

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2022
WITH AUDITOR'S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH
REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

To the General Assembly of Doğuş Otomotiv Servis ve Ticaret A.Ş.

Introduction

1. We have reviewed the accompanying condensed balance sheet of Doğuş Otomotiv Servis ve Ticaret A.Ş. (the “Company”) and its subsidiaries (“collectively referred as the “Group”) as at 30 June 2022, the condensed consolidated statement of income, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of changes in equity and condensed consolidated cash flows for the six-month period then ended (“interim condensed consolidated financial information”). The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 (“TAS 34”) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

2. We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information of the Group is not prepared, in all material respects, in accordance with TAS 34.

Additional explanation for convenience translation into English

4. Turkish Financial Reporting Standards differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 30 June 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Cihan Harman, SMMM
Partner

Istanbul, 18 August 2022

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022 AND 31 DECEMBER 2021

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022 AND 31 DECEMBER 2021

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

	Notes	Reviewed	Audited	
		30 June 2022	31 December 2021	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5	2,133,272	3,409,576	
Financial investments	6.1	438,048	-	
Trade receivables		3,129,817	1,010,816	
<i>Trade receivables due from related parties</i>	22.1	2,120,972	656,025	
<i>Trade receivables due from third parties</i>	8.1	1,008,845	354,791	
Other receivables		153,392	150,347	
<i>Other receivables due from related parties</i>	22.2	6,384	6,942	
<i>Other receivables due from third parties</i>	9	147,008	143,405	
Inventories	10	4,342,775	1,969,481	
Prepayments		113,819	39,858	
Other current assets		5,295	3,214	
Total current assets		10,316,418	6,583,292	
NON-CURRENT ASSETS				
Financial investments		831,804	831,804	
<i>Financial assets measured at fair value through other comprehensive income</i>	6.2	831,804	831,804	
Other receivables		621	1,372	
<i>Other receivables due from related parties</i>		225	975	
<i>Other receivables due from third parties</i>		396	397	
Investments accounted for using equity method	11	1,084,739	880,235	
Investment property	13	119,593	121,463	
Property, plant and equipment	12	1,256,887	1,096,291	
Right of use asset	24	158,568	109,068	
Intangible assets		112,414	89,645	
Prepayments		5,330	18,790	
Deferred tax asset	20	59,339	22,639	
Total non-current assets		3,629,295	3,171,307	
TOTAL ASSETS		13,945,713	9,754,599	

Accompanying notes are an integral part of these condensed consolidated interim financial statements.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022 AND 31 DECEMBER 2021

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

	Notes	Reviewed 30 June 2022	Audited 31 December 2021
LIABILITIES			
CURRENT LIABILITIES			
Current borrowings	7	2,432,750	2,705,361
Short-term portion of long-term borrowings	7	222,772	232,254
Trade payables		3,757,095	1,231,202
<i>Trade payables to related parties</i>	22.5	198,219	113,323
<i>Trade payables to third parties</i>	8.2	3,558,876	1,117,879
Employee benefit obligations		24,637	38,116
Deferred income		124,375	59,269
Current tax liabilities	20	454,857	259,620
Current provisions		68,792	396,216
<i>Other current provisions</i>	14	68,792	396,216
Other current liabilities	15	407,834	164,700
Total current liabilities		7,493,112	5,086,738
NON-CURRENT LIABILITIES			
Long-term borrowings	7	220,602	90,669
Deferred income		59,512	35,279
Non-current provisions		177,286	142,662
<i>Non-current provisions for employee benefits</i>		103,315	72,217
<i>Other long-term provisions</i>		73,971	70,445
Deferred tax liabilities	20	-	35,568
Total non-current liabilities		457,400	304,178
TOTAL LIABILITIES		7,950,512	5,390,916
EQUITY			
Equity attributable to equity holders of the Company		5,971,463	4,350,425
Issued capital	16	220,000	220,000
Inflation adjustment on capital	16	23,115	23,115
Treasury shares (-)	16	(220,467)	(220,393)
Other accumulated comprehensive income (loss) that will not be reclassified in profit or loss		(49,035)	(28,935)
<i>Gains (losses) on revaluation and remeasurement</i>		(49,035)	(28,935)
<i>Gains (losses) on remeasurements of defined benefit plans</i>		(49,035)	(28,935)
Other accumulated comprehensive income (loss) that will be reclassified in profit or loss		766,377	762,398
<i>Exchange differences on translation</i>	16	12,561	8,582
<i>Gains (losses) on revaluation and reclassification</i>		753,816	753,816
<i>Gains (losses) from financial assets measured at fair value through other comprehensive income</i>	16	753,816	753,816
Restricted reserves appropriated from profits	16	547,269	423,295
<i>Legal reserves</i>		323,363	199,463
<i>Treasury share reserves</i>		220,467	220,393
<i>Other restricted profit reserves</i>		3,439	3,439
Prior years' profit or losses	16	1,921,971	839,364
Profit (loss) for the period		2,762,233	2,331,581
Non-controlling interests		23,738	13,258
TOTAL EQUITY		5,995,201	4,363,683
TOTAL EQUITY AND LIABILITIES		13,945,713	9,754,599

Accompanying notes are an integral part of these condensed consolidated interim financial statements.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

CONDENSED CONSOLIDATED INTERIM PROFIT OR LOSS STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

PROFIT OR LOSS	Notes	Reviewed	Reviewed	Reviewed	Reviewed
		1 January – 30 June 2022	1 January – 30 June 2021	1 April – 30 June 2022	1 April – 30 June 2021
Revenue		18,854,381	13,599,744	11,614,225	7,404,281
Cost of sales		(14,872,030)	(11,892,286)	(9,081,835)	(6,459,093)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		3,982,351	1,707,458	2,532,390	945,188
GROSS PROFIT (LOSS)		3,982,351	1,707,458	2,532,390	945,188
General administrative expenses	17.2	(415,245)	(260,389)	(229,456)	(129,358)
Marketing expenses	17.1	(340,814)	(223,150)	(216,056)	(113,988)
Other income from operating activities		365,867	64,111	129,353	33,018
Other expenses from operating activities		(133,642)	(87,002)	(70,608)	(34,767)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		3,458,517	1,201,028	2,145,623	700,093
Investment activity income	18	78,221	16,512	53,148	4,478
Share of profit (loss) from investments accounted for using equity method	11	364,026	177,280	216,834	82,338
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		3,900,764	1,394,820	2,415,605	786,909
Financial income	19	4,371	25,467	2,730	12,728
Financial expense	19	(403,600)	(283,829)	(197,613)	(154,665)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		3,501,535	1,136,458	2,220,722	644,972
Tax (expense) income, continuing operations		(728,822)	(247,615)	(452,753)	(164,150)
Current period tax (expense) income	20	(798,134)	(257,279)	(453,258)	(142,024)
Deferred tax (expense) income	20	69,312	9,664	505	(22,126)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		2,772,713	888,843	1,767,969	480,822
PROFIT (LOSS)		2,772,713	888,843	1,767,969	480,822
Profit (loss), attributable to					
Non-controlling interests		10,480	2,908	2,405	(721)
Owners of parent		2,762,233	885,935	1,765,564	481,543
Basic earnings per share					
Basic earnings (loss) per share from continuing operations	21	13.9507	4.4744	8.9170	2.4320
Diluted earnings per share					
Diluted earnings (loss) per share from continuing operations	21	13.9507	4.4744	8.9170	2.4320

Accompanying notes are an integral part of these condensed consolidated interim financial statements.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

CONDENSED CONSOLIDATED INTERIM OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

	<u>Notes</u>	<u>Reviewed 1 January – 30 June 2022</u>	<u>Reviewed 1 January – 30 June 2021</u>	<u>Reviewed 1 April – 30 June 2022</u>	<u>Reviewed 1 April – 30 June 2021</u>
PROFIT (LOSS)		2,772,713	888,843	1,767,969	480,822
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss					
Gains (losses) on remeasurements of defined benefit plans		(20,100)	(1,870)	(7,589)	(16)
Gains (losses) on remeasurements of defined benefit plans		(14,781)	(2,337)	858	(20)
Share of other comprehensive income of associates and joint ventures accounted for equity method that will not be reclassified to profit or loss		(8,275)	-	(8,275)	-
Other comprehensive income that will not be reclassified to profit or loss, tax effect		2,956	467	(172)	4
<i>Gains (losses) on remeasurements of defined benefit plans, tax effect</i>	20	2,956	467	(172)	4
Other comprehensive income that will be reclassified to profit or loss					
Foreign currency translation differences		3,979	4,328	(99)	1,214
Gains (losses) on remeasuring and/or reclassification of available-for-sale-financial assets		3,979	4,328	(99)	1,214
<i>Gains (losses) on remeasuring available-for-sale-financial assets</i>		-	-	-	-
Share of other comprehensive income of associates and joint ventures accounted for equity method that will be reclassified to profit or loss		-	-	-	-
Other comprehensive income that will be reclassified to profit or loss, tax effect		-	-	-	-
<i>Gains (losses) on remeasuring and/or reclassification of available-for-sale-financial assets, tax effect</i>		-	-	-	-
OTHER COMPREHENSIVE INCOME (LOSS)		(16,121)	2,458	(7,688)	1,198
TOTAL COMPREHENSIVE INCOME (LOSS)		2,756,592	891,301	1,760,281	482,020
Total comprehensive income attributable to					
Non-controlling interests		10,480	2,908	2,405	1,420
Owners of parent		2,746,112	888,393	1,757,876	480,600

Accompanying notes are an integral part of these condensed consolidated interim financial information.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

	Issued capital (Note 16)	Inflation adjustments on capital (Note 16)	Treasury shares (Note 16)	Accumulated other comprehensive income and expense that will not be reclassified through profit or loss		Accumulated other comprehensive income and expense that will be reclassified through profit or loss		Gains / losses on remeasuring of financial assets measured at fair value through other comprehensive income		Accumulated earnings		Equity attributable to equity holders of the Company	Non- controlling interests (Note 16)	Total equity			
								Foreign currency translation difference (Note 16)	Restricted reserve (Note 16)								
				Gains / losses on remeasurements of defined benefit plans						Retained earnings / (Accumulated losses)	Net profit / loss for the period						
Balance at 1 January 2021	220,000	23,115	(220,325)	(22,080)	2,078	481,437	405,826	359,566	1,037,334	2,286,951	8,783	2,295,734					
Transfers	-	-	-	-	-	-	63,227	974,107	(1,037,334)	-	-	-					
Total comprehensive income (loss)	-	-	-	(1,870)	4,328	-	-	-	885,935	888,393	2,908	891,301					
Profit (loss) for the period	-	-	-	-	-	-	-	-	885,935	885,935	2,908	888,843					
Other comprehensive income (loss)	-	-	-	(1,870)	4,328	-	-	-	-	-	2,458	-	2,458				
Profit shares	-	-	-	-	-	-	-	(600,000)	-	(600,000)	-	(600,000)					
Increase due to repurchase transactions of shares	-	-	-	(38)	-	-	-	-	29,962	-	29,924	-	29,924				
Balance at 30 June 2021	220,000	23,115	(220,363)	(23,950)	6,406	481,437	469,053	763,635	885,935	2,605,268	11,691	2,616,959					
Balance at 1 January 2022	220,000	23,115	(220,393)	(28,935)	8,582	753,816	423,295	839,364	2,331,581	4,350,425	13,258	4,363,683					
Transfers	-	-	-	-	-	-	123,900	2,207,681	(2,331,581)	-	-	-					
Total comprehensive income (loss)	-	-	-	(20,100)	3,979	-	-	-	2,762,233	2,746,112	10,480	2,756,592					
Profit (loss) for the period	-	-	-	-	-	-	-	-	2,762,233	2,762,233	10,480	2,772,713					
Other comprehensive income (loss)	-	-	-	(20,100)	3,979	-	-	-	-	(16,121)	-	(16,121)					
Profit shares	-	-	-	-	-	-	-	(1,250,000)	-	(1,250,000)	-	(1,250,000)					
Increase due to repurchase transactions of shares	-	-	-	(74)	-	-	-	74	124,926	-	124,926	-	124,926				
Balance at 30 June 2022	220,000	23,115	(220,467)	(49,035)	12,561	753,816	547,269	1,921,971	2,762,233	5,971,463	23,738	5,995,201					

Accompanying notes are an integral part of these condensed consolidated interim financial information.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

