

Dođtař Kelebek Mobilya
Sanayi ve Ticaret A.ř. and Its Subsidiaries
Condensed Consolidated Interim
Financial Statements As at and for the
Nine-Month Period Ended
30 September 2021

09 December 2021

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş. and ITS SUBSIDIARIES
REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
INFORMATION AS AT 30 SEPTEMBER 2021

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

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REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
INFORMATION AS AT 30 SEPTEMBER 2021

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

Assets	Notes	Not Audited 30 September 2021	Audited 31 December 2020
Current Assets		848,555,039	567,713,029
Cash and cash equivalents	3	5,172,801	14,228,238
Trade receivables	5	245,198,840	174,492,889
- Trade receivables from related parties	6	4,640,832	2,150,796
- Trade receivables from third parties	5	240,558,008	172,342,093
Other receivables	7	5,893,864	5,481,044
- Trade receivables from related parties	7	5,893,864	5,481,044
- Trade receivables from third parties	6	--	--
Inventories	8	421,809,105	297,479,105
Prepayments		115,020,388	46,095,680
Current tax assets	11	623,559	615,386
Other current assets		54,836,482	29,320,687
		848,555,039	567,713,029
Assets held for sale		--	--
Non-current assets		561,910,053	440,398,877
Other receivables			
- Other receivables from third parties	7	3,049,163	2,175,338
Financial investments	7	3,049,163	2,175,338
Property, plant and equipment		9,469,958	9,469,958
Right-of-Use Assets	9	390,337,262	314,132,318
Intangible assets		125,064,182	78,785,947
Deferred Tax Assets		22,684,190	22,044,838
Non-current assets	11	11,305,298	13,790,478
Total Assets		1,410,465,092	1,008,111,906

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

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş. and ITS SUBSIDIARIES
REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
INFORMATION AS AT 30 SEPTEMBER 2021

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

Liabilities	<i>Notes</i>	Not Audited	Audited
		30 September 2021	31 December 2020
Current Liabilities		995,278,302	703,533,263
Short-term borrowings	4	138,159,876	98,162,630
Short-term portion of long-term borrowings		89,062,145	83,675,984
Trade payables		49,097,731	14,486,646
- Trade payables to third parties	4	293,931,004	219,045,890
- Trade payables to related parties	5	436,331,425	303,538,339
Payables related to employee benefits		436,331,425	303,538,339
Other payables		--	--
- Other payables to third parties		22,687,155	16,335,454
- Other payables to related parties	7	2,420,830	2,032,339
Deferred revenue	7	1,423,025	871,520
Short-term provisions	6	997,805	1,160,819
- Short-term employee benefits		81,255,480	45,528,507
- Other short-term provisions		20,492,532	18,890,104
Other current liabilities	10	9,790,378	6,956,979
Short-term borrowings	10	10,702,154	11,933,125
Long-Term Liabilities		262,307,782	274,620,174
Long-term borrowings	4	254,463,407	267,148,009
- Bank loans		143,572,179	190,234,464
- Liabilities from Leasing Transactions		7,193,930	
- Liabilities from leasing transactions		103,697,298	76,913,545
Trade payables	5	--	--
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		152,879,008	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 premiIAS		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		50,198,556	25,752,988
Total Liabilities and Equity		1,410,465,092	1,008,111,906

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

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş. and ITS SUBSIDIARIES
REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
INFORMATION AS AT 30 SEPTEMBER 2021

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

		Not Audited	Not Audited	Not Audited	Not Audited
		1 January-30	1 July-30	1 January-30	1 July-30
	Notes	September 2021	September 2021	September 2020	September 2020
Profit or loss					
Revenue	12	1,191,978,277	468,140,746	617,242,789	272,998,845
Cost of sales (-)	12	(801,715,994)	(308,860,417)	(405,872,105)	(177,376,063)
Gross profit		390,262,283	159,280,329	211,370,684	95,622,782
General administrative expenses (-)	13	(43,977,224)	(17,916,526)	(20,960,272)	(7,793,365)
Selling, marketing and distribution expenses (-)	13	(215,374,332)	(85,452,692)	(121,349,786)	(47,781,717)
Research and development expenses (-)	13	(7,463,848)	(2,885,396)	(5,169,341)	(2,076,243)
Operating income	14	37,028,093	9,447,723	73,238,947	37,056,532
Other income from operating income	14	(10,661,123)	(2,842,579)	(15,445,176)	(3,259,500)
Operating profit		149,813,849	59,630,859	121,685,056	71,768,489
Income from investing activities		874,218	408,014	123,765	(54,491)
Expenses from investing activities (-)		(1,349,395)	(796,331)	-	-
Operating profit before financial expense		149,338,672	59,242,542	121,808,821	71,713,998
Finance income	15	64,905,173	21,568,315	50,289,204	25,807,958
Finance expenses (-)	15	(160,597,539)	(41,521,982)	(176,931,830)	(79,055,206)
Profit/ (loss) before tax		53,646,306	39,288,875	(4,833,805)	18,466,750
Taxation on income		(3,447,750)	(8,779,093)	6,401,202	1,558,484
- Current Tax Income/(Expense)		-	-	-	-
- Deferred tax benefit /(expense)	11	(3,447,750)	(8,779,093)	6,401,202	1,558,484
Profit/ (Loss) for the period		50,198,556	30,509,782	1,567,397	20,025,234
Earnings/(Losses) per share	18	0.0015	0.0009	0.0001	0.0007
Diluted earnings / (losses)per share)	18	0.0015	0.0009	0.0001	0.0007

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 PROFIT OR LOSS FOR THE NINE
MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

	Not Audited	Not Audited	Not Audited	Not Audited
	1 January- 30 September 2021	1 July - 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2020
Profit / (Loss) for the period	50,198,556	30,509,782	1,567,397	20,025,234
Other comprehensive income/(expense):				
Not to be reclassified in profit or loss				
Tangible assets revaluation increases	-	-	-	-
Intangible Asset Revaluation Increases/(Decreases)	-	-	-	-
Defined benefit plans re-measurement losses	-	-	-	-
Shares that will not be classified as Profits/(Losses) from Other Comprehensive Income of Investments Valued by Equity Method	-	-	-	-
Taxes on other comprehensive income that will not be reclassified in profit or loss	-	-	-	-
To be reclassified in profit or loss	(3,850,280)	-	(36,869,114)	(20,792,385)
Foreign Currency Translation Differences	-	-	-	-
Revaluation and/or Classification Gains/Losses of Ready-to-Sell Financial Assets	-	-	-	-
Cash Flow Hedging Gains/Losses	-	-	-	-
Investment Hedging Gains/Losses related to Business Abroad	-	-	-	-
Shares to be classified in profit/loss from other comprehensive income of investments valued by the Equity Method	-	-	-	-
Hedging Gains/Losses	(4,812,850)	-	(47,268,095)	(26,656,904)
Deferred tax benefit or expenses that will be reclassified to profit or loss	962,570	-	10,398,981	5,864,519
- Tax Income/(Expense) for the Period	-	-	-	-
- Deferred Tax Income/Expense	962,570	-	10,398,981	5,864,519
Other comprehensive income, after tax	(3,850,280)	-	(36,869,114)	(20,792,385)
Total comprehensive income / (expense)	46,348,276	30,509,782	(35,301,717)	(767,151)

