

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2023
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 2023, 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 2023. 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, 21 August 2023

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2023 AND 31 DECEMBER 2022

(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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DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 AND 31 DECEMBER 2022

(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 2023	31 December 2022	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5	2,442,972	3,366,150	
Financial investments	6.1	985,559	2,033,691	
Trade receivables		6,147,102	3,331,831	
<i>Trade receivables due from related parties</i>	22.1	4,730,445	2,548,419	
<i>Trade receivables due from third parties</i>	8.1	1,416,657	783,412	
Other receivables		226,863	181,270	
<i>Other receivables due from related parties</i>	22.2	7,110	7,622	
<i>Other receivables due from third parties</i>	9	219,753	173,648	
Inventories	10	13,415,560	4,270,103	
Prepayments		181,446	107,723	
Other current assets		10,363	6,609	
Total current assets		23,409,865	13,297,377	
NON-CURRENT ASSETS				
Financial investments		7,463,855	2,345,929	
<i>- Financial assets measured at fair value through other comprehensive income</i>	6.2	7,463,855	2,345,929	
Other receivables		1,313	738	
<i>Other receivables due from related parties</i>		912	339	
<i>Other receivables due from third parties</i>		401	399	
Investments accounted for using equity method	11	2,830,412	1,682,377	
Investment property	13	103,510	99,227	
Property, plant and equipment	12	1,993,224	2,015,093	
Right of use asset	24	219,000	150,806	
Intangible assets		221,744	154,909	
Prepayments		5,255	6,206	
Deferred tax asset	20	1,135,123	912,518	
Total non-current assets		13,973,436	7,367,803	
TOTAL ASSETS		37,383,301	20,665,180	

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 2023 AND 31 DECEMBER 2022

(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 2023	Audited 31 December 2022
LIABILITIES			
CURRENT LIABILITIES			
Current borrowings	7	1,734,128	2,183,408
Short-term portion of long-term borrowings	7	1,115,331	189,637
Trade payables		7,838,155	3,586,647
<i>Trade payables to related parties</i>	22.5	488,448	213,048
<i>Trade payables to third parties</i>	8.2	7,349,707	3,373,599
Employee benefit obligations		87,173	113,695
Deferred income		409,243	260,748
Current tax liabilities	20	1,061,774	343,251
Current provisions		98,355	1,135,049
<i>Other current provisions</i>	14	98,355	1,135,049
Other current liabilities	15	1,770,800	533,140
Total current liabilities		14,114,959	8,345,575
NON-CURRENT LIABILITIES			
Long-term borrowings	7	3,726,532	221,458
Deferred income		181,752	103,563
Non-current provisions		346,522	288,058
<i>Non-current provisions for employee benefits</i>		176,954	192,880
<i>Other long-term provisions</i>		169,568	95,178
Total non-current liabilities		4,254,806	613,079
TOTAL LIABILITIES			
EQUITY			
Equity attributable to equity holders of the Company		18,951,884	11,669,381
Issued capital	16	220,000	220,000
Inflation adjustment on capital	16	23,115	23,115
Treasury shares (-)	16	(215,424)	(215,241)
Share premiums (discounts)		15,965	63,861
Other accumulated comprehensive income (loss) that will not be reclassified in profit or loss		(163,877)	(118,262)
<i>Gains (losses) on revaluation and remeasurement</i>		(163,877)	(118,262)
<i>Gains (losses) on remeasurements of defined benefit plans</i>		(163,877)	(118,262)
Other accumulated comprehensive income (loss) that will be reclassified in profit or loss		2,310,670	2,302,482
<i>Exchange differences on translation</i>	16	30,847	22,659
<i>Gains (losses) on revaluation and reclassification</i>		2,279,823	2,279,823
<i>Gains (losses) from financial assets measured at fair value through other comprehensive income</i>	16	2,279,823	2,279,823
Restricted reserves appropriated from profits	16	879,006	542,047
<i>Legal reserves</i>		612,262	323,363
<i>Treasury share reserves</i>		215,404	215,241
<i>Other restricted profit reserves</i>		51,340	3,443
Advance dividend payments (net) (-)		-	(900,000)
Prior years' profit or losses	16	6,847,634	1,927,193
Profit (loss) for the period		9,034,795	7,824,186
Non-controlling interests		61,652	37,145
TOTAL EQUITY		19,013,536	11,706,526
TOTAL EQUITY AND LIABILITIES		37,383,301	20,665,180

