Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. and Its Subsidiaries

Condensed Consolidated Interim Financial Statements As at and for the Three-Month Period Ended 31 March 2021

27 May 2021

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş. and ITS SUBSIDIARIES
REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION AS AT 31 MARCH 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Not Audited	Audited
Assets	***Notes***	**31 March 2021**	**31 December 2020**
Current Assets		**670,701,189**	**567,713,029**
Cash and cash equivalents	*3*	10,405,657	14,228,238
Trade receivables		188,581,874	174,492,889
- Trade receivables from related parties	*6*	*2,385,749*	*2,150,796*
- Trade receivables from third parties	*5*	*186,196,125*	*172,342,093*
Other receivables		40,463,829	5,481,044
- Trade receivables from related parties	*6*	*31,003,543*	-
- Trade receivables from third parties	*5*	*9,460,286*	*5,481,044*
Inventories	*8*	334,678,236	297,479,105
Prepayments		67,747,935	46,095,680
Current tax assets	*11*	618,475	615,386
Other current assets		28,205,183	29,320,687
		670,701,189	**567,713,029**
Assets held for sale		-	-
Non-current assets		**468,156,211**	**440,398,877**
Other receivables		2,608,730	2,175,338
- Other receivables from third parties	*7*	*2,608,730*	*2,175,338*
Financial investments		9,469,958	9,469,958
Property, plant and equipment	*6*	334,211,849	314,132,318
Right-of-Use Assets		80,920,982	78,785,947
Intangible assets		22,405,816	22,044,838
Deferred Tax Assets		18,538,876	13,790,478
Total Assets		**1,138,857,400**	**1,008,111,906**

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

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş. and ITS SUBSIDIARIES
REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION AS AT 31 MARCH 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Liabilities	Notes	Not Audited 31 March 2021	Audited 31 December 2020
Current Liabilities		**758,403,239**	**703,533,263**
Short-term borrowings	*4*	94,486,509	98,162,630
Short-term portion of long term borrowings	*4*	242,786,257	219,045,890
Trade payables		331,432,532	303,538.339
- Trade payables to third parties	*5*	*331,305,997*	*303,538,339*
- Trade payables to related parties	*6*	*126,535*	-
Payables related to employee benefits		15,716,459	16,335,454
Other payables		499,584	2,032,339
- Other payables to third parties	*7*	*476,536*	*871,520*
- Other payables to related parties	*6*	*23,048*	*1,160,819*
Deferred revenue		53,459,274	45,258,507
Short-term provisions		20,022,624	18,890,104
- Short-term employee benefits		*8,089,499*	*6,956,979*
- Other short-term provisions	*10*	*11,933,125*	*11,933,125*
Other current liabilities		-	-
Non-current Liabilities		**260,678,636**	**274,620,174**
Long-term borrowings	*4*	252,507,078	267,148,009
Other payables		2,556,283	1,810,554
- Other payables to third parties	*7*	*2,556,283*	*1,810,554*
Deferred revenue		-	-
Long-term provisions		5,615,275	5,661,611
- Long-term employee benefits		*4,359,068*	*4,405,404*
- Other long-term provisions	*10*	*1,256,207*	*1,256,207*
Deferred tax liabilities		-	-
Equity		**119,775,525**	**29,958,469**
Equity attributable to owners of the company			
Share capital		350,000,000	269,069,767
Reverse merger capital differences		(159,069,767)	(159,069,767)
Share premiums		9,460,292	9,282,945
Treasury share (-)		(3,784,609)	(2,845,141)
Other comprehensive income / (expense) not to be reclassified to profit or loss		168,386,249	168,386,249
- Increase on revaluation of property and equipment		*169,053,397*	*169,053,397*
- Actuarial gain arising from employee benefits		*(667,148)*	*(667,148)*
Other comprehensive income / (expense) to be reclassified to profit or loss		(50,669,171)	(45,209,100)
- Hedging Gains/Losses		*(50,669,171)*	*(45,209,100)*
Legal reserves		3,441,327	3,441,327
Accumulated losses		(213,097,811)	(238,850,799)
Profit/ (loss) for the period		15,109,015	25,752,988
Total Liabilities and Equity		**1,138,857,400**	**1,008,111,906**

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

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

		Not audited	Not audited
Profit or loss	***Notes***	**1 January - 31 March 2021**	**1 January - 31 March 2020**
Revenue	*12*	330,632,527	177,274,391
Cost of sales (-)	*12*	(226,536,033)	(118,914,787)
Gross profit		**104,096,494**	**58,359,604**
General administrative expenses (-)	*13*	(10,993,552)	(8,422,660)
Selling, marketing and distribution expenses (-)	*13*	(55,425,951)	(41,348,955)
Research and development expenses (-)	*13*	(1,947,296)	(2,052,139)
Other income from operating income	*14*	20,187,801	20,450,862
Other expense from operating expenses (-)	*14*	(4,975,425)	(7,792,418)
Operating profit		**50,942,071**	**19,194,294**
Income from investing activities		328,566	50,166
Expenses from investing activities (-)		-	(136,677)
Operating profit before financial expense		**51,270,637**	**19,107,783**
Finance income	*15*	25,368,526	14,757,138
Finance expenses (-)	*15*	(64,913,528)	(45,269,977)
Profit/ (loss) before tax		**11,725,635**	**(11,405,056)**
Taxation on income			
- Current Tax Income/(Expense)		-	(553,475)
- Deferred tax benefit /(expense)	*11*	3,383,380	4,537,862
Profit/ (Loss) for the period		**15,109,015**	**(7,420,669)**
Earnings/(Losses) per share	*18*	0,0043	(0,0003)
Diluted earnings / (losses)per share)	*18*	0,0043	(0,0003)

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

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

	Not audited	Not audited
	1 January – 31 March 2021	**1 January – 31 March 2020**
Profit / (Loss) for the period	**15,109,015**	**(7,420,669)**
Other comprehensive income/(expense):		
Not to be reclassified in profit or loss		
Revaluation surplus of property, plant and equipment		-
Re-measurement losses of the defined benefit plans		-
To be reclassified in profit or loss		
	(5,460,071)	**(9,403,998)**
Hedging Gains/Losses	*(6,825,089)*	(12,056,408)
Deferred tax benefit or expenses that will be reclassified to profit or loss	*1,365,018*	2,652,410
Other comprehensive income, after tax	**(5,460,071)**	**(9,403,999)**
Total comprehensive income / (expense)	**9,648,944**	**(16,824,669)**

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

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A,Ş, and ITS SUBSIDIARIES
REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

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

				Other comprehensive income that will not be reclassified to profit or loss		Other comprehensive income that will be reclassified to profit or loss		Accumulated profit / losses		
	Share capital	**Share premiums**	**Treasury shares**	**Remeasurement differences**	**Revaluation reserves**	**Hedging Gains/Losses**	**Legal reserves**	**Accumulated Losses**	**Net profit / (loss) for the period**	**Total equity**
Balance at 1 January 2020	**110,000,000**	**9,282,945**	**(510,991)**	**230,364**	**138,766,128**	**(10,370,082)**	**1,107,177**	**(171,257,862)**	**(65,258,787)**	**11,988,892**
Transfers	-	-	-	-	-	-	-	(65,258,787)	65,258,787	-
Depreciation Transfer	-	-	-	-	-	-	-	-	-	-
Capital Increase										
Increase / decrease due to redemption of shares	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(9,403,998)	-		(7,420,669)	(16,824,669)
Balance at 31 March 2020	**110,000,000**	**9,282,945**	**(510,991)**	**230,364**	**138,766,128**	**(19,774,081)**	**1,107,177**	**(236,516,649)**	**(7,420,669)**	**(4,835,777)**
Balance at 1 January 2021	**110,000,000**	**9,282,945**	**(2,845,141)**	**(667,148)**	**169,053,397**	**(45,209,100)**	**3,441,327**	**(238,850,799)**	**25,752,988**	**29,958,469**
Transfers	-	-	-	-	-	-	-	25,752,988	(25,752,988)	-
Depreciation Transfer	-	-	-	-	-	-	-	-	-	-
Capital Increase	80,930,233	177,347	-	-	-	-	-	-	-	81,107,580
Increase / decrease due to redemption of shares	-	-	(939,468)	-	-	-	-	-	-	(939,468)
Total comprehensive income	-	-	-	-	-	(5,460,071)	-		15,109,015	9,648,944
Balance at 31 March 2021	**190,930,233**	**9,460,292**	**(3,784,609)**	**(667,148)**	**169,053,397**	**(50,669,171)**	**3,441,327**	**(213,097,811)**	**15,109,015**	**119,775,525**