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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 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		Total equity	
	Share capital	Share premiIAS	Treasury shares	Remeasurement differences	Revaluation reserves	Hedging Gains/Losses	Legal reserves	Accumulated Losses		Net profit / (loss) for the period
Balance on 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	-	-	-	-	-	-	2,334,150	(67,592,937)	65,258,787	-
Repatriated Shares	-	-	(2,334,150)	-	-	-	-	-	-	(2,334,150)
Depreciation Transfer	-	-	-	-	-	-	-	-	-	-
Capital Increase	-	-	-	-	-	-	-	-	-	-
Increase / decrease due to redemption of shares	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(36,869,114)	-	-	1,567,397	(35,301,717)
Balance at 30 September 2020	110,000,000	9,282,945	(2,845,141)	230,364	138,766,128	(47,239,196)	3,441,327	(238,850,799)	1,567,397	(25,646,975)
Balance on 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)	-
Repatriated Shares	-	-	(4,535,317)	-	-	-	-	-	-	(4,535,317)
Depreciation Transfer	-	-	-	-	-	-	-	-	-	-
Capital Increase	80,930,233	177,347	-	-	-	-	-	-	-	81,107,580
Increase / decrease due to redemption of shares	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(3,850,280)	-	-	50,198,556	46,348,276
Balance on 30 September 2021	190,930,233	9,460,292	(7,380,458)	(667,148)	169,053,397	(49,059,380)	7,976,644	(217,633,128)	50,198,556	152,879,008

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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	<i>Notes</i>	Not Audited 1 January - 30 September 2021	Not Audited 1 January - 30 September 2020
Profit/ (loss) for the period		50,198,556	1,567,397
Adjustments to reconcile net profit/ (loss) for the period		145,292,880	120,617,235
Adjustments related to amortisation and depreciation		54,665,172	44,503,443
Adjustments for impairment (cancellation)		(15,827)	20,156
Adjustments to provisions for employee benefits		2,787,063	1,733,594
Adjustments for other provisions		(1,368,461)	11,212,572
Adjustment to warranty provisions		139,150	(1,873,954)
Adjustments related to tax benefit/(expenses)	8	3,447,750	(16,800,183)
Adjustments related to tax expenses		70,207,637	53,593,475
Adjustments related to tax income/(expenses)	11	(14,817,768)	(167,905)
- Adjustments related to unrealized currency translation difference		34,585,837	75,787,897
Adjustments related to hedge accounting benefits/(expenses)		(4,812,850)	(47,268,095)
Adjustments to Losses (Gains) resulting from disposal of Tangible Assets		475,177	(123,765)
Changes in working capital		(105,665,609)	(3,769,279)
Decrease/(increase) in trade receivables	5	(72,708,774)	(23,360,626)
Decrease/(increase) in other trade receivables	7	(1,286,645)	1,682,361
Increase in inventories	8	(124,330,000)	(36,199,356)
Decrease/(increase) in prepaid expenses		(68,924,709)	(14,034,622)
Decrease/(increase) in trade payables and other payables	5	144,061,421	90,649,811
Increase in employee benefits payables		6,351,701	6,985,855
Decrease/(increase) in other liabilities related with operations	7	968,392	(445,479)
Increase in deferred revenue		35,726,973	(24,046,378)
Decrease/(increase) in other		(25,523,968)	(5,000,845)
Flows from business activities		89,825,827	118,415,353
Payments for other provisions		-	-
Taxes paid		-	-
Interest Paid		(8,784)	(89,988)
A. Cash flows used in operating activities		89,817,043	118,325,365
Cash outflows from purchases of tangible and intangible assets	9	(115,215,818)	(32,878,719)
Cash inflows from sales of tangible and intangible assets	9	2,605,666	1,741,101
B. Cash outflows from investing activities		(112,610,152)	(31,137,618)
Interest paid		(66,348,468)	38,826,731
Cash Inflows From Share Issuance or Capital Increase		81,107,580	-
Cash outflows resulting from the business taking its share		(4,535,317)	(2,334,150)
Cash inflows from loans	4	384,369,674	337,034,053
Cash outflows related to loan repayments	4	(370,625,563)	(400,288,166)
Cash outflows related to debt payments arising from lease agreements		(10,067,220)	(5,495,016)
Decrease in other debts received from related parties		(163,014)	(41,117,913)
C. Cash outflows from financing activities		13,737,672	(73,374,461)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(9,055,437)	13,813,286
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	5,172,801	18,675,740

The attached footnotes are complementary parts of these interim summary consolidated financial statements.

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş. and ITS SUBSIDIARIES
NOTES TO THE REVIEWED CONDENCED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1. ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

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

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

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

The main operating segment is production and sale of furnitures.

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

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

The Company is registered in Capital Market Board ("CMB") and its shares have been traded in Borsa İstanbul A.Ş. ("BİST") since 1990 (formerly known as "Istanbul Stock Exchange") under the name DGKLB. As of 30 September 2021, 56.9 % of its shares are open for trading.

Subsidiaries

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

Doğtaş Mobilya Pazarlama Ticaret A.Ş. ("Doğtaş Pazarlama") which is a subsidiary of the Company was established in 1996 and operates in selling and marketing of furniture and sofa groups and commercial products. Doğtaş Pazarlama has no branches in Turkey as at 30 September 2021 (31 December 2020: None).

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş. and ITS SUBSIDIARIES
NOTES TO THE REVIEWED CONDENCED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021
(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 September 2021 and 31 December 2020 is as follows:

	30 September 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 TL 269,069,767 was registered in the Turkish Commercial Registry Gazette dated June 2, 2021 and numbered 10343 and increased to TL 350,000,000.

As of September 30, 2021, the company's paid-in capital amount is TL 350,000,000. Group, (31.12.2020: 269,069,767) However, 159,069.767 TL of the capital is born stone Doganlar Furniture Manufacturing Energy Production Industry Inc. during the merger of Kelebek Furniture Industry and Trade Inc.

As of September 30, 2021, and December 31, 2020, information about the Company's subsidiaries and its subsidiaries is provided below:

Subsidiaries	Registered Country	Nature of operation	Functional currency	Proportion of effective interest of the Company (%)	
				30 September 2021	31 December 2020
Doğtaş Mobilya Pazarlama Ticaret A.Ş. (“Doğtaş Pazarlama”)	Turkey	Sales and marketing of furniture	Turkish Lira	100	100
Doğtaş Bulgaria Eood (“Doğtaş Bulgaria”)	Bulgaria	Sales and marketing of furniture	Bulgarian Leva	100	100
Doğtaş Holland B.V. (“Doğtaş Holland”)	Netherlands	Sales and marketing of furniture	Euro	100	100
Doğtaş Germany GmbH (“Doğtaş Germany”)	Germany	Sales and marketing of furniture	Euro	100	100
2K Oturma Grupları İnşaat ve Taahhüt San. ve Tic. A.Ş. (“2K”)	Turkey	Sales of sitting group	Turkish Lira	100	100
3K Mobilya Dekor. San. ve Tic. A.Ş. (“3K”)	Turkey	Furniture decoration	Turkish Lira	100	100
Doğtaş Kelebek Mobilya Senagal Ltd. Şti (Doğtaş Senegal)	Senegal	Furniture Manufacturing, Export, Import	XOF	100	-
Doğtaş Furniture USA Inc. (Doğtaş USA)	USA	Retail Furniture Trade	USD	100	-
Doğtaş Kelebek Mobilya Kıbrıs Ltd. Şti. (Doğtaş Kıbrıs)	Cyprus	Retail Furniture Trade	Turkish Lira	100	-

The Company's subsidiaries, Doğtaş Holland B.V., Doğtaş Bulgaria Eood and Doğtaş Germany GmbH have been determined as immaterial subsidiaries with respect to the consolidated financial statements by the Group management and classified under available-for-sale financial assets in the consolidated financial statements. As of 30 September 2021, the number of employees of the Company and its subsidiaries (collectively referred to as the "Group") is 2,172 (31 December 2020: 1,675)

DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET A.Ş. and ITS SUBSIDIARIES
NOTES TO THE REVIEWED CONDENCED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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 consolidated financial statements for the interim period attached are prepared in accordance with the provisions of the Capital Market Board's ("CMB") "Principles for Financial Reporting in the Capital Market Communiqué" ("Communiqué") no. 14.1 of Series II, published in the Official Gazette dated June 13, 2013 and numbered 28676. In accordance with the article, the Turkish Accounting Standards enacted by the Public Oversight Accounting and Auditing Standards Authority ("PAO") and their annexes and interpretations ("TAS") are based on them. In addition, the interim summary consolidated financial statements and footnotes are presented in accordance with the formats announced by the CMB with the announcement dated June 7, 2013. In addition, it was presented in accordance with the current TAS taxonomy issued by the PAO on June 2, 2016, with resolution no. 30 and subsequently announced to the public on April 15, 2019 with changes in IFRS-15 Customer Contracts and IFRS-16 Leases standards.