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 2023	1 January – 30 June 2022	1 April – 30 June 2023	1 April – 30 June 2022
Revenue		46,591,924	18,854,381	27,142,251	11,614,225
Cost of sales		(35,415,916)	(14,872,030)	(20,510,468)	(9,081,835)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		11,176,008	3,982,351	6,631,783	2,532,390
GROSS PROFIT (LOSS)		11,176,008	3,982,351	6,631,783	2,532,390
General administrative expenses	17.2	(737,768)	(415,245)	(450,661)	(229,456)
Marketing expenses	17.1	(884,197)	(340,814)	(564,158)	(216,056)
Other income from operating activities		784,336	365,867	650,080	129,353
Other expenses from operating activities		(288,786)	(133,642)	(90,395)	(70,608)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		10,049,593	3,458,517	6,176,649	2,145,623
Investment activity income	18	905,909	78,221	738,337	53,148
Share of profit (loss) from investments accounted for using equity method	11	1,430,360	364,026	656,451	216,834
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		12,385,862	3,900,764	7,571,437	2,415,605
Financial income	19	194,821	4,371	98,646	2,730
Financial expense	19	(1,822,480)	(403,600)	(1,476,199)	(197,613)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		10,758,203	3,501,535	6,193,884	2,220,722
Tax (expense) income, continuing operations		(1,698,901)	(728,822)	(1,044,786)	(452,753)
Current period tax (expense) income	20	(1,912,510)	(798,134)	(1,055,148)	(453,258)
Deferred tax (expense) income	20	213,609	69,312	10,362	505
PROFIT (LOSS) FROM CONTINUING OPERATIONS		9,059,302	2,772,713	5,149,098	1,767,969
PROFIT (LOSS)		9,059,302	2,772,713	5,149,098	1,767,969
Profit (loss), attributable to					
Non-controlling interests		24,507	10,480	14,517	2,405
Owners of parent		9,034,795	2,762,233	5,134,581	1,765,564
Basic earnings per share					
Basic earnings (loss) per share from continuing operations	21	45.5119	13.9507	25.8650	8.9170
Diluted earnings per share					
Diluted earnings (loss) per share from continuing operations	21	45.5119	13.9507	25.8650	8.9170

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.)

Notes	Reviewed 1 January – 30 June 2023	Reviewed 1 January – 30 June 2022	Reviewed 1 April – 30 June 2023	Reviewed 1 April – 30 June 2022
PROFIT (LOSS)	9,059,302	2,772,713	5,149,098	1,767,969
Other comprehensive income				
Other comprehensive income that will not be reclassified to profit or loss				
Gains (losses) on remeasurements of defined benefit plans	(45,615) (44,978)	(20,100) (14,781)	10,958 16,776	(7,589) 858
Shares of other comprehensive income of investments accounted for using the equity method that will not be classified in profit or loss	(9,633)	(8,275)	(2,463)	(8,275)
Taxes related to components of other comprehensive income that will not be reclassified to profit or loss	8,996 20	2,956 8,996	(3,355) (3,355)	(172) (172)
<i>- Taxes relating to measurements of defined benefit plans</i>				
Other comprehensive income that will be reclassified to profit or loss				
Currency translation differences related to the translation of foreign businesses	8,188 8,188	3,979 3,979	4,887 4,887	(99) (99)
Other comprehensive income (loss) related with financial assets measured at fair value through other comprehensive income	- <i>- Gains (losses) on financial assets measured at fair value through other comprehensive income</i>	- -	- -	- -
Share of other comprehensive income of associates and joint ventures accounted for equity method that will be reclassified to profit or loss	-	-	-	-
Taxes relating to components of other comprehensive income that will be reclassified to profit or loss	- <i>- Taxes relating to financial assets measured at fair value through other comprehensive income</i>	- -	- -	- -
OTHER COMPREHENSIVE INCOME (LOSS)	(37,427)	(16,121)	15,845	(7,688)
TOTAL COMPREHENSIVE INCOME (LOSS)	9,021,875	2,756,592	5,164,943	1,760,281
Total comprehensive income attributable to				
Non-controlling interests	24,507	10,480	14,517	2,405
Owners of parent	8,997,368	2,746,112	5,150,426	1,757,876