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

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Not Audited 1 January - 31 March 2021	Not Audited 1 January - 31 March 2020
Profit/ (loss) for the period		**15,109,015**	**(7,420,669)**
Adjustments to reconcile net profit/ (loss) for the period		**49,728,971**	**25,929,023**
Adjustments related to amortisation and depreciation		14,956,441	14,269,574
Adjustments for impairment (cancellation)		-	-
Adjustments related to provision for warranty		-	122,778
Adjustments related to provision for employment termination benefits		1,964,521	-
Adjustments to interest income and expenses		14,569,249	3,314,591
Adjustments related to interest expenses	*15*	*15,737,036*	*3,314,591*
Adjustments related to interest income	*15*	*(1,167,787)*	-
Adjustments related to unrealized currency translation difference		21,622,140	6,398,835
Adjustments related to tax benefit/(expenses)		(3,383,380)	1,823,245
Changes in working capital		**(74,086,723)**	**18,508,354**
Decrease/(increase) in trade receivables and other receivables		(13,958,951)	(4,044,873)
Increase in inventories		(37,199,131)	(19,164,523)
Decrease/(increase) in prepaid expenses		(21,652,255)	(4,999,210)
Decrease/(increase) in trade payables and other payables		30,897,187	13,976,176
Increase in employee benefits payables		(618,995)	404,100
Decrease/(increase) in other liabilities related with operations		(35,065,431)	(6,648,504)
Increase in deferred revenue		7,930,766	(1,755,093)
Decrease/(increase) in other		(4,419,913)	(6,999,900)
A. Cash flows used in operating activities		**(9,248,737)**	**(10,723,473)**
Cash outflows from investing activities:			
Cash outflows from purchases of tangible and intangible assets	*9*	(30,303,405)	(10,058,570)
Cash inflows from sales of tangible and intangible assets		755,373	1,263,605
B, Cash outflows from investing activities		**(29,548,032)**	**(8,794,965)**
Interest paid		(7,840,631)	(16,610,020)
Cash inflows from bank borrowings	4	76,419,176	51,028,000
Cash outflows due to the payments of bank borrowings	4	(114,711,937)	(18,836,815)
Cash from capital increase		80,930,233	-
Cash from share premiums		177,347	-
C, Cash outflows from financing activities		**34,974,188**	**15,581,165**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(3,822,581)**	**(3,937,273)**
D, Cash and cash equivalents at the beginning of the period	*3*	**14,228,238**	**4,862,454**
Cash and cash equivalents at the end of the period (A+B+C+D)	***3***	**10,405,657**	**925,181**

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

1. ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

Kelebek Mobilya ve Kontrplak Sanayi A.Ş. was founded in Istanbul in 1935. Legal name of the Company which were Kelebek Mobilya ve Kontrplak Sanayi A.Ş. has been changed to Kelebek Mobilya Sanayi ve Ticaret A.Ş. by the decision taken in extraordinary general assembly meeting dated 12 December 2003 and registered to Trade Registry Gazette of Turkey on 29 December 2003.Doğ-taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi ve Ticaret A.Ş. ("Doğtaş İmalat").

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

In 2013, the merger transaction has been completed in accordance with Turkish Commercial Code Law No. 6102 clause 136 and other merger related clauses in which were Corporate Tax Law article 18, 19, 20, Capital Markets Law from the identifiable net assets of Doğ-Taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi A.Ş. as at 31 December 2013. The merger transaction has been registered on 21 October 2013 and the legal name of the Company changed as Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş.

The main operating segment is production and sale of furnitures.

The address of the registered office is İdealtepe Mahallesi Rıfkı Tongsir Caddesi No:107/ Küçükyalı, Maltepe/İSTANBUL.

The Company's production facilities are located at Doğanlı Köyü 9. km Düzce and İdriskoru Köyü Hacıvenez Mevkii No: 29 Biga Çanakkale and both locations are owned by the Company itself.

The Company is registered in Capital Market Board ("CMB") and its shares have been traded in Borsa İstanbul A.Ş. ("BİST") since 1990 (formerly known as "Istanbul Stock Exchange") under the name DGKLB. As of 31 March 2021, 56.9 % of its shares are open for trading.

Subsidiaries

A chain of retail stores established in 2006 in order to operate in furniture and trade goods sale by 3K Mobilya Dekorasyon San. Ve Tic. A.Ş. ("3K"), which is a subsidiary of the Company. In 2013, the Company has transferred the stores (8 units) to franchisees owned by 3K. 2K Oturma Grupları İnşaat Taahhüt Sanayi ve Ticaret A.Ş. which also is a subsidiary of the Company ceased its operations as of 28 March 2007 and the production facilities were terminated.

Doğtaş Mobilya Pazarlama Ticaret A.Ş. ("Doğtaş Pazarlama") which is a subsidiary of the Company was established in 1996 and operates in selling and marketing of furniture and sofa groups and commercial products. Doğtaş Pazarlama has no branches in Turkey as at 31 March 2021 (31 December 2020: None).

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

1. ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP (continued)

The shareholding structure of Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. as at 31 March 2021 and 31 December 2020 is as follows :

	31 March 2021		31 December 2020	
	%	**TL**	**%**	**TL**
Portion trading on Borsa Istanbul	56.90	199,064,399	56.90	153,034,884
Doğanlar Yatırım Holding A.Ş.	7.34	25,690,363	7.34	19,750,000
Davut Doğan	5.96	20,874,235	5.96	16,047,503
Adnan Doğan	5.96	20,874,211	5.96	16,047,484
Şadan Doğan	5.96	20,874,198	5.96	16,047,474
İsmail Doğan	5.96	20,874,198	5.96	16,047,474
İlhan Doğan	5.96	20,874,198	5.96	16,047,474
Murat Doğan	5.96	20,874,198	5.96	16,047,474
	100	**350,000,000**	**100.00**	**269,069,767**

As at 31 March 2021 the paid-in share capital of the Company is TL 350,000,000. However, the portion of the capital amounting to TL 159,069,767 is attributable to Doğan Taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi A.Ş. and Kelebek Mobilya Sanayi ve Ticaret A.Ş. during the merger

The shareholding structure of Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. as at 31 March 2021 and 31 March 2021 is as follows:

				Proportion of effective interest of the Company(%)	
Subsidiaries	**Registered Country**	**Nature of operation**	**Functional currency**	**31 March 2021**	**31 December 2020**
Doğtaş Mobilya Pazarlama Ticaret A.Ş. ("Doğtaş Pazarlama")	Turkey	Sales and marketing of furniture	TL	100	100
Doğtaş Bulgaria Eood ("Doğtaş Bulgaria")	Bulgaria	Sales and marketing of furniture	Leva	100	100
Doğtaş Holland B.V. ("Doğtaş Holland")	Nederland	Sales and marketing of furniture	EUR	100	100
Doğtaş Germany GmbH ("Doğtaş Germany")	Germany	Sales and marketing of furniture	EUR	100	100
2K Oturma Grupları İnşaat ve Taahhüt San. ve Tic. A.Ş. ("2K")	Turkey	Sales of sitting group	TL	100	100
3K Mobilya Dekor. San. ve Tic. A.Ş. ("3K")	Turkey	Furniture decoration	TL	100	100

The Company's subsidiaries, Doğtaş Holland B.V., Doğtaş Bulgaria Eood and Doğtaş Germany GmbH have been determined as immaterial subsidiaries with respect to the consolidated financial statements by the Group management and classified under available-for-sale financial assets in the consolidated financial statements.

As at 31 March 2021, the number of employees of the Company and its subsidiaries (collectively referred to as the "Group") is 1,840 (31 December 2020: 1,675)

Adequacy of the Company's share capital under the Turkish Commercial Code:

As a result of the merger between Doğ-Taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi A.Ş. and Kelebek Mobilya Sanayi ve Ticaret A.Ş. in 2013, share capital reached to TL 209,069,767 and while the share capital of the Company were increased to TL 159,069,767 "Reverse Merger Differences" account was charged at the same amount, with respect to Series I, No. 31 of the Communiqué on Principles Regarding Merger Transactions. Such entries were recorded under the books prepared in accordance with Turkish Commercial Code and Capital Market.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The principle accounting policies which applied in preparing the condensed consolidated interim financial statements of the Group are as follow.

2.1 Basis of presentation of condensed consolidated interim financial statements

a) Statement of compliance with TAS

The accompanying condensed consolidated interim financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying condensed consolidated interim financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué. The condensed consolidated interim financial statements are presented in accordance with the reporting templates promulgated by Capital Market Board of Turkey on 7 June 2013.

The Group issued the condensed consolidated interim financial statements as at March 31, 2021 in accordance with Turkey Accounting Standard No. 34 "Interim Financial Reporting".

These condensed consolidated interim financial statements do not constitute solely an indicator for the yearend figures and do not include all the information and explanations required for full annual financial statements and should be read in conjunction with the Group's last audited annual consolidated financial statements as at and for the year ended 31 December 2020.

The Group has started to apply TFRS 15 and TFRS 9 standards; the initial implementation date was January 1, 2018. Comparative information has not been reorganized in line with the transition method applied.

These condensed consolidated interim financial statements has been approved for issue by the Board of Directors on 27 May 2021. The General Assemby and the relevant regulatory authorities have right to amend the condensed consolidated interim financial statements which are prepared in accordance with the legal regulations.

b) Preparation of financial statements in hyperinflationary period

In accordance with a decision taken by CMB numbered 11/367 on 17 March 2005, it has announced that inflation accounting is not effective for the entities operating in Turkey and preparing their financial statements in accordance with the TAS starting from 1 January 2005. Therefore, TAS 29 "Financial Reporting in Hyperinflationary Economies" has not been applied since 1 January 2005.

c) Measurement bases

The condensed consolidated interim financial statement is prepared by historical cost method except for land, land improvements, buildings, machinery, plant and equipment. The historical cost is usually based on the fair value of the cost of goods and services.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.1 Basis of presentation of condensed consolidated interim financial statements

d) Functional and reporting currency

The functional currency of the companies which included in the consolidation is TL and companies record the accounting records according to commercial and financial legislation and GAAP which is published by Minister of Finance. Each entity's financial position and results of operations are expressed in TL which is the functional currency of the Group's consolidated financial statements.