The Group prepared its summary consolidated financial statements for the interim accounting period ended September 30, 2021, in accordance with the Turkish Accounting Standard No:34 "Interim Financial Reporting".

In accordance with this Communiqué, the explanations and footnotes required to include the annual consolidated financial statements prepared in accordance with TAS /IFRS are summarized or not included in accordance with TAS 34. Interim financial results alone are not an indicator of year-end results. The attached summary consolidated financial statements should be evaluated together with the consolidated financial statements and attached footnotes that have been independently audited dated December 31, 2020.

The interim summary consolidated financial statements were approved by the Company's Board of Directors on November 9, 2021, for publication. The General Assembly and the relevant regulatory institutions have the right to change the financial statements regulated in accordance with the legal legislation and the summary consolidated financial statements for this interim period.

b) Preparation of financial statements in hyperinflationary period

In a decision taken on March 17, 2005, the CMB declared that inflation accounting is not necessary for publicly traded companies operating in Turkey, effective as of January 1, 2005. As of January 1, 2005, TAS 29 "Financial Reporting in High Inflation Economies" standard has not been implemented within the framework of this decision in the Group's consolidated financial statements.

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.

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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 September 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 most 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 the Group’s voting rights in an investee are sufficient to the control power, including:

- The comparison 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.

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

f) Summary of significant accounting policies

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

g) Significant Accounting Estimates and Assumptions

Preparation of financial statements in accordance with TAS requires certain assumptions and significant accounting estimates that will affect the explanatory notes on assets and liabilities, contingent assets and liabilities and income and expense items. Although these estimates are based on the best estimates of management's current events and actions, actual results may differ from those predicted. Assumptions and estimates that require complex and further comment may have significant impact on financial statements. The assumptions and significant accounting estimates used in the preparation of the financial statements in the nine-month interim condensed consolidated financial statements as at 30 September 2021 have not changed compared to those used in the previous year.

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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**

Provisions are recognized in the consolidated financial statements, when the Group has a present legal or constructive obligation because 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.

An 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 within the control of the Group have not been recognized 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 circIAStances, 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 September 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.

Türk vergi mevzuatına göre beyanname üzerinde gösterilen mali zararlar 5 yılı aşmamak kaydıyla dönem kurum kazancından indirilebilirler. Ancak, mali zararlar, geçmiş year karlarından mahsup edilemez. Kullanılabilir mali zararlardan oluşan ertelenmiş vergi varlıkları, gelecekte vergiye tabi kar elde etmek suretiyle bu farklardan yararlanmanın kuvvetle muhtemel olması şartıyla kaydedilmektedirler.

• **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.

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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)

• **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.

• **Tangible Assets**

Tangible assets approximate the estimated economic useful lives of such assets, are as follows:

	<u>Usefull Life</u>
Land improvements and buildings	15 - 50 year
Machinery, plant, and equipment	5 - 28 year
Furniture and fixtures	2 - 15 year
Vehicles	4 - 5 year
Leasehold improvements	4 - 5 year

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

The frequency of revaluation is determined to ensure that the moved values of the revalued tangible assets are not significantly different from their reasonable values as of the end of the relevant reporting period. The frequency with which revaluation works are conducted depends on the change in the reasonable value of tangible asset items. In cases where the reasonable value of a revalued asset is significantly different from its moved value, the revaluation work must be repeated, and this work is conducted for the entire asset class where the revalued asset is located as of the same date. On the other hand, it is not necessary to repeat the revaluation studies for tangible assets whose reasonable 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.

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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)

• **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 IFRS 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

On September 30, 2021, the Group made a profit of TL 50,198,556 in its consolidated financial statements. The total accumulated losses in the group's consolidated financial statements amounted to TL 217,633,128 as of September 30, 2021. As of September 30, 2021, the Group's equity was TL 152,879.00 with a loss.

Within the scope of the statement approved by the Capital Market Board on 31 December 2020 and 79/1619 sa year to establish the group's strong capitalstructure, the request of Dogtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. to increase the issued capital from TL 269,069,767 to TL 350,000,000 has been approved. The issuance of 80,930,233 TL of nominal valued shares increased in cash was completed on 02.02.2021 within the framework of the conditions specified in the statement and the newly issued capital of the Group was increased to TL 350,000,000. With the decision taken by the Group Board of Directors, all the TL 80,930,233 provided by the capital increase was used for bank loans.

In 2020, the Group reduced its foreign exchange risks by 40 percent and reduced its openposition. To avoid currency risks in 2021, the Group aimed to reduce its open foreign exchange position with high foreign exchange debt and increased exportvolume. The group's first 9-month tables are moving in line with its growth target. Cash generated from sales revenue will be used for credit settlements. The group has increased alternatives in sales channels. Bed sales have increased with bed brand launches. Online sales of all brands have been opened for service. Ruum Store brand, which sells only internet, has also increased its online sales volume.

To increase sales revenues and generate positive cash, fast consumer finance products were activated in dealers and stores, paving the way for the customer to buy furniture with a 36-month credit option. With the formation of EBITDA in 2020, the Grouphas achieved a significant improvement in the Net Debt/Ebitda balance. The Group aims tocontinue to reduce the Net Debt/Ebitda balance and ensure profitability in 2021 with the forecast of significant turnover increase with the increase of the sales channels as in 2020.

In the first 9 months of 2021, Dogtaş, Kelebek, Kelebek Mutfak and Lova Brands within the group startedto operate at 479 sales points with 34 new sales points in line with strategic targets in the domestic market.

The Group has agreed to establish subsidiaries in the Turkish Republic of Northern Cyprus, Senegal, and the United States to manage and develop its activities in foreign markets, and the establishment of the companies has been completed more effectively. In this way, the Group will contribute to exports going forward in line with its goal of retailing in the United States and the African market.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.2. Going concern (continued)

At the same time, the Group reviewed the purchasing processes by considering budget detail product plans to increase profitability, made raw material price fixes with long-term connections, and worked to reduce the cost of purchase. Actions to increase gross profitability, increase cost savings, cost optimization, and renew production lines are continuing to increase factory efficiency. By completing the gaps in the product ringing, 25% new product input will be provided to the portfolio. In addition, it is planned to increase gross profitability by turning to products with high design value. 2021-year R&D centers in Duzce and Biga locations are planned to be renewed.

2.3 New and Revised International Financial Reporting Standards (IFRS)

Changes and comments effective September 30, 2021.

Benchmark Interest Rate Reform – 2. Phase (Changes to IFRS 9, TAS 39, IFRS 7, IFRS 4 and IFRS 16)

Changes by, which completed what was published in August 2020, in 2019 and focused on the effects of the benchmark interest rate reform on the financial statements of enterprises, for example, an interest rate criterion used to calculate interest on a financial asset: replacing it with an alternative benchmark rate was also published by the POA on 18 December 2020.

Phase changes, Indicator Interest Rate Reform - 2. The phase addresses issues that may affect financial reporting during an interest rate comparison reform, including the impact of changes in contractual cash flows or hedging relationships resulting from changing an interest rate benchmark. with an alternative benchmark rate (replacement issues). IASC

1. During the phase, it published its first changes, and then the POA published these changes.

2. The purpose of phase changes is to help companies with the following:

- Implementation of IFRS Standards when changes are made to contractual cash flows or hedging relationships due to indicatable interest rate reform.