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)	Share premiums or discounts (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		Restricted reserve (Note 16)	Accumulated earnings			Equity attributable to equity holders of the company	Non- controlling interests (Note 16)	Total equity
					Gains / losses on remeasurements of defined benefit plans (Note 16)	Foreign currency translation difference (Note 16)	Gains / losses on remeasuring of financial assets measured at fair value through other comprehensive income (Note 16)	Advanced dividend payments (net)		Retained earnings/ (Accumulat ed losses)	Net profit/ loss for the period				
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 (decrease) through treasury shares transactions	-	-	(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	
Balance at 1 January 2023	220,000	23,115	(215,241)	63,861	(118,262)	22,659	2,279,823	542,047	(900,000)	1,927,193	7,824,186	11,669,381	37,145	11,706,526	
Transfers	-	-	-	(47,896)	-	-	-	336,796	-	7,535,286	(7,824,186)	-	-	-	
Total comprehensive income (loss)	-	-	-	-	(45,615)	8,188	-	-	-	-	9,034,795	8,997,368	24,507	9,021,875	
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	9,034,795	9,034,795	24,507	9,059,302	
Other comprehensive income (loss)	-	-	-	-	(45,615)	8,188	-	-	-	-	-	(37,427)	-	(37,427)	
Profit shares	-	-	-	-	-	-	-	-	-	900,000	(2,900,000)	-	(2,000,000)	-	(2,000,000)
Increase (decrease) through treasury shares transactions	-	-	(183)	-	-	-	-	-	163	-	285,155	-	285,135	-	285,135
Balance at 30 June 2023	220,000	23,115	(215,424)	15,965	(163,877)	30,847	2,279,823	879,006	-	6,847,634	9,034,795	18,951,884	61,652	19,013,536	

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 2023	Reviewed 30 June 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss)		3,014,588	515,481
<i>Adjustments to for profit (loss) for the period reconciliation:</i>			
Adjustments for depreciation and amortization expense	17.2, 24	257,289	131,873
Adjustments for (reversal of) impairment		527	(216)
<i>-Adjustments for (reversal of) impairment loss of receivables</i>		(23)	(222)
<i>-Adjustments for (reversal of) impairment loss of inventories</i>	10	550	6
Adjustments for provisions		588,464	232,381
<i>-Adjustments for provisions for employee benefits</i>		64,659	21,375
<i>-Adjustments for (reversal of) lawsuit and/or penalty provision expenses</i>		6,228	5,910
<i>-Adjustments for (reversal of) warranty provisions</i>		237,977	74,916
<i>-Adjustments for (reversal of) other provisions</i>		279,600	130,180
Adjustments for interest (income) and expense		240,194	322,190
<i>-Adjustments for interest income</i>	19	(194,821)	(4,371)
<i>-Adjustments for interest expense</i>	19	435,015	326,561
Adjustments for unrealized foreign exchange losses (gains)		1,306,813	13,375
Adjustments for fair value losses (gains)		(329,477)	-
<i>Related to fair value losses (gains) of financial assets fixes</i>		(329,477)	-
Adjustments for undistributed profits of investments accounted for using equity method	11	(1,430,360)	(364,026)
Adjustments for tax (income) expenses	20	1,698,901	728,822
Adjustments for losses (gains) on disposal of non-current assets		(576,432)	(29,583)
<i>-Adjustments for losses (gains) on disposal of property, plant and equipment</i>	18	(576,432)	(29,583)
Changes in working capital		(5,439,343)	(2,308,267)
Adjustments for decrease (increase) in trade receivables		(2,815,262)	(2,118,783)
<i>-Decrease (increase) in due from related parties</i>		(2,182,026)	(1,464,947)
<i>-Decrease (increase) in due from third parties</i>		(633,236)	(653,836)
Adjustments for decrease (increase) in inventories		(9,146,006)	(2,373,300)
Adjustments for increase (decrease) in trade payables		3,807,151	2,366,818
<i>-Increase (decrease) in due to related parties</i>		275,400	84,896
<i>-Increase (decrease) in due to third parties</i>		3,531,751	2,281,922
Increase (decrease) in deferred income		226,684	89,339
Adjustments for other increase (decrease) in working capital		2,488,090	(272,341)
Cash flows from operations		5,375,878	1,499,262
Payments related with provisions for employee benefits		(125,564)	(5,058)
Payments related with other provisions		(1,041,753)	(74,725)
Income taxes refund (paid)		(1,193,987)	(602,897)
Other cash inflows (outflows)		14	(301,101)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(4,531,058)	(102,579)
Cash outflows arising from purchase of shares or capital increase of associates and/or joint ventures		(292,733)	-
Cash payments to acquire equity or debt instruments of other entities		(5,117,926)	-
Cash inflow by proceeds from sales of property, plant and equipment and intangible assets		747,664	38,517
<i>- Cash inflow by proceeds from sales of property, plant and equipment</i>		747,664	38,517
Cash outflow by acquisition of property, plant and equipment and intangible assets		(433,488)	(292,343)
<i>-Cash outflow by acquisition of property, plant and equipment</i>	12	(316,519)	(240,936)
<i>-Cash outflow by acquisition of intangible assets</i>		(116,969)	(51,407)
Dividends received		565,425	151,247
C. CASH FLOWS FROM FINANCING ACTIVITIES		585,104	(1,693,188)
Proceeds from issuance of borrowings	7	4,729,367	2,608,857
Repayments of borrowings	7	(2,238,448)	(2,776,252)
Cash outflows on debt payments from leasing agreements	7	(77,770)	(48,587)
Dividends paid		(1,714,845)	(1,125,000)
Interest paid		(308,021)	(356,577)
Interest received	19	194,821	4,371
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)		(931,366)	(1,280,286)
D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		8,188	3,982
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(923,178)	(1,276,304)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	3,366,150	3,409,576
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	2,442,972	2,133,272