Group's subsidiaries' functional currencies are summarized in Note 1.

e) Basis of consolidation

As at 31 March 2021 consolidated financial statements include the financial statements of the Company and its subsidiaries in Note 1, which have control over the Group's financial and operating policies.

The Group has control over an entity when:

- the Group has power over the investee/assets;
- exposure, or rights, to variable returns from its involvement with the entity and
- the ability to use its power over the entity to affect the amount of the Group's 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 the control power, including:

- The comparasion of voting rights held by the Group to those held by the other shareholders;
- Potential voting rights held by the Group and other shareholders;
- 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 that control commences until the date that 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 from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company 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 this results in the non-controlling interests having a deficit balance.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.1 Basis of presentation of condensed consolidated interim financial statements (continued)

e) Basis of consolidation (continued)

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the condensed consolidated financial statements.

Changes in the Group's ownership interests in existing 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 another category of equity as specified/permitted by applicable TASs). 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.

f) Summary of significant accounting policies

Except as described below, the accounting policies applied in these interim condensed financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

g) Correction of Errors Made in the Financial Statements of the Previous Period within the Scope of the Turkish Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors

None.

h) Significant Accounting Estimates and Assumptions

Preparation of financial statements in accordance with TAS requires certain assumptions and significant accounting estimates that will affect the explanatory notes on assets and liabilities, contingent assets and liabilities and income and expense items. Although these estimates are based on the best estimates of management's current events and actions, actual results may differ from those predicted. Assumptions and estimates that require complex and further comment may have significant impact on financial statements. The assumptions and significant accounting estimates used in the preparation of the financial statements in the nine-month interim condensed consolidated financial statements as at 31 March 2021 have not changed compared to those used in the previous year.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.1 Basis of presentation of condensed consolidated interim financial statements (continued)

h) Significant Accounting Estimates and Assumptions (continued)

- **Determination of fair value**

The Group's various accounting policies and disclosures require to be determined that the fair value of both financial and non-financial assets and liabilities. Fair value is determined for measurement and/ or disclosure by the following methods. Where applicable, additional information about the assumptions used in determining fair value is presented in the notes to the asset or liability.

i) Trade and other receivables

Fair values of trade and other receivables are estimated at the present value of future cash flows by discounting them at market interest rates at the measurement date. Short-term receivables with no specific interest rate are valued at the original invoice amount if the reduction effect is not significant. These fair values are determined at the time of initial recognition and at the end of each reporting period for illustrative purposes.

ii) Other non-derivative financial liabilities

The fair value of other non-derivative financial liabilities is determined at initial recognition and at the end of each reporting period for disclosure purposes. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date

- **Provisions, contingent assets ve contingent liabilities**

Provision are recognised in the consolidated financial statements, when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate, used to calculate the present value of the provision should be pre-tax rate reflecting the current market assessments of the time value of money and the risks specific to the liability. The discount rate shall not reflect risks for which future cash flow estimates have been adjusted.

A possible obligation or asset that arises 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 have not been recognised in these consolidated financial statements and treated as contingent liabilities and contingent assets.

- **Deferred tax**

The Group recognizes deferred tax asset and liability on the differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TAS and the corresponding tax bases which is used in the computation of taxable profit. Under current circumstances, the partial or complete recoverable amounts of deferred tax assets are predicted. During the evaluation, future profit projections, current year's losses, unused losses and the expiration dates of other tax assets, and if necessary tax planning strategies are considered. Based on the data obtained, if the Group's taxable profit, which will be obtained in the future, is not enough to fulfill the deferred tax assets, a provision is provided either for the whole or for a certain part of the deferred tax asset. As at 31 March 2021 and 31 December 2020, after the necessary evaluations, the deferred tax assets are fully accounted because of expectation of taxable profit in the future.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.1 Basis of presentation of condensed consolidated interim financial statements (continued)

h) Significant Accounting Estimates and Assumptions (continued)

- **<u>Deferred tax</u> (continued)**

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods. The Group estimates that it will be able to utilize the deductible carry forward tax losses using the estimated profits in the following years.

- **<u>Related parties</u>**

Shareholders, members of Board of Directors and key management personnel, in each case together with their families and companies controlled by or affiliated with them, joint ventures and associates are considered and referred to as related parties.

- **<u>Inventories</u>**

Inventories are valued at the lower of cost or estimated selling price less estimated costs necessary to make a sale. Cost elements included in inventory are purchase costs and other costs necessary to prepare the asset for its intended use. Cost elements included in inventories are materials, labor and production overheads.

The cost is determined using the monthly weighted average method for inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

- **<u>Property, plant and equipment</u>**

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

	Usefull Live
Land improvements and buildings	15 - 50 years
Machinery, plant and equipment	5 - 28 years
Furniture and fixtures	2 - 15 years
Vehicles	4 - 5 years
Leasehold improvements	4 - 5 years

Land, land improvements and buildings and machinery and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses. The Group can make the fair value assessments between 3 and 5 years. The Group has revised its assessment of the fair value of related tangible fixed assets as at 31 December 2020. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset, and the net amount is restated to the revalued amount of the assets.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.1 Basis of presentation of condensed consolidated interim financial statements (continued)

h) Significant Accounting Estimates and Assumptions (continued)

Land, land improvements, machinery and equipment and buildings that were revalued at 1 March 2021 by independent external valuers, were recorded on determined fair values on the consolidated financial statements. The frequency of revaluation operations is determined to ensure that the carrying amounts of the revalued tangible assets are not significantly different from their fair values at the end of the reporting period. The frequency of revaluation depends on the change in the fair value of property, plant and equipment. In cases where it is believed that the revalued amount is significantly different from the carrying amount of the revalued amount, it is necessary to repeat the revaluation and the assessment is performed for the entire asset level with revalued assets at the same date. Besides, it is not considered necessary to repeat the revaluation for tangible assets whose fair value changes are insignificant.

There are various calculation methods to estimate best fair value calculation as follows:

- The fair value comparison method are found to be comparable to the new market with similar features in the existing market, to apply appropriate comparison procedures and to make various adjustments in comparable selling price.
- - The fair value of buildings, land and land improvements are calculated in deference to amortisation and reconstruction cost on cost approach method.

The values are determined by cost approach method are assessed as to whether or not there is any indication of impairment according to TAS 36 "Impairment of Assets" standard at the date of first presentation of the financial statements in the consolidated financial statements and related period ends.

- **Intangible assets**

Intangible assets are presented with net book value after deduction of amortisation. Intangible assets are capitalized if future economic benefits arising from intangible assets are going to be beneficial to the firm and cost can be measured.

Purchased intangible assets are amortised on a straight-line basis over their useful lives for 2 to 5 years.

Intangible assets include acquired rights and copyrights.

Kelebek brand value

Doğ-taş Doğanlar Mobilya İmalat Enerji Üretim Sanayi ve Ticaret A.Ş., acquired 67% shares of Kelebek Mobilya Sanayi ve Ticaret A.Ş. on 6 September 2012. The value of the Kelebek brand acquired through this acquisition has been recorded at fair value on 6 September 2012 in accordance with TFRS 3 and the financial statements have unlimited life for this brand with no legally restricted use. The brand value is subject to an impairment test once a year.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.2 New and Revised International Financial Reporting Standards (TFRS)

The accounting policies adopted for the preparation of the financial statements related to the accounting period ending as of March 31, 2021, are consistent with those of the previous year, with the exception of new and revised TFRS standards effective January 1, 2021 and Turkey Financial Reporting Interpretations Committee (TFRIC) remarks, as summarized below. The effects of these standards and interpretations on the Company's financial status and performance are described in the relevant paragraphs.

a) Amendments that have been issued, but yet to take effect as of March 31, 2021, and for which early application has not been elected

Below are some new standards, interpretations, and amendments that have been published but have not taken effect as of the reporting date and for which early adoption has not been preferred by the Group even if it was permitted.

Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

The International Accounting Standards Board ("IASB") published amendments to the "Classification of Liabilities as Current or Non-current" on January 23, 2020, to clarify the presentation of liabilities under IAS 1 in the statement of financial position. These amendments were also published by the Public Oversight, Accounting, and Auditing Standards Authority ("KGK") on March 12, 2020, with the title "Amendments to TAS 1 - Classification of Liabilities as Current or Non-current".

This amendment provides additional explanations on classifying liabilities that can be deferred for at least twelve months as non-current, and other matters related to this classification.

Amendments to TAS 1:

a. specify that an entity's right to defer settlement must exist at the end of the reporting period;

b. clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;

c. clarify how lending conditions affect classification; and

d. clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Group is required to implement the amendments retrospectively from the reporting periods beginning on or after January 1, 2022. However, early implementation is permitted. Finally, the amendment published by the IASB on July 15, 2020, states that the effective date of the amendment to IAS 1 will be postponed until January 1, 2023. This amendment was also published by the KGK on January 15, 2021.