	Notes	Reviewed 30 June 2022	Reviewed 30 June 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss)		515,481	401,811
Profit (loss) from continued operations		2,772,713	888,843
Profit (loss) from discontinued operations		2,772,713	888,843
<i>Adjustments to for profit (loss) for the period reconciliation:</i>		1,034,816	440,348
Adjustments for depreciation and amortization expense	17.2, 24	131,873	84,081
Adjustments for (reversal of) impairment		(216)	340
- <i>Adjustments for (reversal of) impairment loss of receivables</i>		(222)	(41)
- <i>Adjustments for (reversal of) impairment loss of inventories</i>	10	6	381
Adjustments for provisions		232,381	86,934
- <i>Adjustments for provisions for employee benefits</i>		21,375	7,437
- <i>Adjustments for (reversal of) lawsuit and/or penalty provision expenses</i>		5,910	3,073
- <i>Adjustments for (reversal of) warranty provisions</i>		74,916	66,183
- <i>Adjustments for (reversal of) other provisions</i>		130,180	10,241
Adjustments for interest (income) and expense		322,190	215,157
- <i>Adjustments for interest income</i>	19	(4,371)	(25,467)
- <i>Adjustments for interest expense</i>	19	326,561	240,624
Adjustments for unrealized foreign exchange losses (gains)		13,375	13
Adjustments for undistributed profits of investments accounted for using equity method	11	(364,026)	(177,280)
Adjustments for tax (income) expenses	20	728,822	247,615
Adjustments for losses (gains) on disposal of non-current assets		(29,583)	(16,512)
- <i>Adjustments for losses (gains) on disposal of property, plant and equipment</i>	18	(29,583)	(16,512)
Changes in working capital		(2,308,267)	(731,767)
Adjustments for decrease (increase) in trade receivables		(2,118,783)	(431,285)
- <i>Decrease (increase) in due from related parties</i>		(1,464,947)	(583,007)
- <i>Decrease (increase) in due from third parties</i>		(653,836)	151,722
Adjustments for decrease (increase) in inventories		(2,373,300)	106,305
Adjustments for increase (decrease) in trade payables		2,366,818	(273,556)
- <i>Increase (decrease) in due to related parties</i>		84,896	(29,082)
- <i>Increase (decrease) in due to third parties</i>		2,281,922	(244,474)
Increase (decrease) in deferred income		89,339	29,241
Adjustments for other increase (decrease) in working capital		(272,344)	(162,472)
Cash flows from operations		1,198,154	597,424
Payments related with provisions for employee benefits		(5,058)	(1,640)
Payments related with other provisions		(74,725)	(48,796)
Income taxes refund (paid)		(602,897)	(145,177)
Other cash inflows (outflows)		(301,101)	-
B. CASH FLOWS FROM INVESTING ACTIVITIES		(102,579)	184,601
Cash inflow by proceeds from sales of property, plant and equipment and intangible assets		38,517	22,932
- <i>Cash inflow by proceeds from sales of property, plant and equipment</i>		38,517	22,932
Cash outflow by acquisition of property, plant and equipment and intangible assets		(292,343)	(128,656)
- <i>Cash outflow by acquisition of property, plant and equipment</i>	12	(240,936)	(96,904)
- <i>Cash outflow by acquisition of intangible assets</i>		(51,407)	(31,752)
Dividends received		151,247	290,325
C. CASH FLOWS FROM FINANCING ACTIVITIES		(1,693,188)	(926)
Proceeds from issuance of borrowings		2,608,857	2,596,252
Repayments of borrowings		(2,776,252)	(2,056,713)
Cash outflows on debt payments from leasing agreements		(48,587)	(38,573)
Dividends paid		(1,125,000)	(300,000)
Interest paid		(356,577)	(227,359)
Interest received		4,371	25,467
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE			
EFFECT OF EXCHANGE RATE CHANGES (A+B+C)		(1,280,286)	585,486
D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		3,982	250
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(1,276,304)	585,736
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	3,409,576	655,599
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	2,133,272	1,241,335

Accompanying notes are an integral part of these condensed consolidated interim financial statements.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS

Doğuş Otomotiv Servis ve Ticaret A.Ş. (“Doğuş Otomotiv” or the “Company”) was established on 24 November 1999 as a distributor of Volkswagen AG, and its activities include importing, marketing and selling automobiles and spare parts of Volkswagen Group brands (VW, Audi, Seat, Cupra, Porsche, Bentley, Lamborghini, Bugatti and Scania, Scania Power Solutions and Thermoking climate control systems) and also operates in the field of after sales services and spare parts with Doğuş Marine Services business unit. The Company also operates in used car market across Turkey throughout its dealer network under the brand name “DOD”.

The shares of the Company have been publicly traded on Borsa İstanbul A.Ş. since 17 June 2004.

The Company’s subsidiaries as at 30 June 2022 are as follows:

- Doğuş Oto Pazarlama ve Ticaret A.Ş. (“Doğuş Oto Pazarlama”): Automobile dealer for group brands distributed by Doğuş Otomotiv and Yüce Auto Motorlu Araçlar Ticaret A.Ş.
- D-Auto Limited Liability Company (“Doğuş Oto Iraq”) has been founded in Iraq Erbil on 6 August 2013 to execute distribution services of Volkswagen and Audi brands.

The Company and its subsidiaries (together referred to as the “Group”) operate in a single business segment.

The Company and Doğuş Oto Pazarlama are registered and operate in Turkey at the following address:

Maslak Mah. Ahi Evran Cad. No. 4 İç Kapı No. 3

Sarıyer, İstanbul, Türkiye.

Doğuş Auto Iraq is registered in Iraq and located at the address below:

Doktorlar Cad. Şirin Palas Otel Karşısı, Erbil, Iraq.

The average number of blue-collar employees of the Group for the period ended 30 June 2022 is 733 (31 December 2021: 791) whereas the average number of white-collar employees of the Group for the period ended 30 June 2022 is 1,355 (31 December 2021: 1,372).

NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES

2.1 Basis of Presentation of Condensed Consolidated Interim Financial Statements

(i) *Statement of Compliance to TAS*

The accompanying consolidated financial statements are based in accordance with Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) as set out in the Communiqué serial II, No: 14.1 announcement of Capital Markets Board (“CMB”) dated 13 June 2013 related to “Capital Market Communiqué on Principles Regarding Financial Reporting” (“Communiqué”) which is published in official gazette, no 28676. TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”), appendixes and interpretations.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

2.1 Basis of Presentation of Condensed Consolidated Interim Financial Statements (Continued)

(i) *Statement of Compliance to TAS (Continued)*

Additionally, the accompanying consolidated financial statements are presented in accordance with TAS taxonomy issued by POA on 15 April 2019. Businesses preparing a financial statement created in line with CMB legislation are free to prepare their interim financial statements as a full set or a summary, as per the TAS 34 “Interim Financial Reporting” standard. In this framework, the Group opted to prepare summary consolidated financial statements and prepared those summary consolidated financial statements in line with the provisions of the Communiqué.

(ii) *Preparation and approval of financial statements*

The condensed consolidated interim financial statements of the Group as at 30 June 2022 have been approved by the Board of Directors on 18 August 2022. The legal authorities of the General Assembly of the Company have the right to modify the issued financial statements.

(iii) *Correction on financial statements during hyperinflationary periods*

With the resolution taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of TAS 29 “Financial Reporting in Hyperinflationary Economies” issued by TASB is no longer required for companies operating in Turkey. Accordingly, effective from 1 January 2005, TAS 29 did not apply in preparing the Group’s consolidated financial statements in accordance with CMB Financial Reporting Standards.

(iv) *Basis of measurement*

The condensed consolidated interim financial statements have been prepared based on the historical cost, except for the financial assets measured at fair value through other comprehensive income that measured at fair value.

(v) *Functional and Presentation Currency*

Items included in the financial statements of subsidiaries, joint ventures and associates presented in the functional currencies in their primary economic environments in which they maintain their operations. The condensed consolidated interim financial statements are presented in TL, which is Doğuş Otomotiv’s functional and presentation currency.

The Company and its affiliates registered in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira (“TL”) in accordance with the Turkish Commercial Code, tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. The affiliate in Iraq maintains its books of account and prepares its statutory financial statements in Iraqi Dinar (“IQD”) in accordance with the laws and regulations in force in Iraq.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

2.1 Basis of Presentation of Condensed Consolidated Interim Financial Statements (Continued)

(v) *Functional and Presentation Currency (Continued)*

Public Oversight Accounting and Auditing Standards Authority ("POA") made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 – Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of this condensed consolidated interim financial statements, POA did not make an additional announcement and no adjustment was made to this condensed consolidated interim financial statements in accordance with TAS 29.

2.2 Amendments and interpretations in the TAS / TFRS

New and amended standards and interpretations

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as at June 30, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TAS")/TFRS and IFRIC interpretations effective as of January 1, 2022. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

Amendment to IFRS 16 - 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021); As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 (effective 1 January 2021); The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Standards, amendments, and interpretations that are issued but not effective as of 30 June 2022:

IFRS 17, 'Insurance Contracts', as amended in December 2021; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

2.2 Amendments and interpretations in the TAS / TFRS (Continued)

New and amended standards and interpretations (Continued)

*Standards, amendments, and interpretations that are issued but not effective as of 30 June 2022:
(Continued)*

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from annual periods beginning on or after 1 January 2022.

Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial Instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2023. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

2.3 Basis of Consolidation

(i) *Business Combinations*

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquire; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. If necessary, adjustments regarding accounting policies are made on subsidiaries financial statements in order to equalize accounting policies applied by the Group.

For each business combination, the Group elects to measure any non-controlling interests in the acquire either:

- At fair value; or
- At their proportionate share of the acquirer's identifiable net assets, which are generally at fair value

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

2.3 Basis of Consolidation (Continued)

(ii) Subsidiaries (Continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

Losses of subsidiaries belongs to non-controlling interest shall be attribute to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as a financial assets measured at fair value through other comprehensive income depending on the level of influence retained.

The table below sets out all the subsidiaries included in the scope of consolidation and shows the Group's share of control as at 30 June 2022 and 31 December 2021:

	30 June 2022	31 December 2021
Doğuş Oto Pazarlama	96.20%	96.20%
Doğuş Oto Iraq (*)	100.00%	100.00%

(*) Doğuş Oto Iraq which execute import, distribution and after sales services of Volkswagen and Audi brands has signed a termination agreement with Audi Volkswagen Middle East FZE and Volkswagen AG, on 1 July 2021. As a result of the termination agreement, It has also been decided to start the liquidation process of the Company.

(iii) Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation – When the Group has rights to the assets and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture – When the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

The accompanying consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

2.3 Basis of Consolidation (Continued)

(iii) *Joint Arrangements (Continued)*

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Joint ventures are recognized as investments measured through equity method. The table below sets out all joint ventures and the Group's share of control as at 30 June 2022 and 31 December 2021.

	30 June 2022	31 December 2021
TÜVTURK Kuzey Taşit Muayene İstasyonları Yapım ve İşletim A.Ş. (“TÜVTURK Kuzey”)	33.33%	33.33%
TÜVTURK Güney Taşit Muayene İstasyonları Yapım ve İşletim A.Ş. (“TÜVTURK Güney”)	33.33%	33.33%

(iv) *Associates*

Associates are those enterprises in which the Group has significant influence, but does not have control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

The table below sets out all the associates included in the scope of consolidation and shows the Group's share of control as at 30 June 2022 and 31 December 2021:

	30 June 2022	31 December 2021
Yüce Auto Motorlu Araçlar Ticaret A.Ş. ("Yüce Auto") (*)	50.00%	50.00%
Doğuş Sigorta Aracılık Hizmetleri A.Ş. ("Doğuş Sigorta")	42.00%	42.00%
VDF Servis ve Ticaret A.Ş. ("VDF Servis")	48.79%	48.79%
Doğuş Bilgi İşlem ve Teknoloji Hizmetleri A.Ş. ("Doğuş Teknoloji")	21.76%	21.76%

(*) Even though the Group has 50% interest in Yüce Auto (Distributor of Skoda), the Group only exercises a significant influence rather than control on the operations of Yüce Auto.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

2.3 Basis of Consolidation (Continued)

(v) *Transactions Eliminated in Consolidation*

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparation of the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The carrying amount of Doğuş Otomotiv's investment in each subsidiary and dividend income from these subsidiaries are eliminated from the related equity and profit or loss statement accounts.

2.4 Offsetting

Financial assets and financial liabilities should be offset and are reported net only when the entity has a legally enforceable right to offset, and it intends to settle the asset and the liability either simultaneously or on a net basis.

2.5 Comparative Information

The Group has prepared the condensed consolidated interim statement of financial position as at 30 June 2022 comparatively with the consolidated statement of financial position as at 31 December 2021, and the condensed consolidated interim profit or loss statement, the condensed consolidated interim statement of other comprehensive income, the condensed consolidated interim statements of cash flows and changes in equity in the six month period ended 30 June 2022 comparative to the six month period ended 30 June 2021.

