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

Convenience Translation into English
of the Condenced Consolidated Financial Statements
for the Interim Period 1 January – 30 June 2021 together
with Auditor's Review Report

(Originally issued in Turkish)

17 August 2021

REVIEW REPORT ON INTERIM CONDENSED FINANCIAL INFORMATION

The Board of Directors of Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş.,

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (the "Group") as of 30 June 2021, the condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Acconting Standarts *34 Interim Financial Reporting* ("TAS 34") issued by the Public Oversight Accounting and Auditing Standarts Authority ("POA") Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity".* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standarts on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 12 to the accompanying interim condensed consolidated financial information, the consolidated of financial position as of 30 June 2021 consists of trade receivables amounting to TL 42,344,596 which were occurred as a result of the Group's operations and their due dates considerably exceeded 180 days and over. Furthermore, the Group management has recognized foreign exchange gain amounting to TL 5,616,555 in other opating income for the period 1 January – 30 June 2021, due to the translation of foreign currency denominated trade receivables to TL, which their due dates considerably exceeded 180 days and over. We were unaxble to perform sufficient audit procedures on which to determine whether there is any impairment of such balances. As a result, we were unable to determine whether adjustments were necessary in respect of the recoverability of this amount.

As of 30 June 2021 the Group has non-moving inventory in the condensed consolidated statement of financial position amounting to TL 27,293,705 representing returns from its 2017 sales. We were unable to obtain sufficient audit evidence to assess whether there is any impairment in the value of the dead stocks concerned. Accordingly, it is not possible to determine whether any adjustment with respect to the recoverability of this amount is necessary.

Tax laws allow companies to deduct any financial losses incurred in a year from taxable profit that will be generated within five (5) accounting periods following the year in which the loss occurred. As seen in Note 11, the Group has recognized the deferred tax asset of 33,962,558 Turkish lira as its financial losses. Whether the Group will realize the deferred tax asset of 33,962,558 Turkish lira depends on its financial profit in the coming years. The breakdown of the financial losses used in calculating deferred tax asset by year can be found in Note 8.

Group management has assessed that Doğtaş Holland BV, Doğtaş Bulgaria Eood and Doğtaş Germany GmbH should be classified as subsidiaries that are not material to the consolidated financial statements and, as such, have been classified as available-for-sale financial assets in the consolidated financial statements. As available-for-sale financial assets amounting to TL 9,469,958, accounted for at cost as per TFRS 9 "Financial Instruments " in the financial statements as of 30 June 2020, these assets have displayed limited movement and due to their total net asset values being uncovered, we have formed an opinion that for the total carrying value of these financial assets, a provision against impairment in the opening consolidated statement of financial position as of 1 January 2018, is required to be set aside. Accordingly, had the Group recognized the provision for impairment in the consolidated financial statements, its prior years' losses would have been higher by TL 9,469,958

Significant Uncertainty in Business Continuity

We draw your attention to financial table footnote 2.2, which shows that the Group made 19,688,774 Turkish lira profit, its short-term debt exceeded its current assets by 112,163,899 Turkish lira, and half of the Group's capital remained uncovered due to accrued losses within the year that ended on June 30, 2021. This issue does not affect our opinion.

Qualified Conclusion

Based on our review, except for the possible effects of the first and second matters and effect of third matter in "basis for qualified conclusion", nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34.

Matters to consider

Although it does not affect our results regarding the limited audit of interim financial information, we would like to point out the following:

The Group's shareholders' equity for the accounting period that ended on June 30, 2021, was 122,369,226 Turkish lira. Please see Footnote 2.2 for the Group's statement on business continuity. This does not affect our opinion

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

İstanbul, 17 August 2021
Metin Etkin
Partner

INDEX **PAGE**

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş. and ITS SUBSIDIARIES
REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION AS OF 30 JUNE 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Partially Audited	Audited
Assets	***Note***	**30 June 2021**	**31 December 2020**
Current Assets		**796,691,893**	**567,713,029**
Cash and cash equivalents	*3*	50,127,749	14,228,238
Trade receivables	*5*	208,679,334	174,492,889
- Trade receivables from related parties	*6*	*2,798,121*	*2,150,796*
- Trade receivables from third parties	*5*	*205,881,213*	*172,342,093*
Other receivables	*7*	16,771,462	5,481,044
- Trade receivables from related parties	*7*	*14,403,311*	*5,481,044*
- Other receivables from third parties	*6*	*2,368,151*	--
Inventories	*8*	385,691,339	297,479,105
Prepayments		96,309,199	46,095,680
Current tax assets	*11*	620,583	615,386
Other current assets		38,492,227	29,320,687
		796,691,893	**567,713,029**
Assets held for sale		--	--
Non-current assets		**516,992,688**	**440,398,877**
Other receivables	*7*	2,730,355	2,175,338
- Other receivables from third parties	*7*	*2,730,355*	*2,175,338*
Financial investments		9,469,958	9,469,958
Property, plant and equipment	*9*	357,562,705	314,132,318
Right-of-Use Assets		104,779,839	78,785,947
Intangible assets		22,365,440	22,044,838
Deferred Tax Assets	*11*	20,084,391	13,790,478
Total Assets		**1,313,684,581**	**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 OF 30 JUNE 2021

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

Liabilities	*Note*	**Partially Audited** 30 June 2021	**Audited** 31 December 2020
Current Liabilities		**908,855,792**	**703,533,263**
Short-term borrowings	*4*	135,911,898	98,162,630
- Bank Loans		*113,580,241*	*83,675,984*
- Lease obligations		*22,331,657*	*14,486,646*
Short-term portion of long-term borrowings	*4*	253,684,276	219,045,890
Trade payables	*5*	390,860,887	303,538,339
- Trade payables to third parties		*388,704,930*	*303,538,339*
- Trade payables to related parties		*2,155,957*	--
Payables related to employee benefits		22,415,513	16,335,454
Other payables	*7*	2,014,773	2,032,339
- Other payables to third parties	*7*	*1,474,999*	*871,520*
- Other payables to related parties	*6*	*539,774*	*1,160,819*
Deferred revenue		84,056,472	45,528,507
Short-term provisions		19,911,973	18,890,104
- Short-term employee benefits	*10*	*9,209,819*	*6,956,979*
- Other short-term provisions	*10*	*10,702,154*	*11,933,125*
Non-current Liabilities		**282,459,563**	**274,620,174**
Long-term borrowings	*4*	274,368,281	267,148,009
- Bank Loans		*169,173,424*	*190,234,464*
- Lease obligations		*105,194,857*	*76,913,545*
Trade payables	*5*	246,907	--
- Trade payables to third parties	*5*	*246,907*	--
Other payables	*7*	2,227,440	1,810,554
- Other payables to third parties		*2,227,440*	*1,810,554*
Long-term provisions		5,616,935	5,661,611
- Long-term employee benefits	*10*	*4,359,068*	*4,405,404*
- Other long-term provisions	*10*	*1,257,867*	*1,256,207*
Equity		**122,369,226**	**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 (-)		(7,380,458)	(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		(49,059,380)	(45,209,100)
- Hedging Gains/Losses		*(49,059,380)*	*(45,209,100)*
Legal reserves		7,976,644	3,441,327
Accumulated losses		(217,633,128)	(238,850,799)
Profit/ (loss) for the period		19,688,774	25,752,988
Total Liabilities and Equity		**1,313,684,581**	**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.)