The amendment to TAS 1 is not expected to have a material effect on the Group's financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.2 New and Revised International Financial Reporting Standards (TFRS) (continued)

a) Amendments that have been issued, but yet to take effect as of March 31, 2021, and for which early application has not been elected

COVID-19-Related Rent Concessions beyond June 30, 2021 (Amendments to TFRS 16)

The IASB has extended the availability of the practical expedient for 12 months to include rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The first amendment had been published by the IASB in May 2020 to make it easier for lessees to account for COVID-19-related rent concessions, such as rent holidays and temporary rent reductions, and to continue to provide investors with useful information about lease agreements. The relevant amendments had also been published by the KGK on April 7, 2021, as the Amendments to TFRS 16.

This amendment applies to the annual accounting periods beginning on or after April 1, 2021. Earlier implementation is also permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. The 2021 amendments are applied retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings at the beginning of the annual reporting period in which the lessee first applies the amendment.

The first version of the practical expedient was, and remains, optional. However, the implementation of the 2021 amendments is not optional. This is because a lessee that chooses to apply the 2020 practical expedient must also apply the extended scope of the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

References to the Conceptual Framework (Amendment to TFRS 3)

In May 2020, the IASB published an amendment to IFRS 3 regarding the references to the Conceptual Framework. As such, the references made by the IASB to an earlier version of the Conceptual Framework for Financial Reporting in IFRS 3 have been replaced with references to the latest version published in March 2018. The TFRS 3 amendment was subsequently published by the KGK on July 27, 2020, to reflect these changes.

The Group is required to apply these changes from reporting periods beginning on or after January 1, 2022, but early implementation is permitted.

Property, Plant and Equipment — Preparing the asset for its intended use (Amendment to TAS 16)

In May 2020, the IASB issued Property, Plant and Equipment — Preparing the asset for its intended use as an amendment to IAS 16 Property, Plant and Equipment. The amendment prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit or loss. The TAS 16 amendment was subsequently published by the KGK on July 27, 2020, to reflect these changes.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.2 New and Revised International Financial Reporting Standards (TFRS) (continued)

a) Amendments that have been issued, but yet to take effect as of March 31, 2021, and for which early application has not been elected (continued)

The amendment improves transparency and consistency by clarifying the accounting requirements — specifically, the amendment prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

The Group is required to apply these changes from reporting periods beginning on or after January 1, 2022, but early implementation is permitted.

Onerous Contracts — Cost of Fulfilling a Contract (Amendment to IAS 37)

In May 2020, the IASB published "Onerous Contracts — Cost of Fulfilling a Contract," which made an amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The IASB has issued this amendment to IAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The TAS 37 amendment was subsequently published by the KGK on July 27, 2020, to reflect these changes.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

The Group is required to apply these changes from reporting periods beginning on or after January 1, 2022, but early implementation is permitted.

Annual Improvements/2018-2020 Period

Improvements in TFRS

The "Annual Improvements in TFRS / 2018-2020 Period" published by the KGK on July 27, 2020, for the standards in force is presented below. These amendments are effective from January 1, 2022, with early implementation permitted. The implementation of these changes in TFRS is not expected to have a material effect on the Group's financial statements.

TFRS 1- First-time Adoption of Turkish Financial Reporting Standards

This amendment simplifies the implementation of TFRS 1 by a subsidiary that becomes a first-time adopter after its parent. For example, if a subsidiary becomes a first-time adopter later than its parent, it can elect to apply the exemption in paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to TFRSs. As such, by implementing this optional exemption for subsidiaries, the transition to TFRS will be facilitated by i) reducing unnecessary costs and ii) eliminating the need to keep two parallel sets of accounting records.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.2 New and Revised International Financial Reporting Standards (TFRS) (continued)

a) Amendments that have been issued, but yet to take effect as of March 31, 2021, and for which early application has not been elected (continued)

TFRS 9 Financial Instruments

To perform the “10-percent test” for derecognition of financial liabilities, this amendment clarifies that in determining any fees paid net of any fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

Amendments that have come into effect

The amendments that have come into effect for accounting periods beginning on or after January 1, 2021 are as follows:

- Benchmark Interest Rate Reform – Phase 2 (TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts, and amendments to TFRS 16 Leases)

b) New and updated standards and interpretations published by the International Accounting Standards Board (IASB) but not yet published by KGK

The new standards, interpretations, and amendments in the current International Financial Reporting Standards (“IFRS”) listed below were published by the International Accounting Standards Board (“IASB”), but these new standards, interpretations, and amendments have not yet been adapted to/published in the TFRS by the KGK, and therefore do not constitute a part of the TFRS. Accordingly, IFRS and IAS references are made to the standards that were published by the IASB, but not yet published by the KGK. The Group will make the necessary amendments in its financial statements and footnotes after these standards and interpretations take effect in the TFRS.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

To help companies decide what accounting policy information should be disclosed, IASB has recently issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements on February 12, 2021.

Key amendments to IAS 1:

• Require companies to disclose their material accounting policy information rather than their significant accounting policies;

• Clarify that accounting policies that relate to immaterial transactions, other events or conditions are themselves immaterial and need not be disclosed.

• Clarify that not all accounting policies relating to material transactions, other events or conditions are themselves material.

The IASB also amended IFRS Practice Standard 2 to include guidance on the implementation of materiality in accounting policy disclosures and two additional examples.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.2 New and Revised International Financial Reporting Standards (TFRS) (continued)

b) New and updated standards and interpretations published by the International Accounting Standards Board (IASB) but not yet published by KGK (continued)

The amendments are consistent with the previously adjusted definition of materiality:

"Information about an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that primary users of general purpose financial statements make on the basis of those financial statements."

The amendments are effective from January 1, 2023, but companies may implement them earlier.

The implementation of the amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Making Materiality Judgements is not expected to have a material impact on the Group's financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

These amendments, published by the IASB on February 12, 2021, introduce a new definition for accounting estimates and intend to clarify that these are monetary amounts that cause measurement uncertainty in the financial statements.

They also explain the relationship between accounting policies and accounting estimates by stating that a company develops an accounting estimate to achieve the purpose set by an accounting policy.

Developing an accounting estimate includes both of the following:

• Choosing a measurement technique (estimation or valuation) — for example, techniques used to measure a loss allowance for expected credit losses applying IFRS 9;

• Choosing inputs to use when applying the selected measurement technique — for example, expected cash outflows to determine a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. No changes were made to the definition of accounting policies.

The amendments are effective for periods beginning on or after January 1, 2023, with earlier implementation permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
This amendment to IAS 8 is not expected to have a material effect on the Group's financial statements.

1. CASH AND CASH EQUIVALENTS

	31 March 2021	31 December 2020
Cash on hand	36,541	729
Cash at banks – Demand deposit	7,788,560	11,907,279
Other cash and cash equivalents (*)	2,580,556	2,320,230
	10,405,657	**14,228,238**

(*)As at 31 March 2021 and 31 December 2020 other cash and cash equivalents comprised of credit card POS receivables

2. BORROWINGS

	31 March 2021		
	Weighted average effective interest rate %	**Original currency**	**TL Equivalent**
Short-term borrowings:			
TL denominated bank borrowings (*)	%9.50 - %20.50	78,604,629	78,604,629
Short-term lease payables		15,881,880	15,881,880
Short term borrowings			**94,486,509**
Short-term portion of long-term borrowings:			
EUR denominated bank borrowings	%1.50 - %7.13	9,065,731	88,609,360
USD denominated bank borrowings	%4.62	5,891,865	49,055,670
TL denominated bank borrowings	%7.91 - %24.79	105,121,227	105,121,227
Short-term portion of long-term borrowings			**242,786,257**
Total short-term borrowings			**337,272,766**
EUR denominated bank borrowings	%1.50 - %7.13	8,426,824	82,364,622
USD denominated bank borrowings	%4.62	1,810,687	15,075,778
TL denominated bank borrowings	%7.91 - %24.79	74,825,714	74,825,714
Long-term lease payables		80,240,964	80,240,964
Long-term bank borrowings			**252,507,078**
Total bank borrowings			**589,779,844**

(*) DDS Loans constitute 47,915,479 Turkish lira of the Short-Term Borrowing amounts in Turkish lira.

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

4. BORROWINGS (continued)

	31 December 2020		
	Weighted average effective interest rate %	**Original currency**	**TL Equivalent**
Short-term borrowings:			
TL denominated bank borrowings (*)	%9.50 - %20.50	83,675,984	83,675,984
Short-term lease payables		14,486,646	14,486,646
Short term borrowings			**98,162,630**
Short-term portion of long-term borrowings:			
EUR denominated bank borrowings	%1,50 - %7,13	10,662,702	96,048,551
USD denominated bank borrowings	%4,62	837,675	6,148,951
TL denominated bank borrowings	%7,91 - %24,79	116,848,388	116,848,388
Short-term portion of long-term borrowings			**219,045,890**
Total short-term borrowings			**317,208,520**
EUR denominated bank borrowings	%1,50 - %7,13	4,747,636	42,766,229
USD denominated bank borrowings	%4,62	1,115,352	8,187,240
TL denominated bank borrowings	%7,91 - %24,79	139,280,995	139,280,995
Long-term lease payables		76,913,545	76,913,545
Long-term bank borrowings			**267,148,009**
Total bank borrowings			**584,356,529**

As at 31 March 2021 and 31 December 2020, all borrowings are guaranteed and there is a mortgage on the property, plant and equipment of the Group.