2.6 Significant Accounting Policies

The significant accounting policies have been applied consistently by the Group during the preparation of the condensed consolidated interim financial statements as at and for the six months period ended 30 June 2022 with those consolidated financial statements for the year ended 31 December 2021. The condensed consolidated interim financial statements should be read together with the consolidated financial statements for the year ended 31 December 2021.

2.7 Accounting Estimates

The preparation of the consolidated financial statements requires making judgments estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ the estimations.

Estimates and underlying assumptions are reviewed ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

2.7 Accounting Estimates (Continued)

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is stated in the following:

Group's tangible and intangible assets are depreciated and amortized in accordance with useful economic lives which is specified (Note 12).

The fair value of the financial assets measured at fair value through other comprehensive income that are not traded in an active market have been calculated by using other valuation methods such as nominal values, net carrying amount, acquisition price and discounted cash flows for non-public companies (Note 6).

The Group assesses whether there is any impairment indicator in investment properties and compares carrying values of the investment property with the fair value determined in the valuation report obtained by a property appraiser company licensed by CMB (Note 13).

The data in the discounted price list are used to calculate inventory impairment. If expected net realizable value is less than cost, the Group allocates provisions for inventory impairment (Note 10).

To calculate the provisions for legal claims, the probability of losing the case and the liabilities that would arise if the case is lost, is evaluated by the Group's Legal Counselor and by the Group management team taking into account the expert opinions. The management determines the amount of the provisions based on the best estimates (Note 14.1).

The warranties on vehicles sold by the Group are issued by the original equipment manufacturers ("OEM"). The Group acts as an intermediary between the customers and the OEM. The claims of customers from the Group are recognized as warranty expense. The Group recognizes the amount claimed from the OEM's as warranty income and offset against warranty expense. The Group incurs the cost that is not paid by the manufacturer. Accordingly, the Group recognizes the estimated liability for the difference between possible warranty claims of customers and possible warranty claims from the manufacturers based on historical service statistics (Note 14.1).

Deferred tax asset is recognized to the extent that taxable profit will be available, against which the deductible temporary differences can be utilized. When taxable profit is probable, deferred tax assets are recognized for all temporary differences.

Impact of Covid-19 outbreak on Group's activities

Possible impacts of COVID-19 which spread to the whole world, on the Group's activities and financial position are studiously monitored in all respects and the necessary actions are taken quickly in order to the Group to be affected from this pandemic in the least possible way.

The Group management assumed this epidemic as a situation that does not require changes in long-term business plans as of the date the financial statements were approved. However, while preparing the consolidated financial statements dated June 30, 2022, the possible effects of the COVID-19 outbreak were evaluated and the estimates and assumptions used in the preparation of the financial statements were reviewed. In this context, no impairment was detected in the consolidated financial statements dated 30 June 2022.

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 3 – JOINT VENTURES

The Group accounts for its interests in joint ventures indicated in Note 2.3 through equity method. Therefore, financial information regarding to aforementioned joint ventures are presented in Note 11 “Investments in Equity Accounted Investees”.

NOTE 4 – OPERATING SEGMENTS

Operating segments have been determined based on the reports reviewed by the steering committee that make strategic decisions.

Group management believes that risk and rewards of the Group is strictly related with the changes in automotive sector and determined the Group's primary segments according to product types. Group's operating activities include importing, marketing and selling passenger and commercial vehicles, spare parts of Volkswagen Group brands (VW, Audi, Seat, Cupra, Porsche, Bentley, Lamborghini, Bugatti, Scania, Scania Power Solutions and Thermoking climate control systems) and used car operations in Turkey through its dealer network under the brand name “DOD”. Group's operating segments are identified based on the product groups. Considering the nature of the products, operating segments are identified as passenger vehicles commercial vehicles and other segments. Other segments comprise of used cars, spare parts, Thermoking climate systems, Scania Power Solutions, Doğuş Marine Services and central office functions.

Segment assets and liabilities are not reported since the management reports do not include such information.

Accounting policies for certain types of transactions differ for management reporting from those used in preparation of the consolidated financial statements:

Warranty expenses and provision for legal matters have been included in the operating results when they are realized. Provisions for employee termination benefits expenses represent the undiscounted estimated future obligation of the Group arising from the retirement of the employees. Inventories are carried at cost. Depreciation and amortization which are not computed on a pro-rata basis are recognized in profit or loss on a straight-line method over the estimated useful lives of tangible and intangible assets and leases are considered straight-line rent expense under the related financial statement line items.

Segment information presented to the Group management for the six and three month periods ended 30 June 2022 and 2021 are as follows:

1 January - 30 June 2022	Passenger segment	Commercial segment	Other segments	Total
Revenue from external customers	14,695,557	2,206,077	1,952,747	18,854,381
Cost of sales	(11,846,375)	(1,762,318)	(1,263,331)	(14,872,024)
Gross profit	2,849,182	443,759	689,416	3,982,357
General administration expenses	(128,804)	(16,460)	(190,968)	(336,232)
Marketing expenses	(215,604)	(46,768)	(89,318)	(351,690)
Depreciation expenses	(42,093)	(3,829)	(56,991)	(102,913)
Other income from operating activities, net	173,926	24,358	35,742	234,026
Operating income	2,636,607	401,060	387,881	3,425,548

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE**

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 4 – OPERATING SEGMENTS (Continued)

1 January - 30 June 2021	Passenger segment	Commercial segment	Other segments	Total
Revenue from external customers	9,736,122	2,903,871	959,751	13,599,744
Cost of sales	(8,726,391)	(2,507,085)	(658,429)	(11,891,905)
Gross profit	1,009,731	396,786	301,322	1,707,839
General administration expenses	(84,678)	(14,160)	(106,402)	(205,240)
Marketing expenses	(134,091)	(35,429)	(45,602)	(215,122)
Depreciation expenses	(22,760)	(3,452)	(34,690)	(60,902)
Other income from operating activities, net	(11,686)	(1,277)	(4,697)	(17,660)
Operating income	756,516	342,468	109,931	1,208,915
1 April - 30 June 2022	Passenger segment	Commercial segment	Other segments	Total
Revenue from external customers	9,291,237	1,245,696	1,077,292	11,614,225
Cost of sales	(7,379,480)	(995,898)	(705,938)	(9,081,316)
Gross profit	1,911,757	249,798	371,354	2,532,909
General administration expenses	(59,131)	(5,792)	(79,141)	(144,064)
Marketing expenses	(138,093)	(27,217)	(53,699)	(219,009)
Depreciation expenses	(22,368)	(1,541)	(33,931)	(57,840)
Other income from operating activities, net	61,537	1,094	(4,437)	58,194
Operating income	1,753,702	216,342	200,146	2,170,190
1 April - 30 June 2021	Passenger segment	Commercial segment	Other segments	Total
Revenue from external customers	5,107,199	1,814,586	482,496	7,404,281
Cost of sales	(4,552,676)	(1,572,730)	(333,582)	(6,458,988)
Gross profit	554,523	241,856	148,914	945,293
General administration expenses	(39,116)	(7,894)	(52,402)	(99,412)
Marketing expenses	(66,827)	(20,422)	(25,042)	(112,291)
Depreciation expenses	(11,995)	(2,053)	(19,403)	(33,451)
Other income from operating activities, net	(1,212)	(708)	2,643	723
Operating income	435,373	210,779	54,710	700,862

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of consolidated financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 4 – OPERATING SEGMENTS (Continued)

The Group management assesses the performance of the operating segments based on the measure of operating income. The measurement basis excludes the effects of non-recurring expenses (i.e. restructuring expenses and one-offs) from the operating income. The measurement basis also excludes the share of profit of equity accounted investees. Finance income and costs are not allocated to segments, as this type of activity is driven by the central finance function of the Group.

The reconciliation of operating income to profit before tax is as follows:

	1 January - 30 June 2022	1 January - 30 June 2021
Operating profit for reportable segments	3,425,548	1,208,915
Provision for legal exposures	(3,391)	(680)
Provision for employee termination benefits	35,135	7,821
Provision for unused vacation	(11,462)	(2,867)
Provision for diminution in value of inventories	(6)	(381)
Warranty provision expense	(2,707)	(19,781)
Depreciation and amortization	(28,960)	(23,180)
Share of profit of equity accounted investees	364,026	177,280
Income from investment activities	78,221	16,512
Finance expense, net	(399,229)	(258,362)
Other	44,360	31,181
Profit before tax	3,501,535	1,136,458
	1 April - 30 June 2022	1 April - 30 June 2021
Operating profit for reportable segments	2,170,190	700,862
Provision for legal exposures	(1,753)	(661)
Provision for employee termination benefits	4,069	2,877
Provision for unused vacation	(5,246)	(1,137)
Provision for diminution in value of inventories	(519)	(105)
Warranty provision expense	(3,839)	(7,573)
Depreciation and amortization	(12,670)	(10,362)
Share of profit of equity accounted investees	216,834	82,338
Income from investment activities	53,148	4,478
Finance expense, net	(194,883)	(141,937)
Other	(4,609)	16,192
Profit before tax	2,220,722	644,972

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NOTE 5 – CASH AND CASH EQUIVALENTS

As at 30 June 2022 and 31 December 2021, cash and cash equivalents comprise the following:

	30 June 2022	31 December 2021
Cash on hand	238	126
Cash at banks	2,133,034	3,409,450
- <i>Demand deposits</i>	1,491,852	3,330,315
- <i>Time deposits</i>	632,813	78,635
- <i>Other cash and cash equivalents</i>	8,369	500
Total	2,133,272	3,409,576

As at 30 June 2022, average effective interest rate on TL and EUR denominated time deposits are 18.47% and 3.52% respectively (31 December 2021: TL 18.05% and EUR 0.04%). As of 30 June 2022, the maturity range valid for TL time deposits are 1 day and for EUR time deposits are 34 days (31 December 2021: 1 day).

There is no blocked deposit as at 30 June 2022 and 31 December 2021.

Foreign currency risk exposure of cash and cash equivalents are presented under Note 23.

NOTE 6 – FINANCIAL INVESTMENTS

6.1 Short-term financial investments

As of 30 June 2022 and 31 December 2021, short-term financial investments at fair value through income statement are as follows:

	30 June 2022	31 December 2021
FX protected deposit	438,048	-
Total	438,048	-

6.2 Long-term financial investments

As of 30 June 2022 and 31 December 2021, long-term financial investments classified as available-for-sale financial assets at fair value through other comprehensive income are as follows:

	30 June 2022		31 December 2021	
	Ownership interest (%)	Carrying amount	Ownership interest (%)	Carrying amount
Doğuş Holding A.Ş. ("Doğuş Holding")	3.69	831,804	3.69	831,804

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NOTE 6 – FINANCIAL INVESTMENTS (Continued)

6.2 Long-term financial investments (Continued)

As of 31 December 2021, since Doğuş Holding is not publicly traded, fair value of Doğuş Holding is determined by using current market information's for publicly traded companies under Doğuş Holding governance. Fair value of Doğuş Holding is also determined by using other valuation methods such as nominal values, net carrying amount, acquisition price and discounted cash flows for non-public companies under Doğuş Holding governance. Discounts were applied on the net asset value of Doğuş Holding.

The movements in financial assets measured at fair value through other comprehensive income within the period are as follows:

	2022	2021
Balance at 1 January	831,804	561,545
Change in fair value of financial assets measured at fair value through other comprehensive income	-	-
Balance at 30 June	831,804	561,545

NOTE 7 – BORROWINGS

As at 30 June 2022 and 31 December 2021, financial liabilities with the effective interest rates, comprise the following:

	30 June 2022		31 December 2021	
	<u>Interest rate (%)</u>	<u>Amount</u>	<u>Interest rate (%)</u>	<u>Amount</u>
Short-term bank borrowings:				
TL denominated interest bearing borrowings	23.87	<u>2,432,750</u>	21.30	<u>2,705,361</u>
Total		<u>2,432,750</u>		<u>2,705,361</u>
	30 June 2022		31 December 2021	
	<u>Interest rate (%)</u>	<u>Amount</u>	<u>Interest rate (%)</u>	<u>Amount</u>
Short term portion of long term borrowings:				
TL denominated interest bearing borrowings	-		12.00	181,179
EUR denominated interest bearing borrowings	6.82	<u>171,529</u>	-	-
Total		<u>171,529</u>		<u>181,179</u>
	30 June 2022		31 December 2021	
	<u>Interest rate (%)</u>	<u>Amount</u>	<u>Interest rate (%)</u>	<u>Amount</u>
Long-term bank borrowings:				
EUR denominated interest bearing borrowings	6.82	<u>82,449</u>	-	-
Total		<u>82,449</u>		<u>-</u>

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NOTE 7 – BORROWINGS (Continued)

The repayment schedule of long-term bank borrowings including their short-term portions as at 30 June 2022 is as follows:

Payment period	Original amount (TL)	Original amount (EUR)	TL equivalent
2022	-	7,500	130,269
2023	-	4,748	82,466
2024	-	2,374	41,243
Total	-	14,622	253,978

The repayment schedule of long-term bank borrowings including their short-term portions as at 31 December 2021 is as follows:

Payment period	Original amount (TL)	Original amount (EUR)	TL equivalent
2022	181,179	-	181,179
Total	181,179	-	181,179

Foreign currency, interest and liquidity risk exposure of financial liabilities are presented under Note 23.