		Partially audited	**Not Partially audited**	**Partially audited**	**Not Partially audited**
Profit or loss	***Notes***	**1 January-30 June 2021**	**1 April-30 June 2021**	**1 January-30 June 2020**	**1 April-30 June 2020**
Revenue	*12*	723,837,531	393,205,004	344,243,944	166,969,553
Cost of sales (-)	*12*	(492,855,577)	(266,319,544)	(228,496,042)	(109,581,255)
Gross profit		**230,981,954**	**126,885,460**	**115,747,902**	**57,388,298**
General administrative expenses (-)	*13*	(26,060,698)	(15,067,146)	(13,166,907)	(4,744,247)
Selling, marketing and distribution expenses (-)	*13*	(129,921,640)	(74,495,689)	(73,568,069)	(32,219,114)
Research and development expenses (-)	*13*	(4,578,452)	(2,631,156)	(3,093,098)	(1,040,959)
Other income from operating income	*14*	27,580,370	7,392,569	36,182,415	15,731,553
Other expense from operating expenses (-)	*14*	(7,818,544)	(2,843,119)	(12,185,676)	(4,393,258)
Operating profit		**90,182,990**	**39,240,919**	**49,916,567**	**30,722,273**
Income from investing activities		466,204	137,638	178,256	128,090
Expenses from investing activities (-)		(553,064)	(553,064)	-	136,677
Operating profit before financial expense		**90,096,130**	**38,825,493**	**50,094,823**	**30,987,040**
Finance income	*15*	43,336,858	17,968,332	24,481,246	9,724,108
Finance expenses (-)	*15*	(119,075,557)	(54,162,029)	(97,876,624)	(52,606,647)
Profit/ (loss) before tax		**14,357,431**	**2,631,796**	**(23,300,555)**	**(11,895,499)**
Taxation on income		**5,331,343**	**1,947,963**	**4,842,718**	**858,331**
- Current Tax Income/(Expense)		-	-	-	553,475
- Deferred tax benefit /(expense)	*11*	5,331,343	1,947,963	4,842,718	304,856
Profit/ (Loss) for the period		**19,688,774**	**4,579,759**	**(18,457,837)**	**(11,037,168)**
Earnings/(Losses) per share	*18*	0.0006	0.0001	(0.0007)	(0.0004)
Diluted earnings / (losses)per share	*18*	0.0006	0.0001	(0.0007)	(0.0004)

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 OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

	Partially audited	Not Partially audited	Partially audited	Not Partially audited
	1 January - 30 June 2021	**1 April - 30 June 2021**	**1 January - 30 June 2020**	**1 April - 30 June 2020**
Profit / (Loss) for the period	**19,688,774**	**4,579,759**	**(18,457,837)**	**(11,037,168)**
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	**(3,850,280)**	**1,609,791**	**(16,076,729)**	**(6,672,731)**
Hedging Gains/Losses	(4,812,850)	2,012,239	(20,611,191)	(8,554,783)
Deferred tax benefit or expenses that will be reclassified to profit or loss	962,570	(402,448)	4,534,462	1,882,052
- *Current Tax Income/Expense*	-	-	-	-
- *Deferred Tax Income/Expense*	962,570	(402,448)	4,534,462	1,882,052
Other comprehensive income, after tax	**(3,850,280)**	**1,609,791**	**(16,076,729)**	**(6,672,731)**
Total comprehensive income / (expense)	**15,838,494**	**6,189,550**	**(34,534,566)**	**(17,709,899)**

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 SIX MONTH PERIOD ENDED 30 JUNE 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	-	-	-	-	-	-	954,150	(66,212,937)	65,258,787	-
Increase / decrease due to redemption of shares	-	-	(954,150)	-	-	-	-	-	-	(954,150)
Capital Increase	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(16,076,729)	-	-	(18,457,837)	(34,534,566)
Balance at 30 June 2020	**110,000,000**	**9,282,945**	**(1,465,141)**	**230,364**	**138,766,128**	**(26,446,811)**	**2,061,327**	**(237,470,799)**	**(18,457,837)**	**(23,499,824)**
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	-	-	-	-	-	-	4,535,317	21,217,671	(25,752,988)	-
Increase / decrease due to redemption of shares	-	-	(4,535,317)	-	-	-	-	-	-	(4,535,317)
Capital Increase	80,930,233	177,347	-	-	-	-	-	-	-	81,107,580
Total comprehensive income	-	-	-	-	(3,850,280)	-	-	19,688,774	15,838,494	
Balance at 30 June 2021	**190,930,233**	**9,460,292**	**(7,380,458)**	**(667,148)**	**169,053,397**	**(49,059,380)**	**7,976,644**	**(217,633,128)**	**19,688,774**	**122,369,226**

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 CASH FLOWS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

	Note	Partially audited 1 January - 30 June 2021	Partially audited 1 January - 30 June 2020
Profit/ (loss) for the period		**19,688,774**	**(18,457,837)**
Adjustments to reconcile net profit/ (loss) for the period		**93,292,895**	**83,852,391**
Adjustments related to amortisation and depreciation		34,227,736	30,142,352
Adjustments for impairment (cancellation)		(15,277)	70,537
Corrections on Provisions for Employee Benefits		2,206,504	791,969
Adjustments related to interest income		(1,368,461)	8,747,830
Adjustments related to provision for warranty		139,150	(1,873,954)
Corrections on Tax Income/Expense	*8*	(5,331,343)	(9,377,180)
Adjustments to interest income and expenses	*11*	34,382,173	37,919,717
Adjustments related to unrealized currency translation difference		33,778,403	38,220,567
Hedging Gains/Losses Corrections		(4,812,850)	(20,611,191)
Adjustments for Losses (Gains) from Disposal of Property, Plant and Equipment (PPE)		86,860	(178,256)
Changes in working capital:		**(52,867,247)**	**(16,291,909)**
Decrease/(increase) in trade receivables	5	(35,530,305)	(22,189,994)
Decrease/(increase) in other liabilities related with operations	7	(11,845,435)	2,338,449
Increase in inventories	8	(88,212,234)	(11,578,136)
Decrease/Increase in Prepaid Expenses		(50,213,519)	(2,735,052)
Decrease/(increase) in trade payables	5	96,482,594	23,055,113
Increase in employee benefits payables		6,080,059	4,395,415
Decrease/(increase) in other liabilities related with operations	7	1,020,366	(1,112,842)
Increase in deferred revenue		38,527,964	(5,744,276)
Corrections Regarding Other Increase/Decrease (Changes) in Working Capital		(9,176,737)	(2,720,586)
Cash flows used in operating activities		**60,114,422**	**49,102,645**
Payments for Other Provisions		-	-
Taxes paid		-	-
Interest paid		(8,784)	(59,429)
A. Cash Flows Used in Operating Activities		**60,105,638**	**49,043,216**
Cash outflows from purchases of tangible and intangible assets	*9*	(66,479,368)	(18,380,155)
Cash inflows from sales of tangible and intangible assets	9	746,939	1,260,952
B, Cash outflows from investing activities		**(65,732,429)**	**(17,119,203)**
Interest paid		(41,723,620)	(33,183,328)
Cash from capital increase		81,107,580	-
Cash Outflows from Repurchasing		(4,535,317)	(954,150)
Cash inflows from bank borrowings	*4*	325,515,525	244,978,750
Cash outflows due to the payments of bank borrowings	*4*	(312,961,912)	(187,055,205)
Cash Outflows for Lease Payables		(5,254,909)	(2,842,834)
Decrease in other payables from related parties		(621,045)	(41,114,800)
C. Cash outflows from financing activities		**41,526,302**	**(20,171,567)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**35,899,511**	**11,752,446**
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***	**50,127,749**	**16,614,900**

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 of 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 30 June 2021, 56.9 % of its shares are open for trading.