The reconciliation of the Group's obligations arising from its financial activities as at 31 March 2021 and 31 December 2020 is as follows:

	31 March 2021	**31 December 2020**
1 January 2020 borrowings	492,956,338	410,742,685
Proceed form borrowings	76,419,176	532,732,537
Repayment of borrowings	(107,197,130)	(531,159,457)
Interest accruals	9,856,476	7,803,077
Effects of change in foreign exchange	21,622,140	72,837,496
31 March borrowings	**493,657,000**	**492,956,338**

The Group's exposure to currency risk related to borrowings are disclosed in Note 12.

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

4. BORROWINGS (continued)

The details of the lease payables are as follows:

Lease payables

	Present value of the minimum lease payments	
	31 March 2021	**31 December 2020**
Within one year	15,881,880	14,486,646
Minus: future financial expenses	-	-
Present value of the lease liability	**15,881,880**	**14,486,646**
Two years or more	80,240,964	76,913,545
Minus: future financial expenses	-	-
Present value of the lease liability	**80,240,964**	**76,913,545**
Total Lease Liability	**96,122,844**	**91,400,191**

The Company's lease liabilities means the present value of the future payables of the liabilities for stores, vehicles and buildings leased from third parties during the useful life of the asset.

The redemption schedule of borrowings as at 31 March 2021 and 31 December 2020 is as follows:

	31 March 2021	**31 December 2020**
Up to 3 months	94,486,509	157,535,494
3-12 months	242,786,257	159,673,026
1-5	252,507,078	267,148,009
	589,779,884	**584,356,529**

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

5. TRADE RECEIVABLES AND TRADE PAYABLES

	31 March 2021	31 December 2020
Trade receivables	**188,581,874**	**174,492,889**
-Trade receivables from related parties (Note 6)	*2,385,749*	*2,150,796*
-Trade receivables from non-related parties	*186,196,125*	*172,342,093*
Trade receivables	146,447,551	140,906,762
Notes receivable	41,598,786	33,415,177
Doubtful trade receivables	30,816,697	30,816,697
Provisions for doubtful trade receivables (-)	(30,816,697)	(30,816,697)
Deferred finance income (-)	(1,849,812)	(1,979,846)
Trade receivables	**188,581,874**	**174,492,889**

The effective interest rate applied to deferred finance income of the Group is 15 %. (31 December 2020: 15%).

As at 31 March 2021 and 31 December 2020, the movement of doubtful trade receivables provision is as follows:

The movement of doubtful receivables	31 March 2021	31 December 2020
Opening balance	**30,816,697**	**26,464,960**
Provisions during the period (Not.19)	**-**	4,396,162
Collections during the period (Not.19)	**-**	(44,425)
	30,816,697	**30,816,697**

As at 31 March 2021 and 31 December 2020, trade payables are as follows:

	31 March 2021	31 December 2020
Trade payables	**331,432,532**	**303,538,339**
- Trade payables from related parties	*126,535*	-
- Trade payables from non-related parties	*331,305,997*	*303,538,339*
Vendors	76,589,976	84,786,624
Notes payable	271,752,504	232,790,374
Deferred finance expense (-)	(17,036,483)	(14,038,659)
	331,432,532	**303,538,339**

The effective interest rate on deferred financing expenses is 15 % (31 December 2020: 15 %).

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

6. DUE FROM AND DUE TO RELATED PARTIES (continued)

All transactions and balances with related parties within the Group intercompany profits, unrealized gains and losses are not included in this note has been eliminated from the records for the purpose of consolidation.

a) Trade receivables and payables due from related parties as at 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021	31 December 2020
Due from related parties		
Doğtaş Germany GmbH	600,804	553,707
Doğtaş Bulgaria Eood	100,980	93,064
Doğtaş Holland B.V.	9,774	9,008
Real person shareholders	1,674,191	1,495,017
	2,385,749	**2,150,796**

	31 March 2021	31 December 2020
Trade payables to related parties		
Biotrend Çevre ve Enerji Yatırımları	5,570	-
Real person shareholders	120,965	-
	126,535	-

	31 March 2021	31 December 2020
Due to related parties		
Doğanlar Yatırım Holding	-	1,146,297
Korad G.Menkul Yat.İnş.A.Ş.	23,048	-
Other	-	14,522
	23,048	**1,160,819**

	31 March 2021	31 December 2020
Other receivables to related parties		
Doğanlar Yatırım Holding A.Ş.	31,003,543	-
	31,003,543	-

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

6. DUE FROM AND DUE TO RELATED PARTIES (continued)

b) Rendered of goods and services to related parties and financial income from related parties for the year ended 31 March 2021 and 31 March 2020 are as follows:

	31 March 2021	31 March 2020
Services rendered		
Doğanlar Yatırım Holding A.Ş.	1,978	8,956
Other	6,405	56,552
	8,383	**65,508**

	31 March 2021	31 March 2020
Interest received from related parties		
Doğanlar Yatırım Holding A.Ş.	1,105,996	-
	1,105,996	**-**

c) Purchase and of goods and services to related parties for the year ended 31 March 2021 and 31 March 2020 are as follows:

	March 2021	31 March 2020
Sales and services purchased		
Doğanlar Yatırım Holding A.Ş.	1,031,202	33,729
Korad Gayrimenkul Yatırım İnş. A.Ş.	7,225	16,805
	1,038,427	**50,534**

d) Key management compensation for the year ended 31 March 2021 and 2020 are as follows:

	31 March 2021	31 March 2020
Short term compensation and other rights	4,304,775	1,527,549
	4,304,775	**1,527,549**

The remunerations which are provided to Board of Directors and key management personnel (The Group has determined key management personnel as the chairman, members of the Board of Directors and general manager of the Company) during the periods ending 31 March 2021 and 31 March 2020 are short-term compensation and include salary, bonus, post-employment benefits and other payments. There are no post-employment benefits, other long-term benefits and share-based payments during the periods ended 31 March 2021 and 2020.

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

7. OTHER RECEIVABLES AND OTHER PAYABLES

	31 March 2021	31 December 2020
Other short-term receivables	**40,463,829**	**5,481,044**
-*Other receivables from related parties (Note 6)*	*31,003,543*	-
-*Other receivables from non-related parties*	*9,460,286*	*5,481,044*
Deposits and guarantees given	1,879,740	1,382,252
Other Doubtful Receivables	498,139	498,139
Provision for Other Doubtful Receivables (-)	(498,139)	(498,139)
Receivables from tax authority	7,372,443	3,964,651
Receivables from personnel	208,103	134,141
	40,463,829	**5,481,044**

Statement of doubtful accounts	31 March 2021	31 December 2020
Opening balance	**489,139**	**732,444**
Allocated during the period	-	-
Canceled during the term	-	(234,305)
	498,139	**498,139**

	31 March 2021	31 December 2020
Other long-term receivables		
Deposits and guarantees given	2,482,104	1,510,993
Other receivables	126,626	405,537
	2,608,730	**1,916,530**

	31 March 2021	31 December 2020
Other short-term payables		
Other payables	499,584	2,032,339
- *Other payables to related parties (Note 6)*	*23,048*	*1,160,819*
- *Other payables to non-related parties*	*476,536*	*871,520*
Taxes, fees and other deductions to be paid	265,710	698,056
Other Payables	210,826	173,464
	499,584	**2,032,339**

	31 March 2021	31 December 2020
Other long-term payables		
-*Other payables to non-related parties*	*2,556,283*	*1,810,554*
Deposits and guarantees received	2,556,283	1,810,554
	2,556,283	**1,810,554**

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

8. INVENTORIES

	31 March 2021	31 December 2020
Raw materials and supplies	181,655,769	170,973,334
Semi-finished goods	39,264,725	36,625,609
Finished goods	55,371,823	41,455,385
Trading goods	58,779,847	48,818,705
Provision for the Impairment of Inventories (-)(*)	(393,928)	(393,928)
	334,678,236	**297,479,105**

There are no securities issued as collateral for liabilities

In accordance with the TAS 2 Inventories standard, current period provisions are accounted for under Selling Costs.

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

9. PROPERTY, PLANT AND EQUIPMENT

	Lands	Land improvements and buildings	Machinery, plant and equipment	Vehicles	Furniture and fixtures	Leasehold improvem ents	Construction in progress	Total
Cost								
Opening balance, 1 January 2021	76,310,952	139,260,935	127,405,968	2,232,931	79,284,780	93,673,588	690,879	518,860,033
Additions	-	5,523,555	1,293,866	16,250	8,577,528	14,340,149	-	29,751,348
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	(38,122)	(407,829)	(139,493)	(1,059,322)	-	(1,644,766)
Closing balance, 31 March 2021	**76,310,952**	**144,784,490**	**128,661,712**	**1,841,352**	**87,722,815**	**106,954,415**	**690,879**	**546,966,615**
Accumulated depreciation								
Opening balance, 1 January 2021	-	(33,613,887)	(69,644,858)	(1,200,106)	(55,495,209)	(44,773,655)	-	(204,727,715)
Charge of the year	-	(1,614,072)	(1,912,501)	(39,837)	(2,572,467)	(3,106,133)	-	(9,245,010)
Disposals	-	-	38,122	2,705	117,810	1,059,322	-	1,217,959
Closing balance, 31 March 2021	-	**(35,227,959)**	**(71,519,237)**	**(1,237,238)**	**(57,949,866)**	**(46,820,466)**	-	**(212,754,766)**
Net book value, 31 March 2021	**76,310,952**	**109,556,531**	**57,142,475**	**604,114**	**29,772,949**	**60,133,949**	**690,879**	**334,211,849**

Regarding to borrowings for financing activities, there is a mortgage on property, plant and equipment of the Group amounting to EUR 65,000,000 and TL 137,500,000.