Movements of financial borrowings as 30 June 2022 and 2021 are summarized below:

Bank Borrowings	2022	2021
Balance at 1 January	2,886,540	2,277,941
Additions during the period	2,608,857	2,596,252
Payments during the period	(2,776,252)	(2,056,713)
Foreign exchange (gains) / losses	16,164	-
Changes in interest accrual	(48,581)	469
Balance at 30 June	2,686,728	2,817,949

As of 30 June 2022 and 31 December 2021, the details of the financial lease liabilities are as follows:

	30 June 2022		31 December 2021	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Short term portion of long term leases:				
TL leases	25.68	49,520	25.68	51,075
EUR leases	5.57	1,723	-	-
Total		51,243		51,075

	30 June 2022		31 December 2021	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Long term leases:				
TL leases	25.68	138,153	25.68	90,669
Total		138,153		90,669

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NOTE 7 – BORROWINGS (Continued)

Movement of financial lease liabilities as 30 June 2022 and 2021 are summarized below:

Lease Liabilities	2022	2021
Balance at 1 January	141,744	108,975
Additions	80,462	43,580
Payments	(48,587)	(38,573)
Disposals	-	(3,978)
Interest expenses	18,566	12,796
Foreign exchange gain / loss	(2,789)	13
Balance at 30 June	189,396	122,813

NOTE 8 – TRADE RECEIVABLES AND PAYABLES

8.1 Trade Receivables

Guarantees received for trade receivables due from non-related parties

Significant portion of the other trade receivables due from third parties is comprised of receivables from the dealers and fleet customers, The Group's management established an effective control system over the dealers and monitors the credit risk of the dealers arising from the transactions, The Group requests letters of guarantee for vehicle and spare parts sales from customers.

As at 30 June 2022, TL 114,032 of trade receivables due from third parties are covered via letters of guarantee (31 December 2021: TL 80,793).

As at 30 June 2022, overdue trade receivables due from non-related parties that are not impaired amount to TL 59,141 (31 December 2021: TL 2,400), TL 22 of such overdue receivables are covered via guarantee letters (31 December 2021: TL 335).

As at 30 June 2022, the Group's average maturity of trade receivables due from third parties is 30 days (31 December 2021: 15 days).

Credit and foreign currency exposure of trade receivables are presented under Note 23.

8.2 Trade Payables

As at 30 June 2022 and 31 December 2021, trade payables to third parties consist of the following:

	30 June 2022	31 December 2021
Payables to OEM companies	2,919,034	764,654
Payables to dealers (*)	326,289	200,057
Dealer premium accrual (*)	159,071	-
Other trade payables (**)	150,355	146,450
Other expense accruals	4,127	6,718
Total	3,558,876	1,117,879

OEM's provide a credit option to the Group up to 1 year, which is free from interest for 10 days. The OEM's charge the Group an interest of 0.75% per annum for trade payables not settled within 10 days (31 December 2021: 0.5% per annum).

(*) Group's payables to dealers consisted of bonus payables paid on periodical basis.

(**) Other trade payables include Group's payables to service and material suppliers.

Foreign currency and liquidity risk exposure of trade payables are presented under Note 23.

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NOTE 9 – OTHER RECEIVABLES

As at 30 June 2022 and 31 December 2021, other receivables due from third parties comprise of the following:

	30 June 2022	31 December 2021
Warranty claims and price difference receivables (*)	93,365	104,542
Receivables due to insurance claims	41,806	25,041
Other	11,837	13,822
Total	147,008	143,405

(*) Warranty receivables represent the receivable of the warranty expenses related to the vehicles imported by the Group. As at 30 June 2022, the other receivables that has not been billed are TL 32,518 (31 December 2021: TL 56,702).

NOTE 10 – INVENTORIES

As at 30 June 2022 and 31 December 2021, inventories comprise of the following:

	30 June 2022	31 December 2021
Goods in transit (*)	2,981,971	802,097
Merchandise stocks – vehicles	851,066	829,743
Merchandise stocks – spare parts	515,921	343,818
Total	4,348,958	1,975,658
Provision for diminution in the value of inventories (-)	(6,183)	(6,177)
Total	4,342,775	1,969,481

(*) Goods in transit comprise of vehicles and spare parts, custom transactions of which have not been completed yet, but risks and rewards of which have been transferred to the Group.

The cost of inventories recognized as expense and included in cost of sales amounted to TL 14,753,765 for the six month period ended 30 June 2022 (30 June 2021: TL 11,817,424).

The Group has provided provision for damaged and slow-moving items in inventories. The current year stock provision is included in “cost of sales”. The movement of provision for diminution in the carrying value of inventories is provided below:

	2022	2021
Balance at 1 January	6,177	6,632
Additions in the current period	6	381
Balance at 30 June	6,183	7,013

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NOTE 11 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

As at 30 June 2022 and 31 December 2021, investment in associates, joint ventures and the Group's share of control are as follows:

	30 June 2022		31 December 2021	
	Ownership (%)	Carrying amount	Ownership (%)	Carrying amount
Associates				
VDF Servis	48.79	593,159	48.79	518,749
Yüce Auto	50	218,163	50	95,726
Doğuş Sigorta	42	63,381	42	59,501
Doğuş Teknoloji	21.76	31,997	21.76	34,309
Total		906,700		708,285
Joint ventures				
TÜVTURK Kuzey – Güney	33.33	178,039	33.33	171,950
Total		178,039		171,950
Grand total		1,084,739		880,235

The movements in investments in associates and joint ventures during the periods are as follows:

	2022	2021
Balance at 1 January	880,235	790,730
Shares in profits of associates, net	273,547	99,303
Shares in profits of joint ventures, net	90,479	77,977
Dividend income from associates	(72,005)	(60,000)
Dividend income from joint ventures	(79,242)	(230,325)
Shares of other comprehensive income/loss of associates and joint ventures	(8,275)	-
Balance at 30 June	1,084,739	677,685

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NOTE 11 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)

As at 30 June 2022, 31 December 2021 and 30 June 2021, total assets, liabilities and results of the periods of the Group's associates and joint ventures are presented below:

	30 June 2022						30 June 2022		
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses (-)	Net profit/(loss)
Investment in associates	11,397,693	4,212,788	15,610,481	13,698,986	83,492	13,782,478	5,066,116	(4,539,426)	526,690
Joint ventures	586,287	873,212	1,459,499	500,932	326,277	827,209	2,208,479	(1,937,016)	271,463
31 December 2021									
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses (-)	Net profit/(loss)
Investment in associates	9,065,846	3,538,925	12,604,771	10,382,360	793,676	11,176,036	4,002,363	(3,795,422)	206,941
Joint ventures	462,171	895,453	1,357,624	464,882	383,630	848,512	1,761,599	(1,527,645)	233,954

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NOTE 11 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)

As at 30 June 2022, 31 December 2021 and 30 June 2021, cash and cash equivalents, current and non-current liabilities, amortization and depreciation expenses, interest income and expenses are presented below:

	30 June 2022			30 June 2022				
	Cash and cash equivalents	Short-term financial liabilities	Long-term financial liabilities	Revenues		Interest income	Interest expense	Tax expense
				Amortization and depreciation expenses				
Investment in associates	1,234,803	12,202,579	10,899	4,845,706	(37,432)	19,392	(61,825)	(142,996)
Joint ventures	319,044	-	-	2,174,243	(25,797)	27,769	(1,340)	(80,397)
31 December 2021								
	31 December 2021			30 June 2021				
	Cash and cash equivalents	Short-term financial liabilities	Long-term financial liabilities	Revenues		Interest income	Interest expense	Tax expense
				Amortization and depreciation expenses				
Investment in associates	723,028	9,223,288	722,176	3,774,493	(25,851)	16,161	(173,714)	(39,043)
Joint ventures	234,609	14,876	32,862	1,730,853	(12,872)	29,528	(806)	(83,892)

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NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment and related accumulated depreciation for the six month period ended 30 June 2022 are as follows:

	1 January 2022	Additions	Disposals	Transfers (*)	30 June 2022
<i>Cost:</i>					
Land	285,839	-	-	-	285,839
Land improvements	19,871	-	-	17	19,888
Buildings	416,975	1,390	-	32,947	451,312
Machinery and equipments	82,490	10,243	(69)	430	93,094
Motor vehicles	423,952	177,878	(16,471)	-	585,359
Furniture and fixtures	107,416	4,984	(353)	1,477	113,524
Leasehold improvements	124,770	897	(1,399)	2,249	126,517
Constructions in progress	7,771	45,544	-	(37,340)	15,975
	1,469,084	240,936	(18,292)	(220)	1,691,508
<i>Accumulated depreciation:</i>					
Land improvements	(15,220)	(395)	-	-	(15,615)
Buildings	(68,435)	(4,230)	-	-	(72,665)
Machinery and equipments	(43,620)	(3,495)	67	-	(47,048)
Motor vehicles	(131,099)	(52,487)	8,005	-	(175,581)
Furniture and fixtures	(59,904)	(6,172)	318	-	(65,758)
Leasehold improvements	(54,515)	(4,407)	968	-	(57,954)
	(372,793)	(71,186)	9,358	-	(434,621)
Carrying amount	<u>1,096,291</u>				<u>1,256,887</u>

Total depreciation expense amounting to TL 71,186 has been allocated to general administrative expenses in the condensed consolidated profit or loss statement for the six month period ended 30 June 2022 (30 June 2021: TL 43,744).

As at 30 June 2022, borrowing cost amounting to TL 54,089 is capitalized on property and equipments (31 December 2021: TL 54,089).

(*) As of 30 June 2022, TL 220 of transfers consists of transfers to intangible assets (30 June 2021: TL 194).

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NOTE 12 – PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements in property, plant and equipment and related accumulated depreciation for the six month period ended 30 June 2021 are as follows:

	1 January 2021	Additions	Disposals	Transfers (*)	Foreign currency translation difference	30 June 2021
<i>Cost:</i>						
Land	285,839	-	-	-	-	285,839
Land improvements	19,366	270	-	-	-	19,636
Buildings	397,693	1,478	-	1	-	399,172
Machinery and equipments	75,497	3,314	-	-	585	79,396
Motor vehicles	246,383	76,139	(14,270)	-	31	308,283
Furniture and fixtures	82,587	7,174	(1,419)	2,674	447	91,463
Leasehold improvements	139,230	19	-	1,290	6,613	147,152
Constructions in progress	11,412	8,510	-	(4,159)	-	15,763
	1,258,007	96,904	(15,689)	(194)	7,676	1,346,704
<i>Accumulated depreciation:</i>						
Land improvements	(14,424)	(399)	-	-	-	(14,823)
Buildings	(65,361)	(4,163)	-	-	-	(69,524)
Machinery and equipments	(44,367)	(2,854)	-	-	(398)	(47,619)
Motor vehicles	(85,855)	(27,224)	7,935	-	(30)	(105,174)
Furniture and fixtures	(57,208)	(4,695)	1,334	-	(488)	(61,057)
Leasehold improvements	(89,864)	(4,409)	-	-	(2,685)	(96,958)
	(357,079)	(43,744)	9,269	-	(3,601)	(395,155)
Carrying amount	<u>900,928</u>					<u>951,549</u>

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NOTE 13 – INVESTMENT PROPERTY

The movements in investment property and related accumulated depreciation for the six months period ended 30 June 2022 and 2021 are as follows:

	2022	2021
Cost:		
Balance at 1 January	135,432	111,773
Additions from property and equipment	-	-
Balance at 30 June	135,432	111,773
Accumulated depreciation:		
Balance at 1 January	(13,969)	(6,354)
Depreciation for the period	(1,870)	(1,119)
Transfers from property and equipment	-	-
Balance at 30 June	(15,839)	(7,473)
Net book value as of 1 January	121,463	105,419
Net book value as of 30 June	119,593	104,300

Investment property comprised of the building that is used by Doğuş Teknoloji, Kartal Tower and Etimesgut buildings.

The Group assesses whether there is any impairment indicator in investment properties. If such indicator exists the Group compares fair values and carrying values of the investment properties on an individual asset basis and records identified impairment of the investment properties.

The fair value of the investment property has been determined by a CMB licensed property appraiser company in November 2021, the fair value of the Doğuş Teknoloji building amounts to TL 47,610, TL 153,965 for Kartal Tower and TL 40,550 for Etimesgut building respectively (Level 2).