<u>Subsidiaries</u>

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 of 30 June 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 of 30 June 2021 and 31 December 2020 is as follows:

	30 June 2021		31 December 2020	
	%	TL	%	TL
Portion trading on Borsa Istanbul	56.90	199,064,399	56.90	153,034,884
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
Doğanlar Yatırım Holding A.Ş.	7.34	25,690,363	7.34	19,750,000
	100.00	**350,000,000**	**100.00**	**269,069,767**

The Group's paid-in capital of 269,069,767 Turkish lira was increased to 350 million Turkish lira and registered in the Turkish Trade Registry Gazette No.: 10343 on June 2, 2021.

As of 30 June 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 of 30 June 2021 and 31 December 2020 is as follows:

				Proportion of effective interest of the Company (%)	
Subsidiaries	**Registered Country**	**Nature of operation**	**Functional currency**	**30 June 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")	Almanya	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.

(31 December 2020: 1.675). As of 30 June 2021, the number of employees of the Company and its subsidiaries (collectively referred to as the "Group") is 2,009 (31 December 2020: 1,675)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The principal 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 attached interim summary consolidated financial statements have been prepared in accordance with the Capital Markets Board's ("CMB") Communiqué Serial II, No.: 14.1 on Principles Regarding Financial Reporting in Capital Markets" ("Communiqué"). And as per the Article 5 of the Communiqué, it follows Turkish Accounting Principles and its annexes and remarks ("TAS") implemented by the Public Oversight, Accounting and Auditing Standards Agency (KGK). Additionally, the consolidated interim summary financial statements and footnotes are presented in the format prescribed in the announcement dated June 7, 2013, by the CMB. Furthermore, they are presented in the TAS taxonomy, initially published on June 2, 2016, by the KGK under Resolution No.: 30 and updated on April 15, 2019, as "2019 TFRS" with changes in TFRS-15 Revenue from Contracts with Customers and TFRS-16 Leases.

The Group issued the condensed consolidated interim financial statements as of June 30, 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 of and for the year ended 31 December 2020.

These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 17 August 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 (continued)

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 of 30 June 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 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. 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

Grup'un ara dönem özet konsolide finansal tablolarında uygulanan muhasebe politikaları, 31 December 2020 tarihi itibarıyla hazırlanan yıllık konsolide finansal tablolarında uygulanan muhasebe politikalarıyla aynıdır.

g) 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 six-month interim condensed consolidated financial statements as of 30 June 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)

g) 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 is 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 of 30 June 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.

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.

- **Related parties**

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.1 Basis of presentation of condensed consolidated interim financial statements

g) Significant Accounting Estimates and Assumptions (continued)

- **Inventories**

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.

- **Property, plant and equipment**

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. 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.

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 is 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.1 Basis of presentation of condensed consolidated interim financial statements

g) Significant Accounting Estimates and Assumptions (continued)

- **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.

2.2 Going Concern

The Group achieved a profit worth 19,688,774 Turkish lira in consolidated financial statements as of June 30, 2021. The accumulated loss in the Group's financial statements amounted to 217,633,128 Turkish lira as of June 30, 2021. The Group equity is 122,369,226 Turkish lira, including the previous years' losses, as of June 30, 2021.

The Group received a positive response for its request as per the CMB Resolution No. 79/1619, dated December 31, 2020, to increase the issued capital of Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. from 269,069,767 Turkish lira to 350 million Turkish lira. The aim was to create a strong capital standing. The Group completed the issuing of the nominal value shares worth 80,930,233 Turkish lira, which were raised in cash, by February 2, 2021, as per the terms of prospectus. Accordingly, the Group's issued capital has been increased to 350 million Turkish lira. The Group Board of Directors allocated the entire 80,930,233 Turkish lira raised from the capital increase to pay off the bank loans.

In 2020, the Group mitigated its foreign exchange risks by 40 percent and reduced its open position. To avoid exchange rate risks in 2021, the Group has raised export targets to further reduce its open forex position with decreased foreign currency debt and increased export volume. In 2020, the Group benefited from low-cost financing resources and loan costs were lowered by 6–10 points. The Group's first six-month interim tables parallel its growth target. The cash generated from the sales revenue will be used to pay off loans. The Group has increased its sales channel alternatives. Mattress sales have grown with the launch of new mattress brands. All brands launched online sales. The internet exclusive Ruum Store has also improved its sales volume.

To increase sales revenue and generate a positive cash flow, consumer financial products were introduced in branches and stores, allowing customers to purchase furniture with a 36-month term loan option. With the establishment of EBITDA in 2020, the Group substantially improved their Net Debt/EBITDA balance. In 2021, as in 2020, with the increasing number of sales channels as mentioned above, the Group expects an impressive increase in turnover and aims to reduce its Net Debt/EBITDA balance and ensure profitability.

The Doğtaş, Kelebek, Kelebek Mutfak and Lova brands within the Group launched 40 new sales points to reach a total of 445 points, in line with the strategic targets in the domestic market within the first six months of 2021. An additional 168 sales points are scheduled to launch in 2021. Exploring e-commerce in 2020, the Group launched an online shopping platform. Maintaining e-commerce investments in 2021, the Group will seek to boost its e-commerce market share with Roomstore.com, which sets out with the motto "Stylish solutions for tiny spaces."

The Group has established subsidiaries in the Turkish Republic of Northern Cyprus, Senegal and the United States to more effectively manage and develop its overseas market activities. The Group will boost export figures in the future in line with its goal of opening new stores in the United States and Africa markets.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.2 Going Concern (continued)

The Group has also reviewed purchasing processes by taking into account the detailed budgeting plans to increase profitability and has entered into long-term contracts and fixed the prices of raw materials to reduce the cost of procurement. The Group is pursuing cost reduction and cost optimization to increase gross profitability and continues to renew production lines for improved factory efficiency. Gaps in product segmentation will be filled by 25 percent through new product introductions. Furthermore, the Group aims to increase its gross profitability rate by preferring high design value products. Renovation investments are scheduled in 2021 for R&D centers in Düzce and Biga.

2.3 New and Revised International Financial Reporting Standards (TFRS)

Amendments and interpretations effective as of June 30, 2021;

Benchmark Interest Rate Reform – Second Stage (changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16)

The amendments published by the IASB in August 2020 complement the 2019 version and address the effects of the reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate. These amendments were also published by the KGK on December 18, 2020;

The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). In 2019, the IASB:

1. Published the Phase 1 amendments, and subsequently, these amendments were published by the KGK.
2. The purpose of the Phase 2 amendments is to help companies:

• apply TFRS Standards when changes are made to contractual cash flows or hedging relationships because of the reform; and
• provide useful information to users of financial statements.

In Phase 2 of its project, the IASB amended requirements in IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts, and IFRS 16 Leases, and these amendments were published by the KGK:

• Changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities;

• Hedge accounting; and
• Disclosures.

The Phase 2 amendments apply only to changes required by the reform to financial instruments and hedging relationships. The Company will begin to apply these changes from reporting periods beginning on or after January 1, 2021, though early implementation is also permitted. The implementation of these changes is not expected to have a material effect on the Company's financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

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

Amendments and interpretations as of June 30, 2021, to standards not yet effective and to existing standards

TFRS 17, Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides all insurance contracts a more streamlined measurement and presentation approach. These requirements are designed to achieve consistent, principle-based accounting of insurance contracts.