As of March 31, 2021, the Group's insurance amount on its tangible assets 184,207,200 Turkish lira, respectively. (31 December 2020: 184,207,200 TL).

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

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Lands	Land improvements and buildings	Machinery, plant and equipment	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost								
Opening balance, 1 January 2020	66,275,300	107,811,645	123,306,399	1,487,830	68,703,817	62,304,139	144,212	430,033,342
Additions	62,789	51,500	1,000,113	-	2,170,071	6,514,858	-	9,799,331
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	(270,000)	(350,712)	(642,893)	-	(1,263,605)
Closing balance, 31 March 2020	**66,338,089**	**107,863,145**	**124,306,512**	**1,217,830**	**70,523,176**	**68,176,104**	**144,212**	**438,569,068**
Accumulated depreciation								
Opening balance, 1 January 2020	-	(26,204,445)	(61,159,667)	(1,148,586)	(47,543,727)	(35,462,676)	-	(171,519,101)
Charge of the year	-	(3,670,080)	(2,579,799)	(6,550)	(2,062,193)	(2,337,146)	-	(10,655,768)
Disposals	-	-	-	17,310	213,790	36,688	-	267,788
Closing balance, 31 March 2020	**-**	**(29,874,525)**	**(63,739,466)**	**(1,137,826)**	**(49,392,130)**	**(37,763,134)**	**-**	**(181,907,081)**
Net book value, 31 March 2021	**66,338,089**	**77,988,620**	**60,567,046**	**80,004**	**21,131,046**	**30,412,970**	**144,211**	**256,661,987**

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

10. PROVISIONS, CONTINGENT AND CONTRACTED ASSETS AND LIABILITIES

Short-term provisions

As at 31 March 2021 and 31 December 2020 the details of short term provisions are as follows:

	31 March 2021	31 December 2020
Provision for warranty expenses	4,869,157	4,869,157
Provision for litigations	7,063,968	7,063,968
	11,933,125	**11,933,125**

Long-term provisions

	31 March 2021	31 December 2020
Provision for warranty expenses	1,256,207	1,256,207
	1,256,207	**1,256,207**

Contingent assets and liabilities:

As at 31 March 2021 and 31 December 2020, the details of the guarantees received and given are as follows:

Guarantees given

	31 March 2021	31 December 2020
Mortgagee given (*)	772,816,500	714,053,000
Letters of guarantee given to official institutions (**)	176,747,138	136,869,297
Letter of guarantees given to buyers	1,327,318	757,048
Letter of guarantees given to sellers	1,021,657	496,657
	951,912,613	**852,176,002**

(*) Mortgages on property, plant and equipment are related to loans used for purchasing and financing purposes.
(**) Consists of letters of guarantees given to Türkiye İhracat Kredi Bankası A.Ş. with respect to loans used mainly.

Guarantees received

	31 March 2021	31 December 2020
Letters of guarantee from dealers	100,953,885	92,425,491
Mortgages from domestic dealers	12,220,000	12,220,000
Mortgages from foreign dealers	9,942,321	9,103,027
	123,116,206	**113,748,518**

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

10. PROVISIONS, CONTINGENT AND CONTRACTED ASSETS AND LIABILITIES (continued)

As at 31 March 2021 and 31 December 2020, the tables of the Group's guarantees, pledges and mortgages (GPMs) are as follows

GPMs issued by the Company	31 March 2021	31 December 2020
A Total amount of GPM's given on behalf of own legal entity.	951,912,613	852,176,002
B. Total amount of GPMs given in favor of the subsidiaries included in the scope of consolidation	-	-
C. Total amount of GPM's given to third parties for the purpose of carrying out ordinary commercial activities	-	-
D. Total amount of other GPM	-	-
i. Total amount of GPM's given in favor of main shareholder	-	-
ii. Total amount of GPM given in favor of other group companies not in the scope of Article B and C	-	-
iii. Total amount of GPM's given in favor of third parties not covered by Article C.	-	-
Total	**951,912,613**	**852,176,002**

The total number of ordinary shares of Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. is 10,453,488,300 with a par value of TL 0,01 and all was pledged due to the Group's borrowings as at 31 March 2021. (The total number of ordinary shares of Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. is 10,453,488,300 with a par value of TL 0,01 and all was pledged due to the Group's borrowings as at 31 December 2020)

March 2021 total insurance on property, plant and equipment and inventories is TL 184,207,200 and TL 297,850,635 respectively (31 December 2020: TL 184,207,200 and TL 268,237,242 respectively)

As at 31 March 2021, the Group has net off cheques amounting to TL 82,447,174 TL by deducting from its debts (31 December 2020: TL 52,755,909)

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

11. TAX ASSETS AND LIABILITIES

The provisions necessary for the Group's estimated tax liabilities for the current period were reserved in the consolidated financial statement.

	31 March 2021	31 December 2020
Corporate tax calculated	-	-
Prepaid taxes (-)	618,475	615,386
Current income tax assets	**618,475**	**615,386**

Taxation on income in the consolidated statement of profit or loss are as follows:

	31 March 2021	31 December 2020
Deferred tax benefit/ (expense)	3,383,380	(1,123,063)
Tax benefit/ (expense)	**3,383,380**	**(1,123,063)**

Corporate tax

Turkish tax legislation does not allow for the submission of tax returns over consolidated financial statements, which include its subsidiaries, joint ventures and associates. Therefore, tax considerations reflected in consolidated financial statements have been calculated on a separate-entity basis.

In Turkey, corporate tax rate is 25% as at 2021. (2020: %22) Corporate income tax is calculated on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes (carryforwad losses, if any, and if utilized exemptions for investment incentives

Pursuant to the Provisional Article 13 added to Corporate Tax Law No. 5520 under Article 11 of the Law No. 7316 on the Amendment to the Law on Collection Procedure of Public Receivables and Certain Laws published in the Official Gazette dated April 22, 2021, and numbered 31462, it was proposed to apply a corporate tax rate of 25 percent for revenues in the 2021 taxation period, 23 percent for revenues in the 2022 taxation period before returning to the tax rate of 20 percent.Advance taxes are calculated and accrued quarterly in Turkey. Losses may be carried over for no longer than five (5) years provided that they are deducted from the taxable profit to be made in the coming years. However, losses incurred are not deducted retroactively from the profits of previous years.

There is not a fixed and definite reconciliation procedure in place for tax assessment in Turkey. Companies prepare their tax returns from April 1 to April 30 of the year following the account closure period of the relevant year. The Tax Administration may review such tax returns and accounting records that form the basis thereof within five (5) years.

12. TAX ASSETS AND LIABILITIES (continued)

Corporate tax (continued)

The corporate tax rate applies to the tax base that is found by adding the expenditures that are not permitted to be deducted as per the tax laws to the trade earnings of companies, and deducting the exemptions (e.g. affiliate earnings exemption) and other deductions (such as R&D deduction). No further tax is paid if the profit is not distributed.

Dividends (premiums) that are paid to limited taxpayer corporations earning income through a business or their permanent representative in Turkey, or to resident corporations in Turkey are not subject to withholding tax. Other dividend payments to persons and corporations are subject to a 15-percent withholding tax. Addition of profit to capital is not counted as a dividend distribution.

There are many exemptions for corporations in the Corporate Tax Law. Of these exemptions, the ones that are related to the Group are detailed below:

The law no. 5479 dated March 30, 2006, ended the investment allowance exemption, which had been implemented for many years and calculated as 40 percent of the purchases of fixed assets exceeding a certain amount by the last taxpayers. However, in accordance with the aforementioned law and the provisional Article 69 added to the Income Tax Law, the income and corporate taxpayers can deduct the amounts of investment allowance exemption available as of December 31, 2005, which they were unable to deduct from their 2005 earnings, and the following investments and amounts from their earnings only for the years 2006, 2007 and 2008 under the provisions of the legislation at the date concerned (including provisions on tax rate):

a. The investments to be made after January 1, 2006, under the document for investments initiated under Articles 1–6 of the Income Tax Law No. 193 before being repealed by Law No. 4842 dated April 9, 2003, within the scope of investment incentive certificates issued for the applications made before April 24, 2003,

b. Under the abrogated Article 19 of the Income Tax Law No. 193, regarding the investments initiated before January 1, 2006, the investment allowance exception amounts to be calculated in accordance with the provisions of the regulations in force as of December 31, 2005, due to investments made after this date, which form an economic and technical integrity with the investment.

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

11. TAX ASSETS AND LIABILITIES (continued)

Deferred tax:

The Group calculates the income tax assets and liabilities taking into consideration the effects of the temporary differences arising from the differences of assessing the financial statement items by TAS preparation principles for financial statements and legal financial statements. Such temporary differences usually result in the recognition of income and expenses in different reporting periods as per the relevant tax laws and the preparation principles of financial statements set out in TAS.