- To provide useful information to financial statement users.

Two of his projects. IASChas amended the provisions in IASC, IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Accounting and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Agreements and IFRS 16 Leases in relation to the following and these changes have been published by the POA.

- Changes in the basis on which financial assets, financial liabilities and lease liabilities determine contractual cash flows.
- Hedging accounting; and
- Explanations.

Phase changes apply only to changes required by benchmark interest rate reform in financial instruments and hedging relationships. These changes will be implemented from the reporting periods beginning on or after January 1, 2021 but are also permitted to apply early. Implementation of these changes is not expected to have a significant impact on the Company's financial statements.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

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

As of September 30, 2021, changes and interpretations of standards that have not yet taken effect and previous existing standards

IFRS 17 Insurance Contracts

IFRS 17 requires that insurance obligations be measured at an existing coverage value and provides a more regular measurement and presentation approach for all insurance contracts. These requirements are designed to achieve consistent, principle-based accounting of insurance contracts.

IFRS 17 solves the problem of consistent accounting of all insurance contracts and the comparability caused by IFRS 4 for both investors and insurance companies. According to the new standard, insurance liabilities will be accounted for using current values instead of historical cost. This information will be updated regularly and will provide more useful information to financial statement users. IFRS 17 has a reporting period that begins on or after January 1, 2023, but early implementation is permitted. Implementation of IFRS 17 is not expected to have a significant impact on the Group's consolidated financial statements.

TAS 1 (Changes) Short- or Long-Term Classification of Liabilities

Amendments to the "Short- or Long-Term Classification of Liabilities" published by the International Accounting Standards Committee (IASC) on 23 January 2020 to make its presentation in the financial statement for the short or long-term classification of liabilities according to IAS 1 more descriptive, and by the POA on 12 March 2020, "TAS Changes made in 1 - Short- or Long-Term Classification of Liabilities" is published. This change clarifies additional explanations for the long-term classification of liabilities that the business may defer until at least twelve months later and other considerations related to the classification of liabilities. The changes made to TAS 1 address the following issues: a. Explicitly stating that the right of the enterprise to defer liability in the classification of obligations should exist at the end of the reporting period. b. To include that the expectations and objectives of the business management regarding the use of the right of the enterprise to defer the obligation shall not affect the long-term classification of the liability. c. description of how it will affect classification. d. Disclosure of provisions regarding the classification of obligations that the enterprise may pay with its own equity instruments.

The Company is required to retroactively apply these changes from the reporting periods beginning on or after January 1, 2022. However, early implementation is allowed. Finally, the amendment issued by the IASC on 15 July 2020 has decided to postpone the effective date of the IAS 1 amendment until 1 January 2023, and the amendment was published by the POA on 15 January 2021. The Company is assessing the possible impact of the implementation of the TAS 1 amendment on its financial statements.

IFRS 3 (Changes) References to the Conceptual Framework

This amendment updates a reference to the Conceptual Framework for Financial Reporting in IFRS 3 without significantly changing the provisions of the standard. These changes apply to the year-to-year accounting periods that begin on or after January 1, 2022.

Early implementation is permitted by applying it in congenial to other reference updates made so far in the Conceptual Framework.

TAS 16 (Changes) Tangible Assets – Intended Pre-Use Earnings

These changes do not allow the proceeds from the sale of the items produced to be deducted from the cost of the related asset and require such sales revenues and related costs to be reflected in profit or loss, while the relevant material assets are made to work under the conditions intended by management.

These changes apply during the year-to-year accounting periods that begin on or after January 1, 2022. Early application is allowed.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

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

TAS 37 (Amendments) Economically Disadvantaged Contracts – Cost of Fulfilling the Contract

The amendment to TAS 37 stipulates that the costs of fulfilling the estimated contract to determine whether the contract is an economically disadvantageous contract consist of both the variable costs incurred to fulfill the contract and the amounts distributed from other costs directly related to the fulfillment of the contract.

This change applies during the year-to-year accounting periods that begin on or after January 1, 2022. Early application is allowed.

Annual Guidelines for IFRS 2018 – 2020

IFRS 1 Changes to The First Implementation of Turkish Financial Reporting Standards

The amendment to IFRS 1 reduces the implementation costs of first-timers by including cumulative cycle differences within the scope of the recognized exemption for measuring assets and liabilities to the affiliate that began implementing IFRS at a later date than the main partnership in paragraph D16(a) of the standard.

Change to IFRS 9 Financial Instruments

This change provides clarity on the fees considered in the assessment of the deconstruction of a financial liability. The borrower includes fees paid or charged between the borrower and the creditor, including fees paid or received by the borrower or creditor on behalf of others.

Amendment to TAS 41 Agricultural Activities

With this amendment, the provision in paragraph 22 of TAS 41, which requires that cash flows from taxation should not be included in the calculation in determining the fair value, has been issued. The amendment complies with the relevant provisions of the standard with the provisions of IFRS 13.

Changes to IFRS 1, IFRS 9, and TAS 41 apply during the accounting periods beginning January 1, 2022 or later. Early application is allowed.

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3. CASH AND CASH EQUIVALENTS

	30 September 2021	31 December 2020
Cash on hand	52,807	729
Cash at banks – Demand deposit	1,968,720	11,907,279
Other cash and cash equivalents (*)	3,151,274	2,320,230
	5,172,801	14,228,238

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

4. FINANCIAL BORROWINGS

	30 September 2021		
	Weighted average effective interest rate %	Original currency	TL Equivalent
Short-term borrowings:			
Loans in TL	%9.50 - %20.50	9,062,145	89,062,145
Short-term lease payables		43,288,401	43,288,401
Payables from financial leasing transactions		5,809,330	5,809,330
Short-term borrowings			138,159,876
Short-term portion of long-term borrowings:			
EUR denominated bank borrowings	%1.50 - %7.13	6,786,318	69,990,692
USD denominated bank borrowings	%4.62	1,070,553	6,467,048
TL denominated bank borrowings	%7.91 - %24.79	101,426,852	217,473,264
Short-term portion of long-term borrowings			293,931,004
Total short-term borrowings			432,090,880
EUR denominated bank borrowings	%1.50 - %7.13	7,637,028	78,764,482
USD denominated bank borrowings	%4.62	1,556,948	13,768,557
TL denominated bank borrowings	%7.91 - %24.79	51,039,140	51,039,140
Long-term lease payables		103,697,298	103,697,298
Payables from financial leasing transactions		7,193,930	7,193,930
Long-term borrowings			254,463,407
Total borrowings			686,554,287

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4. FINANCIAL BORROWINGS (continued)

	31 December 2020		
	Weighted average effective interest rate %	Original currency	TL Equivalent
Short-term borrowings:			
TL denominated bank borrowings (*)	%9.50 - %20.50	83,675,984	83,675,984
Short-term lease payables		14,486,646	14,486,646
Short term borrowings			98,162,630
Short-term portion of long-term borrowings:			
EUR denominated bank borrowings	% 1.50 - %7.13	10,662,702	96,048,551
USD denominated bank borrowings	%4.62	837,675	6,148,951
TL denominated bank borrowings	%7.91 - %24.79	116,848,388	116,848,388
Short-term portion of long-term borrowings			219,045,890
Total short-term borrowings			317,208,520
Long-term bank borrowings:			
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 borrowings			584,356,529

As of September 30, 2021, and December 31, 2020, all loans are secured and there is a mortgage on the Group's assets.