The useful life of the building that is classified as investment property is 50 years. In 2022, the Group has recognized TL 2,596 rent income from the related investment property (30 June 2021: TL 369).

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NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

14.1 Short-Term Provisions

The breakdown of short-term provisions as at 30 June 2022 and 31 December 2021 is presented below:

	30 June 2022	31 December 2021
Legal provisions	53,484	50,095
Warranty provisions	15,308	16,121
Other provisions	-	330,000
Total	68,792	396,216

The breakdown of long-term provisions as at 30 June 2022 and 31 December 2021 is presented below:

	30 June 2022	31 December 2021
Warranty provisions	73,971	70,445
Total	73,971	70,445

14.2 Collaterals / Pledges / Mortgages / Bill of Guarantees Given

As at 30 June 2022, the Group's position related to letters of collaterals / pledges / mortgages / bill of guarantees guarantee given, pledges and mortgages ("CPMB") are as follows:

	30 June 2022				
	Total TL equivalent	Full TL	Full USD	Original balances Full Euro	Full CHF
A. Total amount of CPMB given on behalf of own legal personality	3,272,725	65,589,619	-	184,635,400	-
B. Total amount of CPMB given in favor of partnerships which is consolidated	46,878	46,878,489	-	-	-
C. Total amount of CPMB given for assurance of third parties debts in order to conduct of usual business activities	130,276	-	-	7,500,000	-
D. Total amount of other CPMB	-	-	-	-	-
i. Total amount of CPMB given in favor of parent company	-	-	-	-	-
ii. The amount of CPMB given in favor of other group companies which B and C don't comprise	-	-	-	-	-
iii. The amount of CPMB given in favor of 3rd parties which C doesn't comprise	-	-	-	-	-
Total CPMB	3,449,879	112,468,108	-	192,135,400	-

Other CPMBs given by the Group as at 30 June 2022 are equivalent to 0% of the Company's equity (31 December 2021: 0%).

As at 30 June 2022, CPMB amounting to TL 26,000 was given in favor of partnerships within the scope of consolidation is related to general loan agreements (31 December 2021: 26,000).

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NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

14.2 Collaterals / Pledges / Mortgages / Bill of Guarantees Given (Continued)

As at 31 December 2021, the Group's position related to letters of collaterals / pledges / mortgages / bill of guarantees given, pledges and mortgages ("CPMB") are as follows:

	31 December 2021				
	Total TL equivalent	Full TL	Full USD	Full Euro	Full CHF
A. Total amount of CPMB given on behalf of own legal personality	3,835,641	65,660,091	-	249,887,700	-
B. Total amount of CPMB given in favor of partnerships which is consolidated	43,884	43,883,744	-	-	-
C. Total amount of CPMB given for assurance of third parties debts in order to conduct of usual business activities	113,150	-	-	7,500,000	-
D. Total amount of other CPMB	-	-	-	-	-
i. Total amount of CPMB given in favor of parent company	-	-	-	-	-
ii. The amount of CPMB given in favor of other group companies which B and C don't comprise	-	-	-	-	-
iii. The amount of CPMB given in favor of 3rd parties which C doesn't comprise	-	-	-	-	-
Total CPMB	3,992,675	109,543,835	-	257,387,700	-

14.3 Collaterals / Pledges / Mortgages / Bill of Guarantees Received

As at 30 June 2022 and 31 December 2021, the Group's position related to letter of guarantees received are as follows:

	30 June 2022	31 December 2021
Letters of guarantees received from dealers	141,000	94,861
Letters of guarantees received from fixed asset and service suppliers	74,978	89,659
Letter of guarantees received from fleet customers	26,081	25,300
Total	242,059	209,820

NOTE 15 – OTHER CURRENT LIABILITIES

As at 30 June 2022 and 31 December 2021, other current liabilities comprise of the following:

	30 June 2022	31 December 2021
VAT payable	407,328	163,612
Other current liabilities	506	1,088
Total	407,834	164,700

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 16 – EQUITY

Issued Capital

As at 30 June 2022, the registered capital of the Company is TL 220,000 (31 December 2021: TL 220,000). The paid-in share capital of the Company comprises of 220,000,000 units of registered shares with a nominal value of TL 1 each. There is no different type of share and no privilege given to specific shareholders. The Company's registered authorized capital ceiling is TL 660,000.

As at 30 June 2022 and 31 December 2021, the composition of the Company's shareholding structure is as follows:

Shareholders	30 June 2022		31 December 2021	
	TL	Shareholding (%)	TL	Shareholding (%)
Doğuş Holding	165,585	75.27	165,585	75.27
Doğuş Otomotiv Servis ve Ticaret A.Ş. (*)	22,000	10.00	22,000	10.00
Publicly traded	32,415	14.73	32,415	14.73
Paid-in capital	220,000	100.00	220,000	100.00
Inflation adjustment difference	23,115		23,115	
Total	243,115		243,115	

(*) In accordance with communiqué of CMB, the Group reacquired 22,000,000 units of its own shares which is equivalent to 10% of its paid-in capital in 2016.

Restricted reserves appropriated from profits

The breakdown of restricted reserves is presented below:

	30 June 2022	31 December 2021
Treasury share reserves	220,467	220,393
Legal reserves	323,363	199,463
Other restricted profit reserves	3,439	3,439
Total	547,269	423,295

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. First level legal reserves are set aside as up to 5% of the distributable income per the statutory accounts each year. The ceiling of the first level reserves is 20% of the paid-in share capital. In case of a profit distribution in accordance with CMB regulations, second level legal reserves are set aside by rate of 1/10 for all cash distribution exceeding 5% of the share capital. In case of a profit distribution in accordance with statutory records, second level legal reserves are set aside by rate of 1/11 for all cash distribution exceeding 5% of the share capital.

Under the Turkish Commercial Code, first and second level legal reserves cannot be distributed until they exceed 50% of the capital, but the reserves can solely be used for offsetting the losses in case of running out of arbitrary reserves. In accordance with CMB Regulations, legal reserves shall be presented under "restricted reserves appropriated from profits". As at 30 June 2022, the legal reserves of the Group amounted to TL 323,363 (31 December 2021: TL 199,463).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 16 – EQUITY (Continued)

Treasury shares

The Group reacquired its own shares that are traded on Borsa İstanbul A.Ş in accordance with the Communiqué on Buy Backed Shares (II-22.1) announced by CMB. In this context, as of 31 December 2016, the Group reacquired its own 22,000,000 units of registered shares that are equivalent to 10% portion of its issued capital at an amount of TL 220,274 and accounted as "Treasury shares" under the equity. Additionally, the Group classified "Treasury share reserve" in the amount of the value of the reacquired shares under "Restricted reserves appropriated from profits" in accordance with the relevant communiqué.

Gains (Losses) on remeasurements of defined benefit plans

According to the transition rules of TAS 19, accumulated actuarial losses on employee benefits are started to be recognized within these accounts by the beginning of 1 January 2012 in accordance with the announcement made by CMB regarding financial statements and disclosure templates stated at "Principles of Financial Reporting in Capital Market" which is dated 13 June 2013 and published in the Official Gazette numbered 28676 Series: II, No.14.1.

Retained earnings / (Accumulated losses)

Accumulated profits other than net current year profit and extraordinary reserves are classified under retained earnings. As at 30 June 2022, retained earnings are TL 1,921,971 (31 December 2021: TL 839,364).

Gains (Losses) on remeasuring of financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are recognized in consolidated financial statements at their fair values. The valuation differences realized at the reporting date in carrying amount of the financial assets is recognized in "gains (losses) on remeasuring and/or reclassification of financial assets measured at fair value through other comprehensive income" account under equity in the consolidated financial statements. As at 30 June 2022, gains (losses) on remeasuring and/or reclassification of financial assets measured at fair value through other comprehensive income of the Group amounted to TL 753,816 (31 December 2021: TL 753,816).

Foreign currency translation differences

Foreign currency translation differences comprise the foreign currency exchange rate differences arising from the translation of the financial statements on foreign currencies from functional currency to the presentation currency of the Group. As at 30 June 2022, the foreign currency translation differences of the Group amounted to TL 12,561 (31 December 2021: TL 8,582).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 16 – EQUITY (Continued)

Dividend

Publicly traded companies shall perform dividend distribution in accordance with the Communiqué on Dividends II-19.1 of the Capital Market Board effective as of 1 February 2014.

Companies shall distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the related regulation. Within the scope of this Communiqué, no minimum distribution rate has been determined. Companies shall pay dividends as set out in their profit distribution policies or their articles of association.

Additionally, dividends can be paid via equal or different installments and companies can distribute dividend advances based on profits at financial statements.

In the General Assembly Meeting which was held on 29 March 2022, it has been decided to distribute cash dividends amounting to TL 1,250,000 to shareholders on previous year's distributable profit which was calculated by deducting legal reserves from period income. It has been decided that TL 123,900 of the net profit of the period will not be distributed and be kept within the Company as "legal reserve".

Non-controlling interests

Equity in a subsidiary that is not attributable, directly or indirectly, to a parent is classified under the "non-controlling interests" in the consolidated financial statements. As at 30 June 2022 and 31 December 2021, the related amounts in the "non-controlling interests" account in the consolidated financial statements are TL 23,738 and TL 13,258 respectively. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the "non-controlling interests" in the consolidated profit or loss statement.

NOTE 17 – MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

The breakdown of operating expenses for the six and three month periods ended 30 June is presented below:

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
General administrative expenses	415,245	260,389	229,456	129,358
Marketing expenses	340,814	223,150	216,056	113,988
Total	756,059	483,539	445,512	243,346

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 17 – MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES (Continued)

17.1 Marketing Expenses

The breakdown of marketing expenses for the six and three month periods ended 30 June is presented below:

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Distribution expenses	117,140	55,647	71,914	30,054
Warranty expenses, net	74,916	66,183	39,967	26,777
Personnel expenses	72,465	49,405	52,811	27,784
Advertising expenses	63,665	46,413	43,845	26,551
Customer service expenses	9,644	5,134	5,304	2,558
Support expenses	2,984	368	2,215	264
Total	340,814	223,150	216,056	113,988

17.2 General Administrative Expenses

The breakdown of general administration expenses for the six and three month periods ended 30 June is presented below:

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Personnel expenses	138,059	91,884	88,380	44,967
Depreciation and amortization expenses	131,873	84,081	70,509	43,813
Building expenses	49,127	25,478	23,693	12,247
Maintenance expenses	33,223	20,305	17,286	10,197
Vehicle expenses	11,590	4,463	6,395	2,355
Consultancy expenses	10,248	6,840	4,576	3,141
Insurance expenses	10,162	7,562	4,993	3,072
Travelling expenses	3,128	384	2,160	275
Communication expenses	1,735	1,282	912	659
Corporate governance expenses	386	575	-	-
Other	25,714	17,535	10,552	8,632
Total	415,245	260,389	229,456	129,358

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 18 – INVESTMENT ACTIVITY INCOME

The breakdown of income from investment activities for the six and three month periods ended 30 June is presented below:

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Interest income	48,638	-	35,494	-
Gain on sale of property and equipment	29,583	16,512	17,654	4,478
Total	78,221	16,512	53,148	4,478

NOTE 19 – FINANCE INCOME AND EXPENSES

The breakdown of finance expenses for the six and three month periods ended 30 June is presented below:

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Interest expense on borrowings	307,995	227,828	149,513	127,495
Commission expenses on letters of guarantee	42,394	32,914	21,446	15,584
Interest expense on lease liabilities	18,566	12,796	9,202	6,461
Other	34,645	10,291	17,452	5,125
Total	403,600	283,829	197,613	154,665

The breakdown of finance income for the six and three month periods ended 30 June is presented below:

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Interest income	4,371	25,467	2,730	12,728
Total	4,371	25,467	2,730	12,728

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 20 – TAX ASSET AND LIABILITIES

Turkish tax legislation does not allow for the submission of tax returns over consolidated financial statements prepared by the parent company, which include its subsidiaries and associates. Accordingly tax considerations reflected in these consolidated financial statements have been calculated separately for each of the companies in the scope of the consolidation.

The Corporate Tax Law was amended by Law No.5520 dated 13 September 2006. Most of the articles of the new Corporate Tax Law in question, No.5520, have come into force effective from 1 January 2006. Corporation tax is payable at a rate of 23% for 30 June 2022 on the total income of the Company and its subsidiaries registered in Turkey after adjusting for certain disallowable expenses, exempt income and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed (except for withholding tax at the rate of 19.8%, calculated on an exemption amount if an investment allowance is granted in the scope of Income Tax Law temporary article 61).

As at 30 June 2022, enacted corporation tax rate is 15% for the subsidiary registered in Iraq according to local tax law (31 December 2021: 15%). According to Iraq tax laws, losses can be carried forward for offsetting against future taxable income for up to 5 years unless if it is not exceeded by the half of the income for each year.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is do not considered as a profit distribution.