As at 31 March 2021 and 31 December 2020 the breakdown of cumulative temporary differences and the resulting deferred income tax assets/liabilities provided using enacted tax rates are as follows

	Temporary Differences		Deferred income tax assets / (liabilities)	
	31 March 2021	**31 December 2020**	**31 March 2021**	**31 December 2020**
Carryforward tax losses	144,447,550	155,911,370	33,222,937	31,182,274
Investment incentives	14,965,000	14,965,000	2,993,000	2,993,000
Provision for doubtful receivables	14,043,754	14,043,754	2,808,751	2,808,751
Provision for unused vacation	8,089,499	6,956,979	1,617,900	1,391,396
Provision for warranty	6,125,364	6,125,364	1,225,073	1,225,073
Provision for employment	3,283,514	3,283,514	656,703	656,703
Provision for litigations	7,063,968	7,063,968	1,412,794	1,412,794
Hedging Gains/Losses	50,373,861	43,548,772	10,074,772	8,709,754
Other	3,412,374	1,101,436	682,475	78,756
	251,804,884	**253,000,157**	**54,694,405**	**50,458,501**
Deferred tax liabilities:				
Tangible and intangible assets	215,815,877	213,673,100	(34,946,548)	(35,375,103)
Cut-off effect	32,112,783	31,693,094	(1,208,982)	(1,292,920)
	247,928,660	**245,366,194**	**(36,155,530)**	**(36,668,023)**
Deferred tax asset/ (liabilities), net			**18,538,875**	**13,790,478**

Carry forward tax losses:

Deferred income tax assets are recognized for tax losses carried forward to extent that the realization of the related tax benefit through the future taxable profits is probable. If tax advantage is probable, deferred tax asset is calculated from unused past year financial losses and investment allowance exceptions.

As at 31 March 2021, the Group has recognized deferred income tax assets amounting to TL 144,447,550 (31 December 2020: TL 155,911,370) over the carry forward tax losses amounting to TL 33,222,937 (31 December 2020: TL 31,182,274) in the consolidated financial statements

Movements in deferred income taxes are as follows :

	31 March 2021	**31 December 2020**
2021	4,098,558	15,562,378
2023	92,307,775	92,307,775
2024	48,041,217	48,041,217
	144,447,550	**155,911,370**

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

11. TAX ASSETS AND LIABILITIES (continued)

Deferred tax (continued)

Movements in deferred income taxes are as follows:

	31 March 2021	31 March 2020
Deferred Tax Asset/(Liability) at the Beginning of the Period	13,790,478	12,215,458
Deferred Tax Income/(Expense)	3,383,380	3,984,386
Hedging Gains/Losses	1,365,018	2,652,410
Deferred Tax Asset/(Liability) at the end of the Period	**18,538,876**	**18,852,254**

12. REVENUE AND COST OF SALES

	31 March 2021	31 March 2020
Domestic sales	360,143,816	187,086,166
Foreign sales	39,281,725	27,808,471
Other sales	4,635,769	-
Sales returns (-)	(2,003,884)	(2,577,024)
Sales discounts (-)	(71,424,899)	(35,043,222)
Net sales	**330,632,527**	**177,274,391**
Cost of sales (-)	(226,536,033)	(118,914,787)
Gross profit	**104,096,494**	**58,359,604**

13. EXPENSES BY NATURE

Expenditures nine the nine-month interim accounting periods that ended on March 31 2020, and March 31 2020, by their nature, are as follows :

Selling, Marketing and Distribution Expenses	1 Ocak – 31 March 2021	1 Ocak - 31 March 2020
Depreciation and amortization expenses	12,339,462	11,434,945
Transportation expenses	10,787,618	7,190,384
Personnel expenses	10,571,731	6,688,335
Advertising expenses	12,329,351	5,868,899
Outsourced Benefits and Services	3,376,222	2,267,501
Rent expenses	1,293,758	2,208,319
Consultancy expenses	579,851	910,643
Energy, water and fuel expenses	1,137,174	673,423
Travel expenses	497,402	464,074
Maintenance and repair expenses	406,342	100,315
Representation expenses	66,076	74,479
Other	2,040,964	3,467,638
	55,425,951	**41,348,955**

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

13. EXPENSES BY NATURE (continued)

General and Administrative Expenses	**1 Ocak -31 March 2021**	**1 Ocak - 31 March 2020**
Personnel expenses	4,535,935	2,943,935
Depreciation and amortization expenses	945,113	1,284,554
Financial Advisory and Consultancy Expenses	2,199,147	1,157,652
Rent expenses	698,569	402,573
Travel expenses	250,470	195,783
Energy, water and fuel expenses	278,858	172,770
Food expenses	190,851	145,113
Representation expenses	85,667	105,350
Office expenses	232,015	77,790
Contribution expenses	74,618	41,696
Other	1,502,309	1,895,444
	10,993,552	**8,422,660**

Research and Development Expenses	**1 Ocak -31 March 2021**	**1 Ocak -31 March 2020**
Personnel expenses	1,633,326	1,584,741
Material expenses	27,517	126,510
Depreciation and amortization expenses	57,376	108,625
Rent expenses	112,769	72,158
Other	116,308	160,105
	1,947,296	**2,052,139**

The functional classification of personnel expenses is as follows:

Personnel expenses	**1 Ocak -31 March 2021**	**1 Ocak - 31 March 2020**
Cost of sales	24,082,707	15,803,525
Selling, Marketing and Distribution Expenses	10,571,731	6,688,335
General and Administrative Expenses	4,535,935	2,943,935
Research and Development Expenses	1,633,326	1,584,741
	40,823,699	**27,020,536**

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

14. OTHER OPERATING INCOME / (EXPENSES)

Other real operating income and expenditures for the six-month interim accounting periods that ended on March 31, 2020, and March 31, 2021, are as follows:

	1 Ocak -31 March 2021	1 Ocak -31 March 2020
Foreign exchange income	16,854,403	19,495,005
Provisions no longer required	-	43,181
Financing income	3,127,858	-
Other	205,540	912,676
Other operating income	**20,187,801**	**20,450,862**
Foreign exchange losses	(4,052,429)	(4,752,044)
Financing expenses	(5,170)	(2,247,102)
Other	(917,826)	(793,272)
Other operating expenses	**(4,975,425)**	**(7,792,418)**

15. FINANCE INCOME/ (EXPENSES)

Expenditures for the three-mont interim accounting periods that ended on March 31, 2020, and March 31, 2021, are as follows:

	1 Ocak -31 March 2021	1 Ocak -31 March 2020
Foreign exchange income	24,200,739	14,755,761
Interest income	1,167,787	1,377
Finance income	**25,368,526**	**14,757,138**
Foreign exchange losses	(46,048,634)	(35,897,557)
Interest expenses	(18,864,894)	(9,372,420)
Finance expense	**(64,913,528)**	**(45,269,977)**
Finance expense, net	**(39,545,002)**	**(30,512,839)**

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

16. FINANCIAL RISK MANAGEMENT

Credit risk

In connection with trade receivables arising from credit sales and deposits held in the banks, the Group is exposed to credit risk.

Credit risk is managed on Group and entity basis, except for credit risk relating to accounts receivable balances. Each entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The management assesses the credit quality of its customers, taking into account financial position, past experience and other factors. The Group monitors the performance of these financial assets on a regular basis to identify incurred collection losses.

	Receivables					
	Trade receivables		Other receivables			
31 March 2021	**Related parties**	**Third parties**	**Related parties**	**Third parties**	**Cash and cash equivalents and credit card receivables**	**Other**
Maximum credit risk exposure at reporting date (A+B+C+D+E)	**2,385,749**	**186,196,125**	**31,003,543**	**43,072,559**		-
- Portion of maximum risk covered by Guarantees	-	-	-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	2,385,749	142,091,860	31,003,543	43,072,559	10,369,116	-
B. Carrying value of financial assets that the terms renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	44,104,265	-	-	-	-
-Portion under guarantee with	-	-	-	-	-	-
D. Carrying value of impaired assets	-	-	-	-	-	-
-Past due (gross carrying amount)	-	30,816,697	-	498,139	-	-
-Impairment (-)	-	(30,816,697)	-	(498,139)	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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

16. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

	Receivables					
	Trade receivables		Other receivables			
31 December 2020	**Related parties**	**Third parties**	**Related parties**	**Third parties**	**Cash and cash equivalents and credit card receivables**	**Other**
Maximum credit risk exposure at reporting date (A+B+C+D+E)	**2,150,796**	**172,342,093**	--	**7,656,382**	**14,227,509**	--
- Portion of maximum risk covered by Guarantees	--	--	--	--	--	--
A. Carrying value of financial assets that are neither past due nor impaired	--	109,704,023	--	7,656,382	14,227,509	--
B. Carrying value of financial assets that the terms renegotiated, otherwise past due or impaired	--	--	--	--	--	--
C. Carrying value of financial assets that are past due but not impaired	2,150,796	62,637,890	--	--	--	--
- Portion under guarantee with	--	--	--	--	--	--
D. Carrying value of impaired assets	--	--	--	--	--	--
- Past due (gross carrying amount)	--	30,816,697	--	498,139	--	--
-Impairment (-)	--	(30,816,697)	--	(498,139)	--	--
E. Off-balance sheet items with credit risk	--	--	--	--	--	--

Credit risk (continued)

As at 31 March 2021 and 31 December 2020 aging analysis of past due but not impaired related and third party trade receivables are as follows.

	31 March 2021	**31 December 2020**
Less than 30 days	5,089,378	4,891,487
30 - 119 days	4,418,402	8,024,291
120 - 179 days	3,562,380	6,653,667
180 days and over	44,104,265	43,068,445
	57,174,425	**62,637,890**

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 cash and cash equivalent assets level does not fall below a predetermined portion of the short-term liabilities.