The agreement on the Group's liabilities arising from its financing activities for the nine-month interim accounting periods ended September 30, 2021, is as follows:

	30 September 2021	31 December 2020
1 January 2020 borrowings	492,956,338	410,742,685
Proceed form borrowings	384,369,674	532,732,537
Repayment of borrowings	(370,625,563)	(531,159,457)
Interest accruals	(1,717,698)	7,803,077
Effects of change in foreign exchange	34,585,837	72,837,496
Loans as of the End of the Period	539,568,588	492,956,338

The currency risk the Group is exposed to in relation to its financial borrowings is described in note 12.

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4. FINANCIAL BORROWINGS (continued)

The details of the lease payables are as follows:

Lease payables

Present value of the minimum lease payments	30.09.2021	31.12.2020
Within one year	43,288,401	14,486,646
Minus: future financial expenses	-	-
Present value of the lease liability	43,288,401	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	146,985,699	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 September 2021 and 31 December 2020 is as follows:

	30 September 2021	31 December 2020
Up to 3 months	200,305,863	157,535,494
3-12 months	231,785,017	159,673,026
1-5 years	254,463,407	267,148,009
	686,554,287	584,356,529

5. TRADE RECEIVABLES AND TRADE PAYABLES

	30 September 2021	31 December 2020
Trade receivables	245,198,840	174,492,889
-Trade receivables from related parties (Note 6)	4,640,832	2,150,796
-Trade receivables from non-related parties	240,558,008	172,342,093
Trade receivables	201,331,522	140,906,762
Notes receivable	43,224,982	33,415,177
Doubtful trade receivables	30,866,836	30,816,697
Provisions for doubtful trade receivables (-)	(30,866,836)	(30,816,697)
Deferred finance income (-)	(3,998,496)	(1,979,846)
Trade receivables	245,198,840	174,492,889

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

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

The movement of doubtful receivables	30 September 2021	31 December 2020
Opening balance	30,816,697	26,464,960
Provisions during the period (Note 14)	96,022	4,396,162
Collections during the period (Note 14)	(111,849)	(44,425)
The movement of doubtful receivables	65,966	-
	30,866,836	30,816,697

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5. TRADE RECEIVABLES AND TRADE PAYABLES (continued)

As at 30 September 2021 and 31 December 2020, trade payables are as follows:

	30 September 2021	31 December 2020
Trade payables	436,331,425	303,538,339
- Trade payables from related parties	-	-
- Trade payables from non-related parties	436,331,425	303,538,339
Vendors	120,268,177	84,786,624
Notes payable	341,370,242	232,790,374
Deferred finance expense (-)	(25,306,994)	(14,038,659)
	436,331,425	303,538,339

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

6. 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 at 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Trade receivables from related parties		
Doğtaş Germany GmbH	633,961	553,707
Doğtaş Bulgaria Eood	106,552	93,064
Doğtaş Holland B.V.	10,314	9,008
Biotrend Çevre ve Enerji Yatırımları	135,294	-
Doğanlar Yatırım Holding A.Ş.	547,382	
Real person shareholders	3,207,329	1,495,017
	4,640,832	2,150,796
Other payables to related parties	909,024	1,146,297
Doğanlar Yatırım Holding A.Ş.	88,366	14,522
Korad G.Menkul Yat.İnş.A.Ş.	415	
Real person shareholders	997,805	1,160,819

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

- b) Rendered of goods and services to related parties and financial income from related parties for the year ended 30 September 2021 and 30 September 2020 are as follows:

	1 January -30 September 2021	1 July-30 September 2021	1 January -30 September 2020	1 July-30 Septemb er 2020
Services rendered				
Doğanlar Yatırım Holding A.Ş.	1,978	1,978	8,956	-
Biotrend Çevre ve Enerji Yatırımları	-	-	25,424	-
Real person shareholders	9,210	781	147,381	59,968
	11,188	2,759	181,761	59,968

- c) Purchase and of goods and services to related parties for the year ended 30 September 2021 and 30 September 2020 are as follows:

	1 January -30 September 2021	1 July- 30 Septem ber 2021	1 January -30 September 2020	1 July-30 September 2020
Sales and services purchased				
Doğanlar Yatırım Holding A.Ş. (*)	4,357,645	1,965,153	563,716	446,071
Korad Gayrimenkul Yatırım İnş. A.Ş.	25,812	-	36,040	10,825
Doğtaş Mobilya Pazarlama Ticaret A.Ş.	2,663	2,663	-	-
Other	-	-	-	-
	4,386,120	1,967,816	599,756	456,896

(*) Purchases made from Doğanlar Yatırım Holding A.Ş. consist of rent and service reflections.

	1 January -30 September 2021	1 July- 30 Septemb er 2021	1 January -30 September 2020	1 July- 30 Septem ber 2020
Interests received from related parties				
Doğanlar Yatırım Holding A.Ş.	3,247,912	879,762	621,962	49,716
	3,247,912	879,762	621,962	49,716

- d) The benefits provided to key managers during the interim periods ending September 30, 2021, and September 30, 2020, are as follows:

	30 September 2021	30 September 2020
Short term compensation and other rights	11,708,117	4,955,044
	11,708,117	4,955,044

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 September 2021 and 30 September 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 September 2021 and 2020

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7. OTHER RECEIVABLES AND OTHER PAYABLES

	30 September 2021	31 December 2020
Other short-term receivables	5,893,864	5,481,044
-Other receivables from related parties (Note 6)	-	-
-Other receivables from non-related parties	5,893,864	5,481,044
Deposits and guarantees given	1,893,308	1,382,252
Other Doubtful Receivables	541,394	498,139
Provision for Other Doubtful Receivables (-)	(541,394)	(498,139)
Receivables from tax authority	3,715,269	3,946,822
Receivables from personnel	267,459	134,141
Other receivables	17,828	17,829
	5,893,864	5,481,044

(*) All tax authority receivables consist of refundable VAT.

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

	30 September 2021	31 December 2020
Other long-term receivables		
Deposits and guarantees given	3,049,163	1,991,200
Other receivables	-	184,138
	3,049,163	2,175,338

	30 September 2021	31 December 2020
Other short-term payables		
Other payables	2,420,830	2,032,339
- Other payables to related parties (Note 6)	997,805	1,160,819
- Other payables to non-related parties	1,423,025	871,520
Taxes, fees and other deductions to be paid	1,172,041	698,056
Other Payables	250,984	173,464
	2,420,830	2,032,339

	30 September 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

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8. INVENTORIES

	30 September 2021	31 December 2020
Raw materials and supplies	221,039,551	170,973,334
Semi-finished goods	46,316,877	36,625,609
Finished goods	76,577,070	41,455,385
Trading goods	78,269,535	48,818,705
Provision for the Impairment of Inventories (-)(*)	(393,928)	(393,928)
	421,809,105	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.

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9. TANGIBLE ASSETS

	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	3,947,477	10,137,666	19,873,390	7,457,625	17,617,923	54,154,801	564,063	113,752,945
Transfers	--	--	(1,730,429)	(830,368)	(375,669)	(3,859,707)	--	(6,796,173)
Closing balance, 30 September 2021	80,258,429	149,398,601	145,548,929	8,860,188	96,527,034	143,968,682	1,254,942	625,816,805
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	--	(5,112,102)	(6,419,579)	(156,737)	(8,082,183)	(14,696,557)	--	(34,467,158)
Disposals	--	--	1,529,342	402,537	168,160	1,615,291	--	3,715,330
Closing balance, 30 September 2021		(38,725,989)	(74,535,095)	(954,306)	(63,409,232)	(57,854,921)	--	(235,479,543)
Net book value, 30 September 2021	80,258,429	110,672,612	71,013,834	7,905,882	33,117,802	86,113,761	1,254,942	390,337,262

A mortgage of EUR 70,000,000 and TL 60,000,000 is available on the Group's tangible assets based on loans used for financing purposes.

As of September 30, 2021, the amount of insurance on the Group's tangible assets is TL 208,069,325 (31 December 2020:184,207,200 TL).