TFRS 17 both facilitates the consistent accounting of all insurance contracts and resolves the comparability issue caused by TFRS 4 for both investors and insurance companies. According to the new standard, insurance liabilities will be accounted for using current values instead of historical costs. Updated regularly, this data will prove more useful to financial statement users. TFRS 17 is applicable to reporting periods that start on January 1, 2023, and later, and early implementation is permitted. The implementation of TFRS 17 is not expected to have a material effect on the Group's consolidated financial statements.

Amendments to TAS 1 – Classification of Liabilities as Current or Non-Current

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 clarification on classifying liabilities that can be deferred for at least 12 months as non-current, and other matters related to this classification. Amendments to TAS 1: They a.) clarify that an entity's right to defer settlement must exist at the end of the reporting period. b.) clarify that long-term classification is unaffected by management's intentions or expectations concerning whether the entity will exercise its right to defer settlement. c.) clarify how lending conditions affect classification. d.) clarify requirements for classifying the liabilities that an entity will or may settle by issuing its own equity instruments.

The Company is required to implement the amendments retrospectively from the reporting periods beginning on or after January 1, 2022. On the other hand, early implementation is permitted. Furthermore, 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 company appraises the implications of the application of TAS 1 on consolidated financial statements.

Amendments to TFRS 3 – References to the Conceptual Framework

These amendments update a reference to the Conceptual Framework for Financial Reporting in TFRS 3 without substantially altering the provisions of the standard. These amendments are applicable to the annual accounting periods beginning on or after January 1, 2022.

Early implementation is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to TAS 16 – Property, Plant and Equipment, Proceeds Before Intended Use

These amendments prohibit the enforcement of deductions from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, they require an entity to recognize the proceeds from selling such items, and the cost of producing those items, in profit or loss.
These amendments are applicable to the annual accounting periods beginning on or after January 1, 2022. Early implementation is permitted.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

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

Amendments to TAS 37 – Onerous Contracts, Cost of Fulfilling a Contract
The amendment to TAS 37 clarifies 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.

This amendment is applicable to the annual accounting periods beginning on or after January 1, 2022. Early implementation is permitted.

Annual Improvements to TFRSs 2018–2020

Amendment to TFRS 1, First-Time Adoption of Turkish Financial Reporting Standards
The amendment to TFRS 1 permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

Amendment to TFRS 9, Financial Instruments
The amendment clarifies which fees an entity must include when assessing whether to derecognize a financial liability. An entity includes only fees paid for or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendment to TAS 41, Agriculture
The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This ensured consistency with the requirements in TFRS 13.

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

2. CASH AND CASH EQUIVALENTS

	30 June 2021	31 December 2020
Cash on hand	34,689	729
Cash at banks – Demand deposit (*)	46,465,187	11,907,279
Other cash and cash equivalents Other cash and cash equivalents (*)	3,627,873	2,320,230
	50,127,749	**14,228,238**

(*) As of 30 June 2021, and 31 December 2020 other cash and cash equivalents comprised of credit card POS receivables.

3. BORROWINGS

	30 June 2021		
	Weighted average effective interest rate %	**Original currency**	**TL Equivalent**
Short-term borrowings:			
TL denominated bank borrowings	%9.50 - %20.50	113,580,241	113,580,241
Short-term lease payables		20,775,032	20,775,032
Payables from Financial Leasing Transactions		1,556,625	1,556,625
Short term borrowings			**135,911,898**
Short-term portion of long-term borrowin:			
EUR denominated bank borrowings	%1.50 - %7.13	8,715,725	90,286,191
USD denominated bank borrowings	%4.62	6,270,301	54,607,424
TL denominated bank borrowings	%7.91 - %24.79	108,790,661	108,790,661
Short-term portion of long-term borrowings			**253,684,276**
Total short-term borrowings			**389,596,174**
EUR denominated bank borrowings	%1,50 - %7,13	8,473,441	87,776,372
USD denominated bank borrowings	%4,62	1,818,939	15,840,955
TL denominated bank borrowings	%7,91 - %24,79	65,556,097	65,556,097
Long-term lease payables		103,697,298	103,697,298
Payables from Financial Leasing Transactions		1,497,559	1,497,559
Long-term bank borrowings			**274,368,281**
Total bank borrowings			**663,964,455**

(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:			
AVRO cinsinden krediler	%1.50 - %7.13	10,662,702	96,048,551
USD cinsinden krediler	%4.62	837,675	6,148,951
TL cinsinden krediler	%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	9,817,018	88,430,719
USD denominated bank borrowings	%4,62	1,115,352	8,187,240
TL denominated bank borrowings	%7,91 - %24,79	93,616,505	93,616,505
Long-term lease payables		76,913,545	76,913,545
Long-term bank borrowings			**267,148,009**
Total bank borrowings			**584,356,529**

As of 30 June 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 of 30 June 2021 and 31 December 2020 is as follows:

	30 June 2021	**31 December 2020**
1 January 2021 borrowings	492,956,338	410,742,685
Proceed form borrowings	325,515,525	532,732,537
Repayment of borrowings	(312,961,912)	(531,159,457)
Interest accruals	212,555	7,803,077
Effects of change in foreign exchange	33,778,403	72,837,496
30 June 2021 borrowings	**539,500,909**	**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	**30.06.2021**	**31.12.2020**
Within one year	20,775,032	14,486,646
Minus: future financial expenses	-	-
Present value of the lease liability	**20,775,032**	**14,486,646**
Two years or more	103,697,298	76,913,545
Minus: future financial expenses	-	-
Present value of the lease liability	**103,697,298**	**76,913,545**
Total Lease Liability	**124,472,330**	**91,400,191**

The Company's lease liabilities mean 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 of 30 June 2021 and 31 December 2020 is as follows:

	30 June 2021	**31 December 2020**
Up to 3 months	190,962,394	157,535,494
3-12 ay arası	198,633,780	159,673,026
1-5 yıl arası	274,368,281	267,148,009
	663,964,455	**584,356,529**

5. TRADE RECEIVABLES AND TRADE PAYABLES

	30 June 2021	**31 December 2020**
Trade receivables	**208,679,334**	**174,492,889**
-Trade receivables from related parties (Note 6)	*2,798,121*	*2,150,796*
--Trade receivables from non-related parties	*205,881,213*	*172,342,093*
Trade receivables	172,893,534	140,906,762
Notes receivable	36,326,662	33,415,177
Doubtful trade receivables	30,867,386	30,816,697
Provisions for doubtful trade receivables (-)	(30,867,386)	(30,816,697)
Deferred finance income (-)	(3,338,983)	(1,979,846)
Trade receivables	**208,679,334**	**174,492,889**

The effective interest rate applied to deferred finance income of the Group is 19 % (31 December 2020: %15).