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, Meiller, 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 2023 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.
- Doğuş Şarj Sistemleri Pazarlama ve Ticaret A.Ş. (“D Şarj”): was established on 16 May 2023 to operate in the establishment, operation and charging service of charging units, charging stations and charging network.

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

The Company, Doğuş Oto Pazarlama and D Şarj 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 2023 is 710 (31 December 2022: 740) whereas the average number of white-collar employees of the Group for the period ended 30 June 2023 is 1,425 (31 December 2022: 1,389).

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 2023 have been approved by the Board of Directors on 21 August 2023. 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 2022. 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, 2023 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, 2023. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

Standards, amendments and interpretations applicable as at 30 June 2023;

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; effective 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.

IFRS 17, 'Insurance Contracts'; 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.

Amendment to IAS 12 - International tax reform - pillar two model rules; The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

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)

Standards, amendments and interpretations that are issued but not effective as at 30 June 2023:

Amendment to IAS 1 – Non current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendment to IFRS 16 – Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

IFRS S1, 'General requirements for disclosure of sustainability-related financial information'; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

IFRS S2, 'Climate-related disclosures'; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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 2023 and 31 December 2022:

	30 June 2023	31 December 2022
Doğuş Oto Pazarlama	96.20%	96.20%
Doğuş Oto Iraq (*)	100.00%	100.00%
D Şarj	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.

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)

(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 2023 and 31 December 2022.

	30 June 2023	31 December 2022
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 2023 and 31 December 2022:

	30 June 2023	31 December 2022
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 2023 comparatively with the consolidated statement of financial position as at 31 December 2022, 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 2023 comparative to the six month period ended 30 June 2022.

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 2023 with those consolidated financial statements for the year ended 31 December 2022. The condensed consolidated interim financial statements should be read together with the consolidated financial statements for the year ended 31 December 2022.

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.

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)

2.7 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 manufacturers. 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 is recognized for all temporary differences.

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".