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9. TANGIBLE ASSETS (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
Transfers	--	(13,915)	(37,691)	(270,000)	(681,425)	(705,635)	--	(1,708,666)
Closing balance, 30 September 2020	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)
Additions	--	(4,907,520)	(4,413,896)	(14,555)	(4,158,359)	(4,807,058)	--	(18,301,388)
Transfers	--	13,915	37,691	17,310	495,723	61,331	--	625,970
Closing balance, 30 September 2020	--	(31,098,050)	(65,535,872)	(1,145,831)	(51,206,363)	(40,208,403)	--	(189,194,519)
Net book value, 30 September 2020	66,338,089	76,755,585	58,803,734	152,507	20,798,038	33,664,418	213,331	256,725,702

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10. PROVISIONS, CONTINGENT AND CONTRACTED ASSETS AND LIABILITIES

Short-term provisions

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

	30 September 2021	31 December 2020
Provision for warranty expenses	5,006,647	4,869,157
Provision for litigations	5,695,507	7,063,968
Provision for vacation	9,790,378	6,956,979
	20,492,532	18,890,104

Long-term provisions

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

Contingent assets and liabilities:

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

Guarantees given

	30 September 2021	31 December 2020
Mortgagee given (*)	807,877,500	714,053,000
Letters of guarantee given to official institutions (**)	182,534,499	136,869,297
Letter of guarantees given to buyers	2,924,020	757,048
Letter of guarantees given to sellers	1,531,355	496,657
	994,867,374	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 September 2021	31 December 2020
Letters of guarantee from dealers	134,474,000	92,425,491
Mortgages from domestic dealers	12,220,000	12,220,000
Mortgages from foreign dealers	10,501,411	9,103,027
	157,195,411	113,748,518

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

As of September 30, 2021, and December 31, 2020, the Group's tables on guarantees, pledge, and mortgage (GPM) position are as follows:

GPMs issued by the Company	30 September 2021	31 December 2020
A Total amount of GPM's given on behalf of own legal entity.	994,867,374	852,176,002
B. Total amount of GPMs given in favor of the subsidiaries included in the scope of consolidation	-	-
C. Total amount of GPM's given to third parties for the purpose of carrying out ordinary commercial activities	-	-
D. Total amount of other GPM	-	-
i. Total amount of GPM's given in favor of main shareholder	-	-
ii. Total amount of GPM given in favor of other group companies not in the scope of Article B and C	-	-
iii. Total amount of GPM's given in favor of third parties not covered by Article C.	-	-
Total	994,867,374	852,176,002

As of September 30, 2021, there is a pledge regarding the loan used by the Group on 10,453,488,300 shares of the Company with a nominal price of 1 cent. (31 December 2020: 1 cent nominal 10,453,488,300 shares are held hostage in relation to the loan used by the Group).

As of September 30, 2021, the Group has a net turnover of TL 32,816,966 by deducting its debts (31 December 2020: 52.755.909 TL).

As of September 30, 2021, the amount of insurance on the Group's tangible assets and stocks was TL 259,972,804 and TL 262,201,109, respectively.

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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 September 2021	31 December 2020
Corporate tax calculated	-	-
Prepaid taxes (-)	623,559	615,386
Current income tax assets	623,559	615,386

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

	01 January- 30 September 2021	01 July- 30 September 2021	01 January- 30 September 2020	01 July- 30 September 2020
Deferred tax benefit/ (expense)	(3,447,750)	(8,779,093)	6,401,202	1,558,484
Tax benefit/ (expense)	(3,447,750)	(8,779,093)	6,401,202	1,558,484

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.

With article 11 of the Law on the Collection Procedure of Public Receivables and the Law on The Collection Procedure of Public Receivables of 7316 Sa, which was published in the Official Gazette dated April 22, 2021 and published in the Official Gazette on 31462, and the Provisional 13th Article added to the Corporate Tax Law 5520 for the year, the Corporate Tax rate is 25% for corporate earnings for the tax period of 2021, It will be applied as 23% for corporate earnings for the taxation period of 2022. This change shall apply to the taxation of corporate earnings for periods starting from January 1, 2021, starting from declarations due from July 1, 2021. Considering the effects of temporary differences in deferred tax calculations, the items that constitute the deferred tax that cause each temporary difference were evaluated in-own way and the deferred tax rate was used as 25%, 23% and 20% based on correction item by estimating the expiration periods of temporary differences.

In Turkey, temporary tax is calculated and accrued in quarterly periods. Losses can be carried for a maximum of 5 years to deduct taxable profits from future years. However, losses cannot be deducted retroactively from profits in previous years.

There is no fix and definite reconciliation procedure for tax assessment in Turkey. These declarations and the accounting records based on this can be reviewed by the Tax Office within 5 years.

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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 detailedü 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.

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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 September 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 September 2021	31 December 2020	30 September 2021	31 December 2020
Deferred Tax Assets				
Carryforward tax losses	97,212,292	155,911,370	24,303,073	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	9,790,378	6,956,979	2,251,787	1,391,396
Provision for warranty	6,264,514	6,125,364	1,440,838	1,225,073
Provision for severance pay	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
Adjustment of IFRS 16	21,921,517	12,614,244	4,603,519	2,522,849
Hedging Gains/Losses	61,656,599	56,843,749	12,597,219	11,634,649
	236,006,567	278,929,832	53,028,689	56,051,867
Deferred Tax Liabilities				
Tangible and intangible assets	146,482,884	213,673,100	(35,175,055)	(35,375,102)
Cut-off effect	7,672,359	7,229,079	(1,315,257)	(1,445,816)
Other	26,165,395	19,396,806	(5,233,079)	(5,440,471)
	180,320,638	240,298,985	(41,723,391)	(42,261,389)
Deferred tax asset/ (liabilities), net			11,305,298	13,790,478

Carry forward tax losses:

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

As of September 30, 2021, the Group has accounted for deferred tax assets of TL 24,303,073 (31 December 2020: TL 31,182,274) on downloadable financial losses of TL 97,212,292 (2020:TL 155,911,370).

Movements in deferred income taxes are as follows:

	30 September 2021	31 December 2020
2021	--	15,562,378
2023	49,171,075	92,307,775
2024	48,041,217	48,041,217
	97,212,292	155,911,370

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11. TAX ASSETS AND LIABILITIES (continued)

Movements in deferred income taxes are as follows:

	30.09.2021	30.09.2020
Deferred Tax Asset/(Liability) at the Beginning of the Period	13,790,478	12,215,458
Deferred Tax Income/(Expense)	(3,447,750)	6,401,202
Hedging Gains/Losses	962,570	10,398,981
Deferred Tax Asset/(Liability) at the end of the Period	11,305,298	29,015,641

12. REVENUE AND COST OF SALES

	1 January – 30 September 2021	1 July– 30 September 2021	1 January – 30 September 2020	1 July– 30 September 2020
Domestic sales	1,306,453,070	515,878,286	680,261,114	297,511,135
Foreign sales	146,299,108	54,020,661	77,299,309	32,453,218
Other sales	21,306,359	16,106,622	-	-
Sales returns (-)	(10,642,722)	(5,124,309)	(6,960,044)	(1,880,636)
Sales discounts (-)	(271,437,538)	(112,740,514)	(133,357,590)	(55,084,872)
Net sales	1,191,978,277	468,140,746	617,242,789	272,998,845
Cost of sales (-)	(801,715,994)	(308,860,417)	(405,872,105)	(177,376,063)
Gross profit	390,262,283	159,280,329	211,370,684	95,622,782

13. EXPENSES BY NATURE

For the nine-month interim accounting periods ended September 30, 2021, and September 30, 2020 expenses according to their qualifications are as follows:

