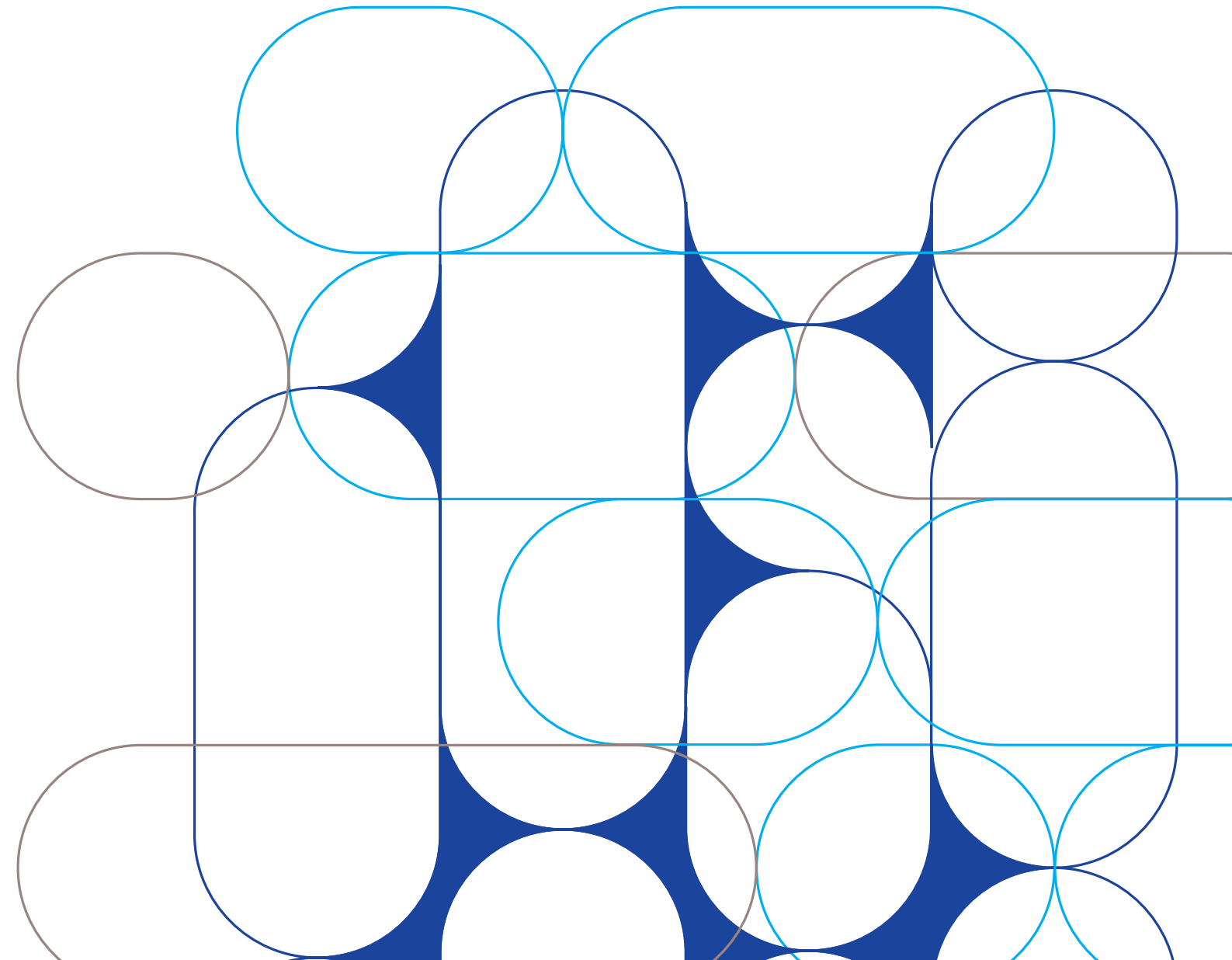
**Tax ID:** 5420055837

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