Corporations are required to pay advance corporation tax quarterly at the valid rate on their corporate income. Advance tax is declared by the 14th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid during the year is offset against the annual corporation tax payable, which is calculated over the corporate tax return declared in the following year. If, despite offsetting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government. Dividend income of a resident arising from the investments in another resident is not subject to corporate tax (Except mutual funds participation certificate and dividend income from mutual fund).

Accordingly, income items complying with the abovementioned rules and included in accounting profit or loss are taken into account in corporate tax computation.

In determining the tax base, in addition to abovementioned exceptions, exceptions indicated in article 8 of Corporate Tax Law and article 40 of Income Tax Law are also taken into account.

There is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

Losses can be carried forward for offsetting against future taxable income for up to 5 years.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 20 – TAX ASSET AND LIABILITIES (Continued)

50% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property, which has remained in assets for more than two full years, are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account and it must not be withdrawn from the entity for a period of 5 years. The cost of the sale has to be collected up until the end of the second calendar year following the year the sale was realized.

For the six and three month periods ended 30 June, taxation charge comprise of the following:

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Deferred tax income / (expense)	69,312	9,664	505	(22,126)
Current tax income / (expense)	(798,134)	(257,279)	(453,258)	(142,024)
Total tax expense	(728,822)	(247,615)	(452,753)	(164,150)

For the period ended 30 June, the tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

	1 January - 30 June 2022	1 January - 30 June 2021
Profit before tax	3,501,535	1,136,458
Income tax using the Company's domestic tax rate	(805,353)	(284,115)
Disallowable expenses	(8,354)	(4,305)
Share of profit in equity accounted investees		
exempt from deferred tax calculation	83,726	44,320
Other	1,159	(3,515)
Total tax expense	(728,822)	(247,615)
	1 April - 30 June 2022	1 April - 30 June 2021
Profit before tax	2,220,722	644,972
Income tax using the Company's domestic tax rate	(510,766)	(128,994)
Effective tax rate change effect	-	(47,959)
Disallowable expenses	(1,262)	(2,945)
Share of profit in equity accounted investees		
exempt from deferred tax calculation	49,872	16,468
Other	9,403	(720)
Total tax expense	(452,753)	(164,150)

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with Turkish Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 20 – TAX ASSET AND LIABILITIES (Continued)

Deferred taxes

As at 30 June 2022 and 31 December 2021, deferred tax assets and liabilities are attributable to the items detailed in the table below:

	Deferred tax asset		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Fair value change of available-for-sale financial assets	-	-	(35,086)	(35,086)	(35,086)	(35,086)
Land	-	-	(1,393)	(1,393)	(1,393)	(1,393)
Other tangible and intangible assets	-	-	1,172	1,313	1,172	1,313
Warranty provision, net	18,315	17,797	-	-	18,315	17,797
Legal provision	8,714	7,933	-	-	8,714	7,933
Provision for diminution in value of inventories	1,423	1,421	-	-	1,423	1,421
Employee termination benefit	14,178	10,251	-	-	14,178	10,251
Unused vacation liability	6,484	4,192	-	-	6,484	4,192
Dealer premium accrual	36,587	-	-	-	36,587	-
Other	8,945	(19,357)	-	-	8,945	(19,357)
Total deferred tax asset/(liabilities)	94,646	22,237	(35,307)	(35,166)	59,339	(12,929)
Net off tax	(35,307)	402	35,307	(402)	-	-
Total deferred tax assets/(liabilities)	59,339	22,639	-	(35,568)	59,339	(12,929)

The movements in temporary differences as at 30 June 2022 are as follows:

	1 January 2022	Recognized in the profit or loss	Recognized in other comprehensive income	30 June 2022
Fair value change of available for sale financial assets	(35,086)	-	-	(35,086)
Land	(1,393)	-	-	(1,393)
Other tangible and intangible assets	1,313	(141)	-	1,172
Warranty provision, net	17,797	518	-	18,315
Legal provision	7,933	781	-	8,714
Provision for diminution in value of inventories	1,421	2	-	1,423
Employee termination benefit	10,251	971	2,956	14,178
Unused vacation liability	4,192	2,292	-	6,484
Dealer premium accrual	-	36,587	-	36,587
Other	(19,357)	28,302	-	8,945
	(12,929)	69,312	2,956	59,339

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NOTE 20 – TAX ASSET AND LIABILITIES (Continued)

Deferred taxes (Continued)

The movements in temporary differences as at 30 June 2021 are as follows:

	1 January 2021	Recognized in the profit or loss	Recognized in other comprehensive income	30 June 2021
Fair value change of available for sale financial assets	(21,572)	-	-	(21,572)
Land	(1,393)	-	-	(1,393)
Other tangible and intangible assets	(10,041)	435	-	(9,606)
Warranty provision, net	9,733	4,376	-	14,109
Legal provision	6,497	1,794	-	8,291
Provision for diminution in value of inventories	1,326	427	-	1,753
Employee termination benefit	7,976	586	467	9,029
Unused vacation liability	3,263	574	-	3,837
Dealer premium accrual	-	2,560	-	2,560
Other	2,579	(1,088)	-	1,491
	(1,632)	9,664	467	8,499

As at 30 June 2022, current income tax liabilities amounting to TL 454,857 (31 December 2021: TL 259,620) is comprised by tax provision for the period ended 30 June 2022.

As of 30 June 2022, the Group has no current period tax assets. (31 December 2021: None).

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022, Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. The Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies under TFRS on January 20, 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies in the financial statements for 2022.

NOTE 21 – EARNINGS PER SHARE

Earnings per share is calculated by dividing net income attributable to equity holders of the Company for the period by the weighted average number of shares of the Company available during the period. For the period ended 30 June, earnings per share are calculated as follows:

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Net profit attributable to the equity holders of the Company	2,762,233	885,935	1,765,564	481,543
Number of basic shares	198,000,000	198,000,000	198,000,000	198,000,000
Basic / diluted earnings per share (in full TL)	13.9507	4.4744	8.9170	2.4320

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NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

22.1 Due from related parties

22.1.1 Due from associates

	30 June 2022	31 December 2021
Yüce Auto	24,392	5,071
Total	24,392	5,071

22.1.2 Due from joint ventures

	30 June 2022	31 December 2021
TÜVTURK	18	10
Total	18	10

22.1.3 Due from other related parties

	30 June 2022	31 December 2021
VDF Faktoring Hizmetleri A.Ş. ("VDF Faktoring")	2,091,664	648,032
VDF Sigorta Aracılık Hizmetleri A.Ş.	2,903	1,421
VDF Filo Kiralama A.Ş.	932	944
VDF	157	148
Other	717	349
Total	2,096,373	650,894

22.1.4 Due from shareholders

	30 June 2022	31 December 2021
Doğuş Holding	189	50
Total	189	50
Grand total	2,120,972	656,025

As of 30 June 2022, the Group imposes 1% interest charge on the receivables from related parties (31 December 2021: 1% per month).

22.2 Other receivables due from related parties

22.2.1 Other current receivables due from associates

	30 June 2022	31 December 2021
Doğuş Teknoloji	5,348	4,718
Total	5,348	4,718

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NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

22.2 Other receivables due from related parties (Continued)

22.2.2 *Other current receivables due from other related parties*

	30 June 2022	31 December 2021
VDF Filo Kiralama A.Ş. (sublease receivables)	1,036	2,224
Total	1,036	2,224
Grand total	6,384	6,942

22.2.3 *Other non-current receivables due from related parties*

	30 June 2022	31 December 2021
VDF Filo Kiralama A.Ş. (sublease receivables)	225	975
Total	225	975

22.3 Current prepayments due from related parties

22.3.1 *Current prepaid expenses to related parties*

22.3.1.1 *Current prepaid expenses to associates*

	30 June 2022	31 December 2021
Doğuş Teknoloji	492	719
Total	492	719

22.3.1.2 *Current prepaid expenses to other related parties*

	30 June 2022	31 December 2021
Pozitif Arena Salon İşletmeleri A.Ş.	4,042	8,823
Doğuş Spor Kompleksi Yatırım ve İşletme A.Ş.	880	-
Antur Turizm A.Ş.	372	15
Pozitif Müzik A.Ş.	262	262
Other	245	-
Total	5,801	9,100

22.3.1.3 *Current prepaid expenses to shareholders*

	30 June 2022	31 December 2021
Doğuş Holding	224	804
Total	224	804
Grand total	6,517	10,623

22.3.2 *Non- Current prepaid expenses to related parties*

22.3.2.1 *Non-current prepaid expenses*

	30 June 2022	31 December 2021
Pozitif Arena Salon İşletmeleri A.Ş.	3,052	3,052
Doğuş Teknoloji	261	381
Pozitif Müzik A.Ş.	193	323
Total	3,506	3,756

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NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

22.3.3 *Advances given*

22.3.3.1 *Advances given to other related parties*

	<u>30 June 2022</u>	<u>31 December 2021</u>
Doğuş Yayın Grubu A.Ş.	-	822
Total	-	822

22.4 Deferred Income

22.4.1 *Deferred income from other related parties*

	<u>30 June 2022</u>	<u>31 December 2021</u>
TDB Kalibrasyon Hizmetleri A.Ş.	-	-
Other	-	-
Total	-	-

22.5 Trade payables due to related parties

22.5.1 *Trade payables due to associates*

	<u>30 June 2022</u>	<u>31 December 2021</u>
Yüce Auto	155,878	92,364
Doğuş Teknoloji	13,663	12,088
Total	169,541	104,452

22.5.2 *Trade payables due to joint ventures*

	<u>30 June 2022</u>	<u>31 December 2021</u>
TÜVTURK	3	-
Total	3	-

22.5.3 *Trade payables due to other related parties*

	<u>30 June 2022</u>	<u>31 December 2021</u>
VDF Filo Kiralama A.Ş.	18,964	1,299
Antur Turizm A.Ş.	5,589	2,125
VDF Sigorta Aracılık Hizmetleri A.Ş.	938	1
VDF Faktoring	859	418
Semanticum Bilişim Sanayi ve Ticaret A.Ş.	424	391
Doğuş Yayın Grubu A.Ş.	180	12
TDB Kalibrasyon Hizmetleri A.Ş.	178	168
VDF	113	26
Doğuş Verimlilik ve Merkezi Satın Alma Hizm. Tic. A.Ş.	5	750
Nahita Restaurant İşletmeciliği ve Yatırım A.Ş.	-	1,758
DGPAYS Bilişim Hizmetleri A.Ş.	-	618
Other	622	619
Total	27,872	8,185

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

22.5.4 *Trade payables due to shareholders*

	30 June 2022	31 December 2021
Doğuş Holding	803	686
Total	803	686
Grand total	198,219	113,323

22.6 Other payables due to related parties

22.6.1 *Other payables due to shareholders*

	30 June 2022	31 December 2021
Dividend payable	-	-
Total	-	-

22.7 Related Party Transactions

Related party transactions for the six and three month periods ended 30 June are as follows:

22.7.1 *Associates*

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Sales and other income generating transactions:				
Other income	40,380	27,991	22,776	13,831
Sale of products and returns, net	25,008	16,298	19,621	12,105
Sale of services, net	543	267	253	123
Financial Income	533	322	278	-
Total	66,464	44,878	42,928	26,059
Purchases and expense incurring transactions:				
Inventory purchases	632,347	572,020	332,873	261,195
Other purchases	71,122	32,362	36,214	16,087
Fixed asset purchases	50,849	33,695	26,060	19,815
Services rendered	21,213	12,604	10,913	6,330
Incentives for consumer loans	-	28,738	-	8,757
Other expenses	434	225	220	118
Total	775,965	679,644	406,280	312,302

22.7.2 *Joint ventures*

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Sales and other income generating transactions:				
Sale of products and returns, net	2,707	2,720	732	1,788
Sale of services, net	47	59	19	40
Other incomes	4	4	2	2
Total	2,758	2,783	753	1,830
Purchases and expense incurring transactions:				
Services rendered	19	71	5	42
Other purchases	1	-	1	-
Total	20	71	6	42

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NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

22.7 Related Party Transactions (Continued)

22.7.3 Other related parties

a) Income generated from other related parties

1 January – 30 June 2022						
	Sale of products	Sale of services	Sale of fixed assets	Other income from operating activities	Financial income	Total
VDF Filo	214,286	5,047	-	545	-	219,878
VDF Sigorta	-	2	-	9,949	-	9,951
VDF Faktoring	-	-	-	-	-	-
Other	4,384	384	-	1,113	147	6,028
	218,670	5,433	-	11,607	147	235,857