As of 30 June 2021 and 31 December 2020, the movement of doubtful trade receivables provision is as follows :

The movement of doubtful receivables	**30 June 2021**	**31 December 2020**
Opening balance	**30,816,697**	**26,464,960**
Provisions during the period **(Note 14)**	52,767	4,396,162
Collections during the period **(Note 14)**	(111,299)	(44,425)
Exchange Rate Differences Occurring During the Period	109,221	-
	30,867,386	**30,816,697**

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

5. TRADE RECEIVABLES AND TRADE PAYABLES (continued)

As of 30 June 2021 and 31 December 2020, trade payables are as follows:

	30 June 2021	31 December 2020
Short Trade payables	**390,860,887**	**303,538,339**
- Trade payables from related parties	*2,155,957*	-
- Trade payables from non-related parties	*388,704,930*	*303,538,339*
Vendors	113,708,263	84,786,624
Notes payable	297,786,023	232,790,374
Deferred finance expense (-)	(22,789,356)	(14,038,659)
	390,860,887	**303,538,339**

	30 June 2021	31 December 2020
Long Trade payables	**246,907**	**-**
Trade payables from related parties	-	-
Trade payables from non-related parties	*246,907*	-
Debt Securities	300,000	-
Deferred finance expense (-)	(53,093)	-
	246,907	**-**

The Group's effective interest rate on deferred financial expenses is 19% (on December 31, 2020: 15%).

5. DUE FROM AND DUE TO RELATED PARTIES

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 of 30 June 2021 and 31 December 2019 are as follows:

	30 June 2021	31 December 2020
Due from related parties		
Doğtaş Germany GmbH	637,095	553,707
Doğtaş Bulgaria Eood	107,079	93,064
Doğtaş Holland B.V.	10,365	9,008
Biotrend Çevre ve Enerji Yatırımları	24,816	-
Real person shareholders	2,018,766	1,495,017
	2,798,121	**2,150,796**
Due to related parties		
Doğanlar Yatırım Holding A.Ş.	2,368,151	-
	2,368,151	**-**
Trade Payables to Related Parties		
Biotrend Çevre ve Enerji Yatırımları	11,906	-
Notes payable to related partiesx	2,253,400	-
Rediscount to related parties (-)	(109,349)	-
	2,155,957	**-**
Other receivables to related parties		
Doğanlar Yatırım Holding A.Ş.	494,793	1,146,297
Korad G.Menkul Yat.İnş.A.Ş.	44,981	14,522
	539,774	**1,160,819**

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

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

a) Rendered of goods and services to related parties and financial income from related parties for the six months ended 30 June 2021 and 30 June 2020 are as follows:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Services to Related Parties				
Doğanlar Yatırım Holding A.Ş.	-	-	8,956	-
Biotrend Çevre ve Enerji Yatırımları	-	-	25,424	25,424
Other	8,429	2,805	87,413	30,861
	8,429	**2,805**	**121,793**	**56,285**

b) Services and other transactions purchased from related parties during interim periods that ended on June 30, 2021, and June 30, 2020:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Sales and services purchased				
Doğanlar Yatırım Holding A.Ş. (*)	2,392,492	1,570,018	117,645	83,916
Korad Gayrimenkul Yatırım İnş. A.Ş.	25,812	18,587	25,215	8,410
Other	-	-	-	-
	2,418,304	**1,588,605**	**142,860**	**92,326**

(*) Includes leases and service purchases from Doğanlar Yatırım Holding A.Ş.

	1 January -30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Interest received from related parties				
Doğanlar Yatırım Holding A.Ş.	2,368,150	1,262,154	572,246	-
	2,368,150	**1,262,154**	**572,246**	**-**

c) Key management compensation for the six months ended 30 June 2021 and 2020 are as follows:

	30 June 2021	30 June 2020
Short term compensation and other rights	7,801,093	2,844,452
	7,801,093	**2,844,452**

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 30 June 2021 and 30 June 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 30 June 2021 and 2020.

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

7. OTHER RECEIVABLES AND OTHER PAYABLES

	30 June 2021	31 December 2020
Other short-term receivables	**16,771,462**	**5,481,044**
-Other receivables from related parties (Note 6)	*2,368,151*	-
-Other receivables from non-related parties	*14,403,311*	*5,481,044*
Deposits and guarantees given	1,893,307	1,382,252
Other Doubtful Receivables	541,394	498,139
Provision for Other Doubtful Receivables (-)	(541,394)	(498,139)
Receivables from tax authority	12,195,241	3,946,822
Receivables from personnel	296,934	134,141
Other Receivables	17,829	17,829
	16,771,462	**5,481,044**

(*) Payables from the tax office consist entirely of refundable VAT.

Statement of doubtful accounts	30 June 2021	31 December 2020
Opening balance	**498,139**	**732,444**
Allocated during the period **(Note 14)**	43,255	-
Canceled during the term **(Note 14)**	-	(234,305)
	541,394	**498,139**

	30 June 2021	31 December 2020
Other long-term receivables		
Deposits and guarantees given	2,645,671	1,991,200
Other receivables	84,684	184,138
	2,730,355	**2,175,338**

	30 June 2021	31 December 2020
Other short-term payables		
Other payables	2,014,773	2,032,339
- Other payables to related parties (Note 6)	*539,774*	*1,160,819*
- Other payables to non-related parties	*1,474,999*	*871,520*
Taxes, fees and other deductions to be paid	1,223,003	698,056
Other Payables	251,996	173,464
	2,014,773	**2,032,339**

	30 June 2021	31 December 2020
Other long-term payables		
-Other payables to non-related parties	*2,227,440*	*1,810,554*
Deposits and guarantees received	2,227,440	1,810,554
	2,227,440	**1,810,554**

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

8. INVENTORIES

	30 June 2021	**31 December 2020**
Raw materials and supplies	206,388,812	170,973,334
Semi-finished goods	41,758,402	36,625,609
Finished goods	71,054,331	41,455,385
Trading goods	66,883,722	48,818,705
Provision for the Impairment of Inventories (-)(*)	(393,928)	(393,928)
	385,691,339	**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 improvements	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	2,250,000	8,254,279	7,544,143	16,250	12,333,251	35,187,638	50,000	65,635,561
Disposals	--	--	(1,514,493)	(445,964)	(139,493)	(1,570,832)	--	(3,670,782)
Closing balance, 30 June 2021	**78,560,952**	**147,515,214**	**133,435,618**	**1,803,217**	**91,478,538**	**127,290,394**	**740,879**	**580,824,812**
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	--	(3,350,234)	(4,002,506)	(90,442)	(5,258,118)	(8,670,075)	--	(21,371,375)
Disposals	--	--	1,514,493	18,133	104,447	1,199,910	--	2,836,983
Closing balance, 30 June 2021		**(36,964,121)**	**(72,132,871)**	**(1,272,415)**	**(60,648,880)**	**(52,243,821)**	**--**	**(223,262,107)**
Net book value, 30 June 2021	**78,560,952**	**110,551,093**	**61,302,747**	**530,802**	**30,829,658**	**75,046,574**	**740,879**	**357,562,705**

Regarding to borrowings for financing activities, there is a mortgage on property, plant and equipment of the Group amounting to EUR 70,000,000 and TL 60.000.000 .