	1 January – 30 September 2021	1 July– 30 September 2021	1 January – 30 September 2020	1 July– 30 September 2020
Selling, Marketing and Distribution Expenses				
Depreciation and amortization expenses	(40,319,533)	(15,297,745)	(33,274,023)	(10,933,646)
Advertising expenses	(40,482,089)	(16,009,640)	(20,785,332)	(9,318,226)
Transportation expenses	(51,273,752)	(20,679,449)	(24,677,398)	(10,767,986)
Personnel expenses	(42,262,196)	(17,019,390)	(19,605,723)	(8,288,674)
Other	(15,350,003)	(5,996,097)	(8,046,516)	(2,512,106)
Energy, water and fuel expenses	(3,614,786)	(1,573,904)	(1,824,560)	(723,079)
Consultancy expenses	(1,774,486)	(515,964)	(2,011,577)	(819,170)
Travel expenses	(2,155,931)	(976,074)	(786,576)	(246,936)
Maintenance and repair expenses	(1,258,091)	(487,205)	(384,576)	(127,645)
Outsourced Benefits and Services	(11,289,416)	(4,302,278)	(5,912,935)	(2,136,077)
Rent expenses (*)	(4,111,957)	(1,834,611)	(2,882,353)	(1,211,132)
Dealer Expenses	(1,213,862)	(643,160)	(1,016,799)	(646,792)
Representation expenses	(268,230)	(117,175)	(141,418)	(50,248)
	(215,374,332)	(85,452,692)	(121,349,786)	(47,781,717)

(*) Rental expenses consist of short-term vehicle and machine rents of less than one month.

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13. EXPENSES BY NATURE (continued)

General and Administrative Expenses	1 January – 30 September 2021	1 July – 30 September 2021	1 January– 30 September 2020	1 July– 30 September 2020
Personnel expenses	(15,707,900)	(5,976,207)	(7,061,051)	(2,553,857)
Consultancy expenses	(6,179,716)	(2,198,037)	(4,248,992)	(1,912,330)
Depreciation and amortization expenses	(6,944,955)	(3,069,111)	(4,822,346)	(1,457,628)
Maintenance and repair expenses	(1,089,478)	(403,418)	-	-
Ligitation, execution expenses	(3,620,121)	(1,135,977)	-	-
Taxes, duties and fees	(1,715,250)	(792,705)	-	-
Other	(2,294,297)	(1,751,942)	(1,851,786)	(703,532)
Rent expenses	(2,635,429)	(1,005,200)	(1,196,360)	(463,573)
Energy, water, and fuel expenses	(914,192)	(378,726)	(467,095)	(183,653)
Travel expenses	(998,884)	(479,818)	(443,992)	(184,411)
Food expenses	(610,960)	(199,148)	(366,997)	(143,783)
Office expenses	(641,732)	(205,819)	(188,311)	(86,077)
Contribution expenses	(238,620)	(115,807)	(71,625)	(18,571)
Representation expenses	(385,690)	(204,611)	(241,717)	(85,950)
	(43,977,224)	(17,916,526)	(20,960,272)	(7,793,365)

Research and Development Expenses	1 January- 30 September 2021	1 July-30 Septem ber 2021	1 January- 30 Septembe r 2020	1 July-30 Septembe r 2020
Personnel expenses	(6,312,882)	(2,493,695)	(4,233,827)	(1,834,958)
Other	(403,372)	(146,778)	(244,673)	(74,176)
Material expenses	(76,395)	(17,663)	(235,171)	(58,789)
Depreciation and amortization expenses	(238,557)	(49,261)	(222,902)	(32,818)
Rent expenses	(432,642)	(177,999)	(232,768)	(75,502)
	(7,463,848)	(2,885,396)	(5,169,341)	(2,076,243)

The functional classification of personnel expenses is as follows:

Personnel expenses	1 January- 30 September 2021	1 July-30 Septembe r 2021	1 January- 30 Septembe r 2020	1 July-30 Septembe r 2020
Cost of sales	(81,175,962)	(28,366,984)	(52,211,308)	(20,188,607)
Selling, Marketing and Distribution Expenses	(42,262,196)	(17,019,390)	(19,605,723)	(8,288,674)
General and Administrative Expenses	(15,707,900)	(5,976,207)	(7,061,051)	(2,553,857)
Research and Development Expenses	(6,312,882)	(2,493,695)	(4,233,827)	(1,834,958)
	(145,458,940)	(53,856,276)	(83,111,909)	(32,866,096)

The detail of depreciation expenses is as follows:

Depreciation expenses	1 January -30 September 2021	1 July -30 September 2021	1 January -30 September 2020	1 July -30 September 2020
Cost of sales	(7,162,127)	(2,021,319)	(6,184,172)	(1,936,999)
Selling, Marketing and Distribution Expenses	(40,319,533)	(15,297,745)	(33,274,023)	(10,933,646)
General and Administrative Expenses	(6,944,955)	(3,069,111)	(4,822,346)	(1,457,628)
Research and Development Expenses	(238,557)	(49,261)	(222,902)	(32,818)
	(54,665,172)	(20,437,436)	(44,503,443)	(14,361,091)

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14. OTHER OPERATING INCOME / (EXPENSES)

Other income and expenses from the main activities for the nine-month interim accounting periods ended September 30, 2021, and September 30, 2020 are as follows:

	1 January- 30 September 2021	1 July-30 Septembe r 2021	1 January- 30 September 2020	1 July-30 September 2020
Foreign exchange income	24,845,254	6,551,949	70,417,253	36,234,247
Other	1,406,508	1,199,541	1,596,259	507,823
Rediscount revenues (*)	9,249,685	1,695,683	264,081	264,081
Provisions no longer required	1,526,646	550	961,354	50,381
Other operating income	37,028,093	9,447,723	73,238,947	37,056,532
Foreign exchange expenses	(12,672,935)	(8,204,627)	(6,806,541)	-
Rediscount expenses	-	-	(3,143,092)	-
Doubtful receivables provision expenses	(96,022)	-	(981,510)	-
Litigation provision expenses	-	-	(403,135)	-
Maturity and price difference expense	(8,784)	-	(89,988)	(30,559)
Provision for Severance	-	-	(1,733,594)	(941,625)
Other	2,116,618	5,362,048	(2,287,316)	(2,287,316)
Other expenses from operations	(10,661,123)	(2,842,579)	(15,445,176)	(3,259,500)
Other operating income, net	26,366,970	6,605,144	57,793,771	33,797,032

(*) Group management offsets and presents rediscount income / rediscount expenses in the profit or loss statement.

15. FINANCE INCOME/ (EXPENSES)

For the nine-month interim accounting periods ended September 30, 2021, and September 30, 2020 financing income and expenses are as follows:

	1 January- 30 September 2021	1 July-30 September 2021	1 January- 30 September 2020	1 July-30 September 2020
Foreign exchange income	61,355,740	20,490,982	50,121,299	25,737,553
Interest income	3,549,433	1,077,333	167,905	70,405
Finance income	64,905,173	21,568,315	50,289,204	25,807,958
Foreign exchange losses	(92,408,552)	(17,741,270)	(126,217,366)	(63,214,867)
Interest expenses	(68,188,987)	(23,780,712)	(50,714,464)	(15,840,339)
Finance expense	(160,597,539)	(41,521,982)	(176,931,830)	(79,055,206)
Finance expense, net	(95,692,366)	(19,953,667)	(126,642,626)	(53,247,248)

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.