1 January – 30 June 2021						
	Sale of products	Sale of services	Sale of fixed assets	Other income from operating activities	Financial income	Total
VDF Filo	181,426	2,503	-	337	-	184,266
VDF Sigorta	3	3	-	5,163	-	5,169
VDF Faktoring	-	-	-	-	-	-
Other	3,577	65	99	127	238	4,106
	185,006	2,571	99	5,627	238	193,541

1 April – 30 June 2022						
	Sale of products	Sale of services	Sale of fixed assets	Other income from operating activities	Financial income	Total
VDF Filo	120,803	2,746	-	310	-	123,859
VDF Sigorta	-	2	-	6,382	-	6,384
VDF Faktoring	-	-	-	-	-	-
Other	1,052	275	-	912	147	2,386
	121,855	3,023	-	7,604	147	132,629

1 April – 30 June 2021						
	Sale of products	Sale of services	Sale of fixed assets	Other income from operating activities	Financial income	Total
VDF Filo	115,815	1,256	-	179	-	117,250
VDF Sigorta	3	2	-	2,471	-	2,476
VDF Faktoring	-	-	-	-	-	-
Other	999	47	-	67	132	1,245
	116,817	1,305	-	2,717	132	120,971

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NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

22.7 Related Party Transactions (Continued)

22.7.3 Other related parties (Continued)

b) Expenses arising from transactions with other related parties

	1 January – 30 June 2022						
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
VDF Filo	10,918	-	50,965	-	2	-	61,885
Doğuş Gayrimenkul Yatırım Ortaklılığı	19,328	-	-	-	-	-	19,328
Antur Turizm	10,356	-	-	-	2	774	11,132
VDF Faktoring	-	-	-	4,647	-	-	4,647
VDF Sigorta	-	-	-	-	790	-	790
Other	4,030	79	325	120	27	7,514	12,095
	44,632	79	51,290	4,767	821	8,288	109,877

	1 January – 30 June 2021						
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
VDF Filo	7,091	3,750	6,847	-	-	-	17,688
Doğuş Gayrimenkul Yatırım Ortaklılığı	16,146	-	-	-	-	-	16,146
Antur Turizm	1,898	-	-	-	-	326	2,224
VDF Faktoring	-	-	-	35,501	-	-	35,501
VDF Sigorta	24	-	-	-	-	4	28
Other	4,709	-	831	-	-	5,887	11,427
	29,868	3,750	7,678	35,501	-	6,217	83,014

	1 April – 30 June 2022						
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
VDF Filo	5,483	-	40,113	-	1	-	45,597
Doğuş Gayrimenkul Yatırım Ortaklılığı	10,190	-	-	-	-	-	10,190
VDF Faktoring	-	-	-	2,319	-	-	2,319
Antur Turizm	7,820	-	-	-	1	741	8,562
VDF Sigorta	-	-	-	-	790	-	790
Other	2,522	69	-	34	17	3,542	6,184
	26,015	69	40,113	2,353	809	4,283	73,642

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NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

22.7 Related Party Transactions (Continued)

22.7.3 Other related parties (Continued)

	1 April – 30 June 2021						
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
VDF Filo	3,795	3,750	5,154	-	-	-	12,699
Doğuş Gayrimenkul Yatırım OrtaklıĞı	8,274	-	-	-	-	-	8,274
VDF Faktoring	-	-	-	18,380	-	-	18,380
Antur Turizm	1,262	-	-	-	-	141	1,403
VDF Sigorta	-	-	-	-	-	4	4
Other	2,537	-	560	-	-	3,223	6,320
	15,868	3,750	5,714	18,380	-	3,368	47,080

22.7.4 Transactions with shareholders

a) Income generated from shareholders

	1 January – 30 June 2022				
	Sale of products	Sale of services	Sale of fixed assets	Total	
Doğuş Holding	28	971	228	1,227	
	28	971	228	1,227	
	1 January – 30 June 2021				
	Sale of products	Sale of services	Sale of fixed assets	Total	
Doğuş Holding	11	293	-	304	
	11	293	-	304	
	1 April – 30 June 2022				
	Sale of products	Sale of services	Sale of fixed assets	Total	
Doğuş Holding	13	487	228	728	
	13	487	228	728	
	1 April – 30 June 2021				
	Sale of products	Sale of services	Sale of fixed assets	Total	
Doğuş Holding	7	289	-	296	
	7	289	-	296	

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

22.7 Related Party Transactions (Continued)

22.7.4 Transactions with shareholders (Continued)

b) Expenses arising from transactions with shareholders

1 January – 30 June 2022					
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other purchases	Total
Doğuş Holding	5,990	-	-	580	6,570
	5,990	-	-	580	6,570
1 January – 30 June 2021					
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other purchases	Total
Doğuş Holding	4,323	-	-	188	4,511
	4,323	-	-	188	4,511
1 April – 30 June 2022					
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other purchases	Total
Doğuş Holding	2,529	-	-	292	2,821
	2,529	-	-	292	2,821
1 April – 30 June 2021					
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other purchases	Total
Doğuş Holding	1,808	-	-	94	1,902
	1,808	-	-	94	1,902

22.8 Key Management Personnel Compensation

	1 January - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022	1 April - 30 June 2021
Salaries and other short-term employee benefits	90,129	14,165	80,099	7,289
Total	90,129	14,165	80,099	7,289

The Group classifies members of the Board of Directors and senior executives who have administrative responsibilities as key management personnel, since they are responsible for the planning, management and control of the Group's operations.

Remuneration of Board of Directors and senior executive who have administrative responsibilities, for the period ended 30 June 2022 and 2021 includes salaries, health insurance and employer shares of Social Security Institution.

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NOTE 23 – FINANCIAL INSTRUMENTS

Financial instruments and capital risk management

Financial risk factors

The Group's objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's capital structure includes payables including loans and respectively cash and cash equivalents, paid-in capital, reserves and retained earnings.

The board of directors monitors the return on capital and the level of dividends to ordinary shareholders.

The Group monitors its share capital by using financial liability to equity ratio. The ratio is calculated by dividing financial liabilities deducting to cash and cash equivalents to equity. Total of financial liabilities comprises entire current and non-current financial liabilities whereas total equity comprises each equity item on the statement of financial position.

The following table sets out the Group's financial liability to equity ratio as at 30 June 2022 and 31 December 2021:

	30 June 2022	31 December 2021
Total financial liabilities	2,876,124	3,028,284
Cash and cash equivalents	(2,133,272)	(3,409,576)
Total financial liabilities, net	742,852	(381,292)
Total equity	5,995,201	4,363,683
Financial liabilities / equity ratio	0.12	(0.09)

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

The risk management program is applied by the Company and its subsidiaries, joint ventures and associates in line with the policies set by the Board of Directors.

(a) Credit risk

The Group's significant portions of receivables from dealers are collected through VDF Faktoring. The receivables from dealers through VDF Faktoring are collected when they are due and these are irrevocable transactions.

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

The credit risk arising from dealers' and other customers' transactions are followed by the management and these risks are limited for each debtor. These risks arising from relevant receivables are guaranteed with proper instruments (Note 8).

30 June 2022	Receivables				Bank deposits	Derivative instruments	Other			
	Trade receivables		Other receivables							
	Related parties	Other parties	Related parties	Other parties						
Exposure to maximum credit risk as at reporting date (A+B+C+D) (*)	2,120,972	1,008,845	7,864	147,404	2,133,034	-	-			
- Guaranteed portion of the maximum exposure	-	114,032	-	-	-	-	-			
A. Net carrying amount of financial assets which are neither impaired nor overdue (**) (***)	2,120,500	949,704	7,864	147,404	2,133,034	-	-			
B. Net carrying amount of financial assets which are overdue but not impaired (****)	472	59,141	-	-	-	-	-			
C. Net carrying amount of impaired assets	-	-	-	-	-	-	-			
- Past due (gross book value)	-	5,344	-	-	-	-	-			
- Impairment (-)	-	(5,344)	-	-	-	-	-			
- Guaranteed portion of net values (*)	-	-	-	-	-	-	-			
- Not past due (gross book value)	-	-	-	-	-	-	-			
- Impairment (-)	-	-	-	-	-	-	-			
- Guaranteed portion of net values (*)	-	114,032	-	-	-	-	-			
D. Off financial statement items with credit risks (*****)	-	-	-	-	-	-	-			

(*) This area indicates the total of the figures placed in A, B, C and D lines. In determination of aforementioned figures, items increasing credit reliability such as guarantees received are not considered.

(**) As at 30 June 2022 and 31 December 2021, information regarding to credit quality of trade receivables which are not past due or not impaired and restructured are indicated in Note 8.

(***) As at 30 June 2022 and 31 December 2021, information regarding to aging of receivables which are past due but not impaired are indicated in the table of aging analysis of receivables which are past due but not impaired.

(****) As at 30 June 2022 and 31 December 2021, maximum level of credit risk born in relation to letter of guarantees given in favor of related parties are indicated.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

31 December 2021	Receivables				Bank deposits	Derivative instruments	Other			
	Trade receivables		Other receivables							
	Related parties	Other parties	Related parties	Other parties						
Exposure to maximum credit risk as at reporting date (A+B+C+D) (*)	656,025	354,791	7,917	143,802	3,409,450	-	-			
- Guaranteed portion of the maximum exposure	-	80,793	-	-	-	-	-			
A. Net carrying amount of financial assets which are neither impaired nor overdue (**)	654,812	352,391	7,917	143,802	3,409,450	-	-			
B. Net carrying amount of financial assets which are overdue but not impaired (***)	1,213	2,400	-	-	-	-	-			
C. Net carrying amount of impaired assets	-	-	-	-	-	-	-			
- Past due (gross book value)	-	5,570	-	-	-	-	-			
- Impairment (-)	-	(5,570)	-	-	-	-	-			
- Guaranteed portion of net values (*)	-	-	-	-	-	-	-			
- Not past due (gross book value)	-	-	-	-	-	-	-			
- Impairment (-)	-	-	-	-	-	-	-			
- Guaranteed portion of net values (*)	-	80,793	-	-	-	-	-			
D. Off financial statement items with credit risks (****)	-	-	-	-	-	-	-			

(*) This area indicates the total of the figures placed in A, B, C and D lines. In determination of aforementioned figures, items increasing credit reliability such as guarantees received are not considered.

(**) As at 30 June 2022 and 31 December 2021, information regarding to credit quality of trade receivables which are not past due or not impaired and restructured are indicated in Note 8.

(***) As at 30 June 2022 and 31 December 2021, information regarding to aging of receivables which are past due but not impaired are indicated in the table of aging analysis of receivables which are past due but not impaired.

(****) As at 30 June 2022 and 31 December 2021, maximum level of credit risk born in relation to letter of guarantees given in favor of related parties are indicated.

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

Aging of past due receivables that are not impaired

As at 30 June 2022 and 31 December 2021, the aging of past due receivables that are not impaired are as follows:

30 June 2022	Receivables		Deposits on banks	Derivative instruments	Other
	Trade receivables	Other receivables			
Past due 1-30 days	59,613	-	-	-	-
Past due 1-3 months	-	-	-	-	-
Past due 3-12 months	-	-	-	-	-
Past due 1-5 years	-	-	-	-	-
More than 5 years	-	-	-	-	-
Portion of assets overdue secured by guarantee etc,	22	-	-	-	-

31 December 2021	Receivables		Deposits on banks	Derivative instruments	Other
	Trade receivables	Other receivables			
Past due 1-30 days	3,613	-	-	-	-
Past due 1-3 months	-	-	-	-	-
Past due 3-12 months	-	-	-	-	-
Past due 1-5 years	-	-	-	-	-
More than 5 years	-	-	-	-	-
Portion of assets overdue secured by guarantee etc,	335	-	-	-	-

(b) Liquidity risk

Liquidity risk management refers to capacity of holding adequate amount of cash and marketable securities, adequate credit lines and ability to close out market position.

Risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Group, in order to minimize liquidity risk, holds adequate cash and available line of credit (including factoring capacity). In this regard, as at 30 June 2022, the Group have lines of credit amounting to EUR 1,095,686, USD 317,000, CHF 5,000 and TL 4,032,500 (31 December 2021: lines of credit amounting to EUR 1,034,686, USD 307,000, CHF 5,000 and TL 4,032,500). The utilized portions of the aforementioned total credit lines are disclosed in Note 7.

In addition, the Group has a non-cash credit line obtained from underwriting banks amounting to EUR 184,510 equivalent to TL 3,204,957 (31 December 2021: EUR 249,735 equivalent to TL 3,767,677) that enables the Group to perform credit purchases from original equipment manufacturers with an option to pay in 12 months. The Group's credit card purchase limit amounting to EUR 167,819, amounting to TL 2,915,040 are utilized (31 December 2021: EUR 51,070, amounting to TL 770,481 is used).