As of June 30, 2021, the Group's insurance amount on its tangible assets 208,069,325 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	144,211	430,033,341
Additions	62,789	55,905	1,070,898	80,508	3,982,009	12,274,317	69,120	17,595,546
Disposals	--	(13,915)	(37,691)	(270,000)	(681,425)	(705,635)	--	(1,708,666)
Closing balance, 30 June 2021	**66,338,089**	**107,853,635**	**124,339,606**	**1,298,338**	**72,004,401**	**73,872,821**	**213,331**	**445,920,221**
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	--	(4,907,520)	(4,413,896)	(14,555)	(4,158,359)	(4,807,058)	--	(18,301,388)
Disposals	--	13,915	37,691	17,310	495,723	61,331	--	625,970
Closing balance, 30 June 2020	--	**(31,098,050)**	**(65,535,872)**	**(1,145,831)**	**(51,206,363)**	**(40,208,403)**	--	**(189,194,519)**
Net book value, 30 June 2020	**66,338,089**	**76,755,585**	**58,803,734**	**152,507**	**20,798,038**	**33,664,418**	**213,331**	**256,725,702**

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

9. PROVISIONS, CONTINGENT AND CONTRACTED ASSETS AND LIABILITIES

Short-term provisions

As of 30 June 2021 and 31 December 2020 the details of short term provisions are as follows:

	30 June 2021	31 December 2020
Provision for warranty expenses	5,006,647	4,869,157
Provision for litigations	5,695,507	7,063,968
Provisions for leave allowance	9,209,819	6,956,979
	19,911,973	**18,890,104**

Long-term provisions

	30 June 2021	31 December 2020
Provision for warranty expenses	1,257,867	1,256,207
Provisions for severance pay	4,359,068	4,405,404
	5,616,935	**5,661,611**

Contingent assets and liabilities:

As of 30 June 2021, and 31 December 2020, the details of the guarantees received and given are as follows:

Guarantees given

	30 June 2021	31 December 2020
Mortgagee given (*)	811,192,500	714,053,000
Letters of guarantee given to official institutions (**)	205,821,205	136,869,297
Letter of guarantees given to buyers	1,237,620	757,048
Letter of guarantees given to sellers	1,356,354	496,657
	1,019,607,679	**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

	30 June 2021	31 December 2020
Letters of guarantee from dealers	115,287,212	92,425,491
Mortgages from domestic dealers	12,220,000	12,220,000
Mortgages from foreign dealers	10,520,611	9,103,027
	138,027,823	**113,748,518**

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

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

As of 30 June 2021 and 31 December 2020, the tables of the Group's guarantees, pledges and mortgages (GPMs) are as follows :

GPMs issued by the Company	**30 June 2021**	**31 December 2020**
A. Total amount of GPM's given on behalf of own legal entity	1,019,607,679	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	-	-
Toplam	**1,019,607,679**	**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 of 30 June 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 of 31 December 2020).

As of 30 June 2021, the Group has net off cheques amounting to TL 65,631,432 by deducting from its debts.(31 December 2020:52,755,909 TL).

30 June 2021 total insurance on property, plant and equipment and inventories is TL 208,069,325 and TL 250,494,957 (31 December 2020: TL 184,207,200 and TL 268,237,242 respectively)

(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.

	30 June 2021	31 December 2020
Corporate tax calculated	-	-
Prepaid taxes (-)	620,583	615,386
Current income tax assets	**620,583**	**615,386**

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

	01 January- 30 June 2021	01 April - 30 June 2021	01 January- 30 June 2020	01 April - 30 June 2020
Deferred tax benefit/ (expense)	5,331,343	1,947,963	4,842,718	304,856
Tax benefit/ (expense)	**5,331,343**	**1,947,963**	**4,842,718**	**304,856**

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.

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, a proposal was made to apply a corporate tax rate of 25 percent for revenues in the 2021 taxation period, and 23 percent for revenues in the 2022 taxation period. The amendment applies to the taxation of corporate profit as of January 1, 2021, and in statements to be disclosed as of July 1, 2021. The effects of provisional differences were taken into account in deferred tax calculations and all items causing provisional differences in deferred taxes were assessed individually. In light of the expiry date projections of provisional differences, the deferred tax rates were calculated as 25, 23 and 20 percent and corrected accordingly.

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 no definitive and strict reconciliation procedure for tax assessment in Turkey. These declarations and the accounting records based on this can be examined by the Tax Office within 5 years.

11. 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 of 30 June 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**	
	30 June 2021	**31 December 2020**	**30 June 2021**	**31 December 2020**
Deferred Tax Assets:				
Carryforward tax losses	135,850,232	155,911,370	33,962,558	31,182,274
Investment incentives	14,965,000	14,965,000	2,993,000	2,993,000
Provision for doubtful receivables	14,141,692	14,043,754	2,828,338	2,808,751
Provision for unused vacation	9,209,819	6,956,979	1,841,964	1,391,396
Provision for warranty	6,264,514	6,125,364	1,252,903	1,225,073
Provision for employment	4,359,068	4,405,404	871,814	881,081
Provision for litigations	5,695,507	7,063,968	1,139,101	1,412,794
TFRS 16 Correction	19,692,491	12,614,244	3,938,498	2,522,849
Hedging Gains/Losses	61,656,599	56,843,749	12,597,219	11,634,649
	271,834,922	**278,929,832**	**61,425,395**	**56,051,867**
Deferred tax liabilities :				
Tangible and intangible assets	204,229,946	213,673,100	(34,795,921)	(35,375,102)
Cut-off effect	11,349,427	7,229,079	(2,269,885)	(1,445,816)
Other	18,505,267	19,396,806	(4,275,198)	(5,440,471)
	234,084,640	**240,298,985**	**(41,341,004)**	**(42,261,389)**
Deferred tax asset/ (liabilities), net	**505,919,562**	**519,228,817**	**20,084,391**	**13,790,478**

<u>Carry forward tax losses:</u>

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 of 30 June 2021, the Group has recognized deferred income tax assets amounting to TL 135,850,232 (31 December 2020: TL 155,911,370) over the carry forward tax losses amounting to TL 33,962,558 (31 December 2020: TL 31,182,274) in the consolidated financial statements

Movements in deferred income taxes are as follows:

	30 June 2021	**31 December 2020**
2021	--	15,562,378
2023	87,809,015	92,307,775
2024	48,041,217	48,041,217
	135,850,232	**155,911,370**

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

11. TAX ASSETS AND LIABILITIES (continued)

Movements in deferred income taxes are as follows:

	30.06.2021	30.06.2020
Deferred Tax Asset/(Liability) at the Beginning of the Period	13,790,478	12,215,458
Deferred Tax Income/(Expense)	5,331,343	4,842,718
Hedging Gains/Losses	962,570	4,534,462
Deferred Tax Asset/(Liability) at the end of the Period	**20,084,391**	**21,592,638**

12. REVENUE AND COST OF SALES

	1 January – 30 June 2021	1 April – 30 June 2021	1 January – 30 June 2021	1 April – 30 June 2021
Domestic sales	790,574,784	430,430,968	382,749,979	195,663,813
Foreign sales	92,278,447	52,996,722	44,846,091	17,037,620
Other sales	5,199,737	563,968	-	-
Sales returns (-)	(5,518,413)	(3,514,529)	(5,079,408)	(2,502,384)
Sales discounts (-)	(158,697,024)	(87,272,125)	(78,272,718)	(43,229,496)
Net sales	**723,837,531**	**393,205,004**	**344,243,944**	**166,969,553**
Cost of sales (-)	(492,855,577)	(266,319,544)	(228,496,042)	(109,581,255)
Gross profit	**230,981,954**	**126,885,460**	**115,747,902**	**57,388,298**

13. EXPENSES BY NATURE

Expenditures six the six-month interim accounting periods that ended on June 30, 2021, and June 30, 2020, by their nature, are as follows:

Selling, Marketing and Distribution Expenses	1 January – 30 June 2021	1 April – 30 June 2021	1 January – 30 June 2021	1 April – 30 June 2021
Depreciation and amortization expenses	(25,021,788)	(12,682,326)	(22,340,377)	(10,905,432)
Advertising expenses	(24,472,449)	(12,143,098)	(11,467,106)	(5,598,207)
Transportation expenses	(30,594,303)	(19,806,685)	(13,909,412)	(6,719,028)
Personnel expenses	(25,242,806)	(14,671,075)	(11,317,049)	(4,628,714)
Other	(9,353,906)	(7,519,217)	(4,887,618)	(715,791)
Energy, water and fuel expenses	(2,040,882)	(903,708)	(1,101,481)	(428,058)
Consultancy expenses	(1,258,522)	(678,671)	(1,192,407)	(281,764)
Travel expenses	(1,179,857)	(682,455)	(539,640)	(75,566)
Maintenance and repair expenses	(770,886)	(364,544)	(256,931)	(156,616)
Outsourced Benefits and Services	(6,987,138)	(3,610,916)	(3,776,858)	(1,509,357)
Rent expenses (*)	(2,277,346)	(983,588)	(1,671,221)	(537,098)
Dealer Expenses	(570,702)	(364,427)	(1,016,799)	(646,792)
Representation expenses	(151,055)	(84,979)	(91,170)	(16,691)
	(129,921,640)	**(74,495,689)**	**(73,568,069)**	**(32,219,114)**

(*) Lease expenses consist of short-term, sub-monthly vehicle and machinery leases.