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16. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

	Receivables					
	Trade receivables		Other receivables		Cash and cash equivalents and credit card receivables	Others
	Related parties	Third parties	Related parties	Third parties		
30 September 2021						
Maximum credit risk exposure at reporting date (A+B+C+D+E)	4,640,832	240,558,008	-	8,943,027	5,119,994	--
- Portion of maximum risk covered by						
Guarantees	--	--	--	--	--	--
A. Carrying value of financial assets that are neither past due nor impaired	--	188,121,472	-	8,943,027	5,119,994	--
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	4,640,832	52,436,536	--	--	--	--
-Portion under guarantee with	--	--	--	--	--	--
D. Carrying value of impaired assets	--	--	--	--	--	--
-Past due (gross carrying amount)	--	30,866,836	--	541,394	--	--
-Impairment (-)	--	(30,866,836)	--	(541,394)	--	--
E. Off-balance sheet items with credit risk	--	--	--	--	--	--

	Receivables					
	Trade receivables		Other receivables		Cash and cash equivalents and credit card receivables	Others
	Related parties	Third parties	Related parties	Third parties		
31 December 2020						
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	--	--	--	--	--	--

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16. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

As of September 30, 2021, and December 31, 2020, the analysis of trade receivables from related and non-related parties that have expired but have not decreased in value is as follows.

	30 September 2021	31 December 2020
Less than 30 days	2,208,450	4,891,487
30 - 119 days	2,112,037	8,024,291
120 - 179 days	5,128,108	6,653,667
180 days and over	43,007,941	43,068,445
	52,436,536	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. 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

Cash flows of financial liabilities according to contractual maturities as of September 30, 2021, and December 31, 2020, are presented below:

30 September 2021 tarihi in accordance with the contract maturities	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	526,565,328	546,798,114	227,367,837	154,914,479	164,515,798	--
Liabilities from Leasing Transactions	13,003,260	14,043,990	1,513,959	4,494,354	8,035,677	--
Trade payables	436,331,425	461,638,419	461,638,419	--	--	--
Other payables	4,648,270	4,648,270	2,420,830	--	2,227,440	--
Lease payables	146,985,699	229,508,048	6,582,231	29,037,792	176,911,298	16,976,727
Total	1,127,533,982	1,256,636,841	699,523,276	188,446,625	351,690,213	16,976,727
31 December 2020 tarihi in accordance with the contract maturities						
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	--
Payables from Leasing Transactions	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

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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.

The group can be In accordance with TAS 21 Currency Exchange Effects standard, US Dollar foreign currency assets from 8.8371 (31 December 2020 : 7.3405), EURO foreign currency assets from 8.8371 on September 30, 2021 2021 effective exchange rate from 10.3063(31 December 2020 : 9.0079), USD 30, 2021 effective sales rate from 8.8725 (31 December 2020 : 7.3405) eur foreign currency obligations from 10.3476 (31 December 2020 : 9.0079) effective sales rate of 30 September 2021.

The Group is primarily exposed to currency risk in US Dollars and Euros.

Currency position

As of September 30, 2021 and December 31, 2020, the Group's assets and liabilities their counterparts in foreign currency are as follows:

	30 September 2021	31 December 2020
Assets	96,695,058	68,185,810
Liabilities	(252,326,595)	(159,848,738)
Net foreign currency position	(155,631,537)	(91,662,928)

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16. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Currency position

	30 September 2021			31 December 2020				
	TL equivalent	USD	EUR	TL equivalent	USD	USD	Other	TL equivalent
1. Trade receivables	96,268,766	3,521,504	6,321,268	--	65,581,481	2,365,651	5,352,682	--
2a. Monetary financial assets, (cash and banks account included)	426,292	1,234	40,304	--	2,604,329	161,381	157,607	--
2b. Non-monetary financial assets	--	--	--	--	--	--	--	--
3. Other	--	--	--	--	--	--	--	--
4. Current assets (1+2+3)	96,695,058	3,522,738	6,361,572	--	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)	96,695,058	3,522,738	6,361,572	--	68,185,810	2,527,032	5,510,289	--
10. Trade payables	11,183,372	798,755	395,881	--	(3,384,888)	(243,837)	(177,067)	--
11. Financial liabilities	58,606,629	6,522,009	71,524	--	(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)	69,790,001	7,320,764	467,405	--	(108,895,269)	(1,365,423)	(10,976,185)	--
14. Trade payables	-	-	-	--	--	--	--	--
15. Financial liabilities	182,536,594	1,487,409	16,365,105	--	(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)	182,536,594	1,487,409	16,365,105	--	(50,953,469)	(1,115,352)	(4,747,636)	--
18. Total liabilities (13+17)	252,326,595	8,808,173	16,832,510	--	(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)	(155,631,538)	(5,285,435)	(10,470,938)	--	(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)	(155,631,538)	(5,285,435)	(10,470,938)	--	(91,662,928)	46,256	(10,213,532)	--
22. Fair value of derivative instruments used in foreign currency hedge	--	--	--	--	--	--	--	--
23. Export	137,869,147	10,480,618	4,381,238	--	119,305,248	9,143,697	6,781,627	--
24. Import	3,050,937	12,568	285,043	--	5,762,520	420,525	297,034	--

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16. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Currency risk (continued)

The Group's 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 September 2021		Profit/Loss	
	Appreciation of foreign currency	Appreciation of foreign currency	
Assumption of devaluation/appreciation by 10% of USD against TL:			
1- Net USD asset / liability	(4,701,972)	4,701,972	
2- USD risk averse portion (-)	-	-	
3- USD net effect (1+2)	(4,701,972)	4,701,972	
Assumption of devaluation/appreciation by 10% of EUR against TL			
4- Net EUR asset / liability	(10,861,181)	10,861,181	
5- EUR risk averse portion (-)	-	-	
6- EUR net effect (4+5)	(10,861,181)	10,861,181	
Total (3+6)	(15,563,154)	15,563,154	
31 December 2020		Profit/Loss	
	Appreciation of foreign currency	Appreciation 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 (1+2)	--	--	
Total (3+6+9)	(9,166,293)	9,166,293	

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17. ADDITIONAL EXPLANATIONS TO THE OBLIGATIONS TO EXPLAIN THE IFRS

Earnings Before Interest, Tax and Depreciation ("EBITDA") is not defined by TAS EBITDA is calculated by the Group by subtracting financial income from its net profit for the period and adding tax expenses, depreciation and amortization shares, financial expenses, severance and leave expenses. The EBITDA amounts described are shown separately by group management to better understand and measure the Group's operating performance.

	30 September 2021	30 September 2020
Net profit / (loss) for the period	50,198,556	1,567,397
Tax income / expense	3,447,750	(6,401,202)
Financial income	(64,905,173)	(50,289,204)
Financial expense	160,597,539	176,931,830
Depreciation and amortization expenses	54,665,172	44,503,443
Provision for unused vacation liabilities	2,833,399	1,733,594
EBITDA	206,837,243	168,045,858

18. EARNINGS / (LOSS) PER SHARE

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Weighted average number of shares in issue	34,021,722,458	35,000,000,000	26,906,976,700	26,906,976,700
Net income or (loss) attributable to the owners of the parent	50,198,556	30,509,782	1,567,397	20,025,234
Earnings / (Losses) per share	0.0015	0.0009	0.0001	0.0007

19. EVENTS AFTER THE BALANCE SHEET DATE

KAP statements announced by our company on 11.08.2021 and 06.09.2021, 14.2857% (TL 1,430,000) of the capital of FTR Foreign Trade Furniture Joint Stock Company, which will be established in accordance with the decision of the Board of Directors of our Company dated 06.09.2021, in which 7 companies from the major furniture companies of the Turkish furniture sector came together to establish a company called FTR Foreign Trade Furniture Joint Stock Company to operate in the field of foreign trade. and the appointment of Mr. Davut Dogan as the company representative representing our company.

FTR Foreign Trade Furniture Joint Stock Company's establishment transactions were completed, registered on 18.10.2021 and announced in the 10432 sayeaedition of the Turkish Commercial Registry Dated 18.10.2021.

Our application to the Capital Market Board regarding the amendment of Article 3 of the Company's Articles of Association title titled "Company Title" for the change of the title of our Company to "Doganlar Furniture Group Manufacturing Industry and Trade Joint Stock Company was accepted withthe letter of E-29833736-110.03.03-12259 dated 25.10.2021of the Capital Market Board.