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(b) Liquidity risk (Continued)

The below tables show the financial liabilities of the Group according to their remaining maturities as at 30 June 2022 and 31 December 2021:

Contractual maturities	30 June 2022				
	Carrying amount	Total contractual cash outflows	Less than 3 months	3-12 months	1-5 years
Non-derivative financial liabilities					
Loans and borrowings	2,686,728	2,908,710	1,096,432	1,729,829	82,449
Trade payables to related parties	198,219	198,219	198,219	-	-
Other payables to related parties	-	-	-	-	-
Trade payables to third parties	3,558,876	3,558,876	924,439	2,634,437	-
Employee benefit obligations	24,637	24,637	24,637	-	-
Lease liabilities	189,396	308,714	25,156	56,562	170,441
Other current liabilities (*)	7,256	7,256	7,256	-	-
Total non-derivative financial liabilities	6,665,112	7,006,412	2,276,139	4,420,828	252,890
					56,555
31 December 2021					
Contractual maturities	Carrying amount	Total contractual cash outflows	Less than 3 months	3-12 months	More than 5 years
Non-derivative financial liabilities					
Loans and borrowings	2,886,540	3,063,594	1,005,991	2,057,603	-
Trade payables to related parties	113,323	113,323	113,323	-	-
Other payables to related parties	-	-	-	-	-
Trade payables to third parties	1,117,879	1,117,879	451,467	666,412	-
Employee benefit obligations	38,116	38,116	38,116	-	-
Lease liabilities	141,744	208,971	19,058	54,702	118,208
Other current liabilities (*)	1,088	1,088	1,088	-	-
Total non-derivative financial liabilities	4,298,690	4,542,971	1,629,043	2,778,717	118,208
					17,003

(*) VAT payable is excluded from other current liabilities.

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(c) Currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency denominated payables to original equipment manufacturers and borrowings from financial institutions. This risk is monitored by the Board of Directors through periodic meetings. The Group's foreign currency position is managed through taking limited positions within limits recommended by executive board and approved by Board of Directors as well using derivative instruments where necessary.

To minimize the risk arising from foreign currency denominated balance sheet items, the Group utilizes derivative instruments as well as keeping part of its idle cash in foreign currencies. In addition, translation of cost of goods-in-transit until completion of the customs transactions, in accordance with the customs law provides a natural hedge.

Currency sensitivity analysis		
30 June 2022		
	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1- Net USD asset/liability	(61)	61
2- USD risk averse portion (-)	-	-
3- Net USD effect (1+2)	(61)	61
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	167,478	(167,478)
5- Euro risk averse portion (-)	-	-
6- Net Euro effect (4+5)	167,478	(167,478)
TOTAL (3+6)	167,417	(167,417)

Currency sensitivity analysis		
31 December 2021		
	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1- Net USD asset/liability	795	(795)
2- USD risk averse portion (-)	-	-
3- Net USD effect (1+2)	795	(795)
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	344,786	(344,786)
5- Euro risk averse portion (-)	-	-
6- Net Euro effect (4+5)	344,786	(344,786)
TOTAL (3+6)	345,581	(345,581)

Currency sensitivity analysis		
30 June 2021		
	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1- Net USD asset/liability	(585)	585
2- USD risk averse portion (-)	-	-
3- Net USD effect (1+2)	(585)	585
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	86,476	(86,476)
5- Euro risk averse portion (-)	-	-
6- Net Euro effect (4+5)	86,476	(86,476)
TOTAL (3+6)	85,891	(85,891)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

(Convenience translation of condensed consolidated interim financial statements originally issued in Turkish and amounts expressed in thousands of TL unless otherwise indicated.)

NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(c) Currency risk (Continued)

Foreign exchange rates for USD, Euro and CHF as at 30 June 2022, 31 December 2021 and 30 June 2021 are as follows:

	30 June 2022	31 December 2021	30 June 2021
USD	16.6614	13.3290	8.7052
EUR	17.3701	15.0867	10.3645
CHF	17.3698	14.5602	9.4339

As at 30 June 2022, net position of the Group is resulted from foreign currency assets and liabilities as shown below:

	30 June 2022				
	Original balances				
	Total TL equivalent	USD	EUR	CHF	Other
Assets:					
Trade receivables	-	-	-	-	-
Monetary financial assets	1,541,192	14	88,704	3	22
Other monetary assets	3,065,336	1	176,471	-	-
Total assets	4,606,528	15	265,175	3	22
Liabilities:					
Trade payables	2,932,272	61	168,753	-	-
Financial liabilities	171,529	-	9,875	-	-
Other monetary liabilities	33	2	-	-	-
Current liabilities	3,103,834	63	178,628	-	-
Financial liabilities	82,449	-	4,746	-	-
Non-current liabilities	82,449	-	4,746	-	-
Total liabilities	3,186,283	63	183,374	-	-
Net foreign currency liability position of derivative financial liabilities off statement of financial position	-	-	-	-	-
Net foreign currency (liability)/asset position	1,420,245	(48)	81,801	3	22
Monetary items net foreign (liability)/asset position	-	-	-	-	-
Sureties and letters of guarantee taken	67,930	276	3,646	-	-
Sureties and letters of guarantee given	3,337,404	-	192,135	-	-
Import	13,949,875	-	803,097	-	-

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(c) *Currency risk (Continued)*

As at 31 December 2021, net position of the Group is resulted from foreign currency assets and liabilities as shown below:

	31 December 2021				
	Original balances				
	Total TL equivalent	USD	EUR	CHF	Other
Assets:					
Trade receivables	-	-	-	-	-
Monetary financial assets	3,308,742	485	218,882	3	18
Other monetary assets	938,687	665	61,626	-	5
Total assets	4,247,429	1,150	280,508	3	23
Trade payables	791,470	554	51,972	-	-
Financial liabilities	-	-	-	-	-
Other monetary liabilities	27	2	-	-	-
Current liabilities	791,497	556	51,972	-	-
Financial liabilities	-	-	-	-	-
Non-current liabilities	-	-	-	-	-
Total liabilities	791,497	556	51,972	-	-
Net foreign currency liability position of derivative financial liabilities off statement of financial position	-	-	-	-	-
Net foreign currency (liability)/asset position	3,455,932	594	228,536	3	23
Monetary items net foreign (liability)/asset position	57,964	1,244	2,743	-	-
Sureties and letters of guarantee taken	3,883,131	-	257,388	-	-
Sureties and letters of guarantee agiven	27,467,362	-	1,820,634	-	-
Import					

As at 30 June 2022, goods-in-transit of the Group amount to EUR 171,673 equivalent to TL 2,981,971 (31 December 2021: EUR 53,163 equivalent to TL 802,097).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(d) Market risk

The Group is exposed to market risk through holding shares of Doğuş Holding.

Even though the shares of Doğuş Holding are not quoted in the capital market, fair value of the Doğuş Holding's shares is determined by using market information of publicly held Doğuş Holding group companies and other valuation methodologies are used for remaining Doğuş Holding group companies. Therefore, value of Doğuş Holding recognized in the financial statements is affected by price fluctuations in the shares of publicly held Doğuş Holding group companies.

Under the assumption of 10% increase/decrease in share prices as at 30 June 2022, all other variables held constant, the Group's equity would have been increased/decreased by TL 30,104 (31 December 2021: TL 30,104).

(e) Interest rate risk

As of 30 June 2022 and 31 December 2021, the Group does not have any floating interest rate loans.

(f) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date except involuntary liquidation or distress sale. When available, the quoted price in an active market provide the best estimate of its fair value.

If a quoted market price is not available, the Group using available market information and appropriate valuation methodologies estimates the fair value of the instrument. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates made are not necessarily indicative of the amounts that could be realized in current market exchange.

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(f) Fair value (Continued)

Financial assets

The principles used in determining the fair values of financial assets and liabilities are as follows:

Cash and cash equivalents are presented on cost basis and are assumed to reflect their fair values as they are liquid and classified as current assets.

Trade receivables are presented netted off related doubtful portion of the receivable and are assumed to reflect their fair value.

Since Doğuş Holding is not a publicly traded, fair value of Doğuş Holding is determined by using current market information's for publicly traded companies under Doğuş Holding governance. Fair value of Doğuş Holding is also determined by using other valuation methods for non-public companies under Doğuş Holding governance. Therefore Doğuş Holding presented under financial assets is assumed to reflect its fair value.

Financial liabilities

Short-term TL denominated bank borrowings are assumed to converge to its fair value. Some of long-term borrowings, denominated in foreign currency and TL are assumed to reflect their fair value due to their floating rates. Long-term and fixed rate borrowings are considered to converge to its fair value, when it is valued with fixed interest rate valid as of the balance sheet date.

Since trade payables are short-term and foreign currency denominated, they are assumed to reflect their fair values. Estimated fair value of financial instruments is determined by the Group whom using the existing market information or appropriate valuation methods, if possible.

However, market value may not reflect the fair value as contentment is used in finding out the expected fair value. Therefore, except for mentioned assumptions, inputs for the financial asset or liabilities that are not based on observable market data (unobservable inputs) and the Group utilize for their contentment regarding fair value analysis, are considered as level 3 in relation to valuation method for comparable fair value analysis of long-term financial liabilities under the classifications defined.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(f) Fair value (Continued)

As 30 June 2022 and 31 December 2021, net carrying amounts and fair values of assets and liabilities as shown below:

30 June 2022	Financial assets at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial liabilities at amortised cost	Net carrying amount	Note
<u>Financial assets</u>					
Cash and cash equivalents	2,133,272	-	-	2,133,272	5
Financial investments	-	1,269,852	-	1,269,852	6
Trade receivables from third parties	1,008,845	-	-	1,008,845	8
Other receivables from third parties	152,899	-	-	152,899	-
Trade receivables from related parties	2,120,972	-	-	2,120,972	22.1
Other receivables from related parties	7,864	-	-	7,864	22.2
<u>Financial liabilities</u>					
Trade payables to third parties	-	-	3,558,876	3,558,876	8.2
Trade payables to related parties	-	-	198,219	198,219	22.5
Other payables to related parties	-	-	-	-	-
Borrowings	-	-	2,686,727	2,686,727	7
Lease liabilities	-	-	189,397	189,397	7

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(f) Fair value (Continued)

31 December 2021	Financial assets at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial liabilities at amortised cost	Net carrying amount	Note
Financial assets					
Cash and cash equivalents	3,409,576	-	-	3,409,576	5
Financial investments	-	831,804	-	831,804	6
Trade receivables from third parties	354,791	-	-	354,791	8
Other receivables from third parties	143,802	-	-	143,802	-
Trade receivables from related parties	656,025	-	-	656,025	22.1
Other receivables from related parties	7,917	-	-	7,917	22.2
Financial liabilities					
Trade payables to third parties	-	-	1,117,879	1,117,879	8.2
Trade payables to related parties	-	-	113,323	113,323	22.5
Other payables to related parties	-	-	-	-	-
Borrowings	-	-	2,886,540	2,886,540	7
Lease liabilities	-	-	141,744	141,744	7

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(f) Fair value (Continued)

Classification regarding fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Level 2: The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on prices from observable current market transactions
- Level 3: The fair value of the financial assets and financial liabilities is determined in accordance with the unobservable current market data.

Classification requires use observable market inputs where available. In this respect, fair value classifications of financial assets which are valued with their fair values are as follows:

	30 June 2022			
	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Financial assets measured at fair value through other comprehensive income (Note 6)	-	1,269,852	-	1,269,852
Total financial assets	-	1,269,852	-	1,269,852

	31 December 2021			
	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Financial assets measured at fair value through other comprehensive income (Note 6)	-	831,804	-	831,804
Total financial assets	-	831,804	-	831,804

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 24 – RIGHT OF USE ASSET

As of 30 June 2022, the net book value of the right of use assets is TL 158,568 (30 June 2021: TL 87,913). As of 30 June 2022 and 2021, the balances of the right to use assets and the depreciation and amortization expenses during the period are as follows:

2022	Showroom and area leases	Motor vehicles	Other	Total
Right of use asset - 1 January	78,655	30,413	-	109,068
Additions	72,316	7,143	-	79,459
Disposals	-	-	-	-
Depreciation expenses	(22,127)	(7,832)	-	(29,959)
Right of use asset - 30 June	128,844	29,724	-	158,568

2021	Showroom and area leases	Motor vehicles	Other	Total
Right of use asset - 1 January	71,653	4,202	-	75,855
Additions	20,266	14,808	-	35,074
Disposals	(1,788)	(207)	-	(1,995)
Depreciation expenses	(16,599)	(4,422)	-	(21,021)
Right of use asset - 30 June	73,532	14,381	-	87,913

As of 30 June 2022, TL 29,959 depreciation expense arising from the usage rights is accounted under general administrative expenses (30 June 2021: TL 21,021).

NOTE 25 – SUBSEQUENT EVENTS

None.

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