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

13. EXPENSES BY NATURE (continued)

General and Administrative Expenses	1 January – 30 June 2021	1 April – 30 June 2021	1 January– 30 June 2020	1 April – 30 June 2020
Personnel expenses	(9,731,693)	(5,195,758)	(4,507,194)	(216,473)
Financial Advisory and Consultancy	(3,981,679)	(1,782,532)	(2,315,392)	(1,022,458)
Depreciation and amortization expenses	(3,875,844)	(2,930,731)	(3,364,718)	(2,080,164)
Litigation and Enforcement Expenses	(2,484,144)	(1,770,160)	(481,341)	(355,378)
Taxes, duties and fees	(922,545)	(839,974)	(118,941)	(86,421)
Other	(1,228,415)	(522,661)	(569,242)	(314,349)
Rent expenses	(1,630,229)	(931,660)	(732,787)	(330,214)
Energy, water and fuel expenses	(535,466)	(256,608)	(283,442)	(110,672)
Travel expenses	(519,066)	(268,596)	(259,581)	(63,798)
Food expenses	(411,812)	(220,961)	(223,214)	(78,101)
Office expenses	(435,913)	(203,898)	(102,234)	(24,444)
Contribution expenses	(122,813)	(48,195)	(53,054)	(11,358)
Representation expenses	(181,079)	(95,412)	(155,767)	(50,417)
	(26,060,698)	**(15,067,146)**	**(13,166,907)**	**(4,744,247)**

Research and Development Expenses	1 January - 30 June 2021	1 April -30 June 2021	1 January - 30 June 2020	1 April -30 June 2020
Personnel expenses	(3,819,187)	(2,185,861)	(2,398,869)	(814,128)
Other	(256,594)	(140,286)	(170,497)	(10,392)
Material expenses	(58,732)	(31,215)	(176,382)	(49,872)
Depreciation and amortization expenses	(189,296)	(131,920)	(190,084)	(81,459)
Rent expenses	(254,643)	(141,874)	(157,266)	(85,108)
	(4,578,452)	**(2,631,156)**	**(3,093,098)**	**(1,040,959)**

The functional classification of personnel expenses is as follows:

Personnel expenses	1 January -30 June 2021	1 April -30 June 2021	1 January - 30 June 2020	1 April -30 June 2020
Cost of sales	(52,808,978)	(28,726,271)	(32,022,701)	(16,219,176)
Selling, Marketing and Distribution Expenses	(25,242,806)	(14,671,075)	(11,317,049)	(4,628,714)
General and Administrative Expenses	(9,731,693)	(5,195,758)	(4,507,194)	(1,563,259)
Research and Development Expenses	(3,819,187)	(2,185,861)	(2,398,869)	(814,128)
	(91,602,664)	**(50,778,965)**	**(50,245,813)**	**(23,225,277)**

Details of Depreciation Are Listed Below:

Depreciation and amortization expenses	1 January -30 June 2021	1 April -30 June 2021	1 January - 30 June 2020	1 April -30 June 2020
Cost of sales	(5,140,808)	(3,526,318)	(4,247,173)	(2,805,723)
Selling, Marketing and Distribution Expenses	(25,021,788)	(12,682,326)	(22,340,377)	(10,905,432)
General and Administrative Expenses	(3,875,844)	(2,930,731)	(3,364,718)	(2,080,164)
Research and Development Expenses	(189,296)	(131,920)	(190,084)	(81,459)
	(34,227,736)	**(19,271,295)**	**(30,142,352)**	**(15,872,778)**

(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 June 30, 2021, and June 30, 2021, are as follows :

	1 January - 30 June 2021	1 April -30 June 2021	1 January - 30 June 2020	1 April -30 June 2020
Foreign exchange income	18,293,305	1,438,902	34,183,006	14,688,001
Other	206,967	1,427	1,088,436	175,760
Financing income (*)	7,554,002	4,426,144	-	-
Provisions no longer required	1,526,096	1,526,096	910,973	867,792
Other operating income	**27,580,370**	**7,392,569**	**36,182,415**	**15,731,553**
Foreign exchange losses	(4,468,308)	(415,879)	(6,806,541)	(2,054,497)
Financing expenses	-	-	(3,143,092)	(3,143,092)
Provision Expenses for Doubtful Receivables	(96,022)	(96,022)	(981,510)	(981,510)
Provision expenses for litigation costs	-	-	(403,135)	(403,135)
Late interest and price difference expenses	(8,784)	(3,614)	(59,429)	(59,429)
Other	(3,245,430)	(2,327,604)	(791,969)	(791,969)
Other operating expenses	**(7,818,544)**	**(2,843,119)**	**(12,185,676)**	**(4,393,258)**
Other operating income, net	**19,761,826**	**4,549,450**	**23,996,739**	**11,338,295**

(*) Group management provides the final rediscount income/expenses in Profit and Loss Statement

15. FINANCE INCOME/ (EXPENSES)

Expenditures for the six-mont interim accounting periods that ended on June 30, 2020, and June 30, 2021, are as follows :

	1 January -30 June 2021	1 April -30 June 2021	1 January - 30 June 2020	1 April -30 June 2020
Foreign exchange income	40,864,758	16,664,019	24,383,746	9,627,985
Interest income	2,472,100	1,304,313	97,500	96,123
Finance income	**43,336,858**	**17,968,332**	**24,481,246**	**9,724,108**
Foreign exchange losses	(74,667,282)	(28,618,648)	(63,002,499)	(53,630,079)
Interest expenses	(44,408,275)	(25,543,381)	(34,874,125)	1,023,432
Finance expense	**(119,075,557)**	**(54,162,029)**	**(97,876,624)**	**(52,606,647)**
Finance expense, net	**(75,738,699)**	**(36,193,697)**	**(73,395,378)**	**(42,882,539)**

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, considering financial position, experience and other factors. The Group monitors the performance of these financial assets on a regular basis to identify incurred collection losses.

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

16. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

	Receivables					
	Trade receivables		Other receivables			
30 June 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)	**2,798,121**	**205,881,213**	**2,368,151**	**17,133,666**	**50,093,060**	--
- Portion of maximum risk covered by Guarantees	--	--	--	--	--	--
A. Carrying value of financial assets that are neither past due nor impaired	--	156,262,315	2,368,151	17,133,666	50,093,060	--
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	2,798,121	49,618,898	--	--	--	--
-Portion under guarantee with	--	--	--	--	--	--
D. Carrying value of impaired assets	--	--	--	--	--	--
-Past due (gross carrying amount)	--	30,867,386	--	541,394	--	--
-Impairment (-)	--	(30,867,386)	--	(541,394)	--	--
E. Off-balance sheet items with credit risk	--	--	--	--	--	--

	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	--	--	--	--	--	--

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

16. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

As of 30 June 2021 and 31 December 2020 aging analysis of past due but not impaired related and third party trade receivables are as follows.