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

16. FINANCIAL RISK MANAGEMENT (continued)

Contractual cash flows of the financial liabilities of the Group as at 31 March 2021 and 31 December 2020 are as follows:

31 March 2021	Carrying amount	Contractual cash flows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Borrowings	493,657,000	527,966,517	131,741,689	197,665,590	198,559,238	
Trade payables	331,432,532	348,469,015	348,469,015	-	-	-
Other payables	3,055,867	3,055,867	499,584	-	2,556,283	-
Lease payables	96,122,844	129,782,648	6,377,036	20,016,829	98,146,035	5,242,748
Total	**921,212,376**	**1,009,274,047**	**487,087,324**	**217,682,419**	**299,261,556**	**5,242,748**

31 December 2021	Carrying amount	Contractual cash flows (I+II+III+IV)	Less than 3 months (I)	3-12 ay arası (II)	1-5 yıl arası (III)	5 yıldan uzun (IV)
Non-derivative financial liabilities						
Borrowings	492,956,338	532,250,163	155,090,390	155,738,500	221,421,274	--
Trade payables	303,538,339	317,576,998	317,576,998	--	--	--
Other payables	3,842,893	3,842,893	2,032,339	--	1,810,554	--
Lease payables	91,400,191	124,371,589	6,423,661	19,461,392	93,404,672	5,081,864
Total	**891,737,761**	**978,041,643**	**481,123,388**	**175,199,892**	**316,636,500**	**5,081,864**

Currency Risk

The Group is exposed to exchange rate risk arising from the exchange rate changes due to translation of foreign currency denominated assets or liabilities to TL. The foreign exchange rate risk is monitored by analyzing the foreign exchange position.

Foreign currency denominated assets and liabilities as at 31 March 2021 and 31 December 2020 is set out in the table below:

	31 March 2021	31 December 2020
USD	8.3260	7.3405
EUR	9.7741	9.0079

The Group is exposed to currency risk in USD and EUR.

Currency position

As at 31 March 2021 and 31 December 2020 assets and liabilities denominated in foreign currency held by the Group are as follows :

	31 March 2021	31 December 2020
Assets	78,296,704	68,185,810
Liabilities	(242,952,323)	(159,848,738)
Net foreign currency position	**(164,655,619)**	**(91,662,928)**

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

16. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Currency position

	31 March 2021			31 December 2020			
	TL equivalent	**USD**	**EUR**	**TL equivalent**	**USD**	**USD**	**Other**
1. Trade receivables	76,869,420	2,736,234	5,533,761	65,581,481	2,365,651	5,352,682	-
2a. Monetary financial assets, (cash and banks account included)	1,427,284	92,886	66,903	2,604,329	161,381	157,607	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-
4. Current assets (1+2+3)	**78,296,704**	**2,829,119**	**5,600,665**	**68,185,810**	**2,527,032**	**5,510,289**	-
5. Trade receivables	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-	-	-	-
9. Total assets (4+8)	**78,296,704**	**2,829,119**	**5,600,665**	**68,185,810**	**2,527,032**	**5,510,289**	-
10. Trade payables	(4,530,807)	(245,925)	(254,062)	(3,384,888)	(243,837)	(177,067)	-
11. Financial liabilities	(137,665,029)	(5,891,865)	(9,065,731)	(102,197,502)	(837,675)	(10,662,702)	-
12a. Other monetary liabilities	(3,316,086)	(318,119)	(68,285)	(3,312,879)	(283,911)	(136,416)	-
12b. Other non-monetary liabilities	-	-	-	-	-	-	-
13. Current liabilities (10+11+12)	**(145,511,923)**	**(6,455,909)**	**(9,388,079)**	**(108,895,269)**	**(1,365,423)**	**(10,976,185)**	-
14. Trade payables	-	-	-	-	-	-	-
15. Financial liabilities	(97,440,400)	(1,810,687)	(8,426,824)	(50,953,469)	(1,115,352)	(4,747,636)	-
16 a. Other monetary liabilities	-	-	-	-	-	-	-
16 b. Other non-monetary liabilities	-	-	-	-	-	-	-
17. Long-term liabilities (14+15+16)	**(97,440,400)**	**(1,810,687)**	**(8,426,824)**	**(50,953,469)**	**(1,115,352)**	**(4,747,636)**	-
18. Total liabilities (13+17)	**(242,952,323)**	**(8,266,596)**	**(17,814,903)**	**(159,848,738)**	**(2,480,775)**	**(15,723,821)**	-
19. Net assets of off balance sheet derivative items (liability) position (19a-19b)	-	-	-	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-	-	-	-
20. Net foreign monetary assets/(liabilities) position (9+18+19)	**(164,655,619)**	**(5,437,477)**	**(12,214,238)**	**(91,662,928)**	**46,256**	**(10,213,532)**	-
21. Net foreign currency asset / (liability) position of monetary items (=1+2a+3+5+6a+10+11+12a+14+15+16a)	**(164,655,619)**	**(5,437,477)**	**(12,214,238)**	**(91,662,928)**	**46,256**	**(10,213,532)**	-
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-	-
23. Export	**36,959,443**	**2,867,917**	**1,718,107**	**119,305,248**	**9,143,697**	**6,781,627**	-
24. Import	**769,214**	-	**83,045**	**5,762,520**	**420,525**	**297,034**	-

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

16. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Currency risk (continued)

The Group's mainly currency position consists of bank borrowings and trade payables. Foreign currency denominated borrowings are stated in Note 5.

The Group's profit before tax, when all other variables remain constant, (due to changes in monetary assets and liabilities) USD and EUR exchange rates and changes in sensitivity table is as follows:

31 March 2021	**Profit/Loss**	
	Appreciation of foreign currency	**Depreciation of foreign currency**
Assumption of devaluation/appreciation by 10% of USD against TL:		
1- Net USD asset / liability	(4,527,243)	4,527,243
2- USD risk averse portion (-)	-	-
3- USD net effect (1+2)	**(4,527,243)**	**4,527,243**
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net EUR asset / liability	(11,938,319)	11,938,319
5- EUR risk averse portion (-)	-	-
6- EUR net effect (4+5)	**(11,938,319)**	**11,938,319**
Total(3+6)	**(16,465,562)**	**16,465,562**

31 December 2020	**Profit/Loss**	
	Appreciation of foreign currency	**Depreciation of foreign currency**
Assumption of devaluation/appreciation by 10% of USD against TL:		
1- Net USD asset / liability	33,954	(33,954)
2- USD risk averse portion (-)	-	-
3- USD net effect (1+2)	**33,954**	**(33,954)**
Assumption of devaluation/appreciation by 10% of EUR against TL:		
4- Net EUR asset / liability	(9,200,247)	9,200,247
5- EUR risk averse portion (-)	-	-
6- EUR net effect (4+5)	**(9,200,247)**	**9,200,247**
Assumption of devaluation/appreciation by 10% of GBP against TL:		
7- Net GBP asset / liability	-	-
8- GBP risk averse portion (-)	-	-
9- GBP net effect (7+8)	-	-
Total (3+6+9)	**(9,166,293)**	**9,166,293**

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

16. ADDITIONAL DISCLOSURES THAT ARE RQUIRED UNDER TFRS

EBITDA, are not defined by TFRS. These items determined by the principles defined by the Group management comprises incomes/expenses which are assumed by the Group management that are not part of the normal course of business and are non-recurring items. These items which are not defined by TFRS are disclosed by the Group management separately for a better understanding and measurement of the sustainable performance of the Group.

	31 March 2021	**31 March 2020**
Net profit / (loss) for the period	15,109,015	(7,420,669)
Tax income / expense	(3,383,380)	(3,984,386)
Financial income	(25,368,526)	(14,757,138)
Financial expense	64,913,528	45,269,977
Depreciation and amortization expenses	14,956,441	14,275,854
Provision for unused vacation liabilities	1,132,520	-
EBITDA	**67,359,598**	**33,383,638**

17. EARNINGS / (LOSS) PER SHARE

	1 Ocak - 31 March 2021	**1 Ocak - 31 March 2020**
Weighted average number of shares in issue	35,000,000,000	26,906,976,700
Net income or (loss) attributable to the owners of the parent	15,109,015	(7,420,669)
Earnings / (Losses) per share	**0.00043**	**(0.0003)**

18. EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to the Provisional Article 13 added to Corporate Tax Law No. 5520 under Article 11 of the Law No. 7316 on the Amendment to the Law on Collection Procedure of Public Receivables and Certain Laws published in the Official Gazette dated April 22, 2021, and numbered 31462, the corporate tax rate will be 25 percent for 2021 revenues and 23 percent for 2022 revenues. This will be effective starting from January 1, 2021.

The Board of Directors decision on April 7, 2021, enabled us to establish a new company titled "Doğtaş Kelebek Mobilya Kıbrıs Ltd. Şti." with a paid-in capital of €50,000 in the Turkish Republic of Northern Cyprus to manage our overseas retail sales activities more effectively.

Similarly, the Board of Directors decision on April 7, 2021, authorized us to establish a new company titled "Doğtaş Kelebek Mobilya Senegal Ltd. Şti." with a paid-in capital of 1,000,000 West African CFA Francs to carry out furniture manufacturing, export and import activities in Senegal.