	30 June 2021	31 December 2020
Less than 30 days	1,688,569	4,891,487
30 - 119 days	1,274,323	8,024,291
120 - 179 days	4,311,410	6,653,667
180 days and over	42,344,596	43,068,445
	49,618,898	**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.

Contractual cash flows of the financial liabilities of the Group as of 30 June 2021 and 31 December 2020 are as follows:

30 June 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	536,437,941	571,031,655	186,703,894	190,116,016	194,211,745	--
Payables from Financial Leasing Transactions	3,054,184	3,291,540	403,593	1,210,780	1,677,167	--
Trade payables	391,107,794	413,703,336	413,703,336	--	--	--
Other payables	4,242,213	4,242,213	2,014,773	--	2,227,440	--
Lease payables	124,472,330	186,093,369	6,582,231	26,287,980	143,732,084	9,491,074
Total	**1,059,314,462**	**1,178,362,113**	**609,407,827**	**217,614,776**	**341,848,436**	**9,491,074**

31 December 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	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**

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

16. FINANCIAL RISK MANAGEMENT (continued)

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.

In accordance with the TAS 21, the Group's valuation of its foreign currency assets is: 1 USD = 8.6742 TRY as per the effective exchange rate on June 30, 2021 (1 USD = 7.3405 TRY on December 31, 2020), 1 EUR = 10.3177 TRY as per the effective exchange rate on June 30, 2021 (1 EUR = 9.0079 on December 31, 2020). The Group's valuation of its foreign currency liabilities is: 1 USD = 8.7089 TRY as per the effective exchange rate on June 30, 2021 (1 USD = 7.3405 TRY on December 31, 2020), and 1 EUR = 10.3590 TRY as per the effective exchange rate on June 30, 2021 (1 EUR = 9.0079 on December 31, 2020).

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

Currency position

As of 30 June 2021, and 31 December 2020 assets and liabilities denominated in foreign currency held by the Group are as follows:

	30 June 2021	**31 December 2020**
Assets	87,567,127	68,185,810
Liabilities	(263,153,879)	(159,848,738)
Net foreign currency position	**(175,586,751)**	**(91,662,928)**

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

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16. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Currency position

	30 June 2021				31 December 2020			
	TL equivalent	**USD**	**EUR**	**Other**	**TL equivalent**	**USD**	**EUR**	**Other**
1. Trade receivables	82,146,265	2,863,305	5,554,473	--	65,581,481	2,365,651	5,352,682	--
2a. Monetary financial assets, (cash and banks account included)	5,420,862	137,243	410,013	--	2,604,329	161,381	157,607	--
2b. Non-monetary financial assets	--	--	--	--	--	--	--	--
3. Other	--	--	--	--	--	--	--	--
4. Current assets (1+2+3)	**87,567,127**	**3,000,548**	**5,964,486**	**--**	**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)	**87,567,127**	**3,000,548**	**5,964,486**	**--**	**68,185,810**	**2,527,032**	**5,510,289**	**--**
10. Trade payables	(11,588,719)	(948,878)	(320,980)		(3,384,888)	(243,837)	(177,067)	--
11. Financial liabilities	(146,450,431)	(6,392,522)	(8,763,258)		(102,197,502)	(837,675)	(10,662,702)	--
12a. Other monetary liabilities	--	--	--	--	(3,312,879)	(283,911)	(136,416)	--
12b. Other non-monetary liabilities	--	--	--	--	--	--	--	--
13. Current liabilities (10+11+12)	**(158,039,150)**	**(7,341,400)**	**(9,084,239)**	--	**(108,895,269)**	**(1,365,423)**	**(10,976,185)**	--
14. Trade payables	--	--	--	--	--	--	--	--
15. Financial liabilities	(105,114,729)	(1,895,688)	(8,553,467)	--	(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)	**(105,114,729)**	**(1,895,688)**	**(8,553,467)**	--	**(50,953,469)**	**(1,115,352)**	**(4,747,636)**	--
18. Total liabilities (13+17)	**(263,153,879)**	**(9,237,088)**	**(17,637,706)**	--	**(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)	(175,586,751)	(6,236,540)	(11,673,221)	--	(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)	(175,586,751)	(6,236,540)	(11,673,221)	--	(91,662,928) --	46,256 --	(10,213,532) --	-- --
22. Fair value of derivative instruments used in foreign currency hedge	--	--	--	--	--	--	--	
23. Export	**90,109,264**	**7,332,602**	**3,232,123**	--	**119,305,248**	**9,143,697**	**6,781,627**	**--**
24. Import	**1,232,091**	**--**	**128,114**	--	**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:

30 June 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	(5,441,753)	5,441,753
2- USD risk averse portion (-)	--	--
3- USD net effect (1+2)	**(5,441,753)**	**5,441,753**
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net EUR asset / liability	(12,116,922)	12,116,922
5- EUR risk averse portion (-)	--	--
6- EUR net effect (4+5)	**(12,116,922)**	**12,116,922**
Total(3+6)	**(17,558,675)**	**17,558,675**

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.)

17. 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.

	30 June 2021	**30 June 2020**
Net profit / (loss) for the period	19,688,774	(18,457,837)
Tax income / expense	(5,331,343)	(4,842,718)
Financial income	(43,336,858)	(24,481,246)
Financial expense	119,075,557	97,876,624
Depreciation and amortization expenses	34,227,736	30,142,352
Provision for unused vacation liabilities	2,252,840	791,969
EBITDA	**126,576,706**	**81,029,144**

18. EARNINGS / (LOSS) PER SHARE

	1 January - 30 June 2021	**1 April - 30 June 2021**	**1 January - 30 June 2020**	**1 April - 30 June 2020**
Weighted average number of shares in issue	35,000,000,000	35,000,000,000	26,906,976,700	26,906,976,700
Net income or (loss) attributable to the owners of the parent	19,688,774	4,579,759	(18,457,837)	(11,037,168)
Earnings / (Losses) per share	**0.0006**	**0.0001**	**(0.0007)**	**(0.0004)**

19. EVENTS AFTER THE BALANCE SHEET DATE

As per the Board's decision dated April 27, 2021, a subsidiary titled "Doğtaş Kelebek Mobilya Senegal Ltd. Şti" has been established in Senegal on July 14, 2021, with 1 million CFA (XOF) paid-in capital to effectively manage the Company's overseas retail sales.

As per the Board's decision dated July 28, 2021, a new company titled "Doğtaş Furniture USD Inc." has been established in the United States of America with 100,000 USD paid-in capital to effectively manage the Company's overseas retail sales.

With the aim of expanding Turkey's furniture exports, eight prominent Turkish furniture firms have reached an agreement to establish a new company for foreign trade. The company titled FTR Dış Ticaret Mobilya Anonim Şirketi, headquartered in Istanbul, was established with 10 million Turkish lira capital.

On August 11, 2021, the Board of Directors has decided that our company to contribute 12.5 percent (1.25 million TRY) of FTR Dış Ticaret Mobilya Anonim Şirketi's capital, and appointed Davut Doğan as the company representative to the venture