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

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, Meiller, 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, Meiller, 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 2023 and 2022 are as follows:

1 January - 30 June 2023	Passenger segment	Commercial segment	Other segments	Total
Revenue from external customers	33,204,679	8,010,542	5,376,703	46,591,924
Cost of sales	(25,740,073)	(5,951,222)	(3,724,071)	(35,415,366)
Gross profit	7,464,606	2,059,320	1,652,632	11,176,558
General administration expenses	(241,948)	(37,706)	(303,416)	(583,070)
Marketing expenses	(496,555)	(148,854)	(175,285)	(820,694)
Amotization expenses	(115,425)	(18,433)	(308,969)	(442,827)
Other income from operating activities, net	225,595	57,662	233,487	516,744
Operating income	6,836,273	1,911,989	1,098,449	9,846,711

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 2022	Passenger segment	Commercial segment	Other segments	Total
Revenue from external customers	13,925,133	2,010,543	2,918,705	18,854,381
Cost of sales	(11,297,635)	(1,643,421)	(1,930,968)	(14,872,024)
Gross profit	2,627,498	367,122	987,737	3,982,357
General administration expenses	(128,804)	(16,460)	(190,968)	(336,232)
Marketing expenses	(215,604)	(46,768)	(89,318)	(351,690)
Amotization 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	2,414,923	324,423	686,202	3,425,548
1 April - 30 June 2023	Passenger segment	Commercial segment	Other segments	Total
Revenue from external customers	20,134,650	4,056,196	2,951,405	27,142,251
Cost of sales	(15,506,558)	(2,934,431)	(2,069,647)	(20,510,636)
Gross profit	4,628,092	1,121,765	881,758	6,631,615
General administration expenses	(68,845)	(7,681)	(204,197)	(280,723)
Marketing expenses	(286,062)	(81,374)	(127,615)	(495,051)
Amotization expenses	(77,426)	(12,375)	(208,294)	(298,095)
Other income from operating activities, net	260,256	67,834	242,824	570,914
Operating income	4,456,015	1,088,169	584,476	6,128,660
1 April - 30 June 2022	Passenger segment	Commercial segment	Other segments	Total
Revenue from external customers	8,784,480	1,131,962	1,697,783	11,614,225
Cost of sales	(7,005,118)	(924,982)	(1,151,216)	(9,081,316)
Gross profit	1,779,362	206,980	546,567	2,532,909
General administration expenses	(59,131)	(5,792)	(79,141)	(144,064)
Marketing expenses	(138,093)	(27,217)	(53,699)	(219,009)
Amotization 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	1,621,307	173,524	375,359	2,170,190

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 2023	1 January - 30 June 2022
Operating profit for reportable segments	9,846,711	3,425,548
Provision for legal exposures	(3,317)	(3,391)
Provision for employee termination benefits	74,044	35,135
Provision for unused vacation	(21,325)	(11,462)
Provision for diminution in value of inventories	(550)	(6)
Warranty provision expense	(88,082)	(2,707)
Depreciation and amortization	185,539	(28,960)
Share of profit of equity accounted investees	1,430,360	364,026
Income from investment activities, net	905,909	78,221
Finance expense, net	(1,627,659)	(399,229)
Other	56,573	44,360
Profit before tax	10,758,203	3,501,535
	1 April - 30 June 2023	1 April - 30 June 2022
Operating profit for reportable segments	6,128,660	2,170,190
Provision for legal exposures	(579)	(1,753)
Provision for employee termination benefits	(58,969)	4,069
Provision for unused vacation	(5,509)	(5,246)
Provision for diminution in value of inventories	168	(519)
Warranty provision expense	(81,396)	(3,839)
Depreciation and amortization	164,780	(12,670)
Share of profit of equity accounted investees	656,451	216,834
Income from investment activities, net	738,337	53,148
Finance expense, net	(1,377,553)	(194,883)
Other	29,494	(4,609)
Profit before tax	6,193,884	2,220,722

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

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NOTE 5 – CASH AND CASH EQUIVALENTS

As at 30 June 2023 and 31 December 2022, cash and cash equivalents comprise the following:

	30 June 2023	31 December 2022
Cash on hand	63	117
Cash at banks	2,442,909	3,366,033
- <i>Demand deposits</i>	1,370,906	1,310,341
- <i>Time deposits</i>	1,069,908	2,049,158
- <i>Other cash and cash equivalents</i>	2,095	6,534
Total	2,442,972	3,366,150

As at 30 June 2023, average effective interest rate on TL denominated time deposits are 32.70% respectively (31 December 2022: TL 20.84% and EUR 1.70%). As of 30 June 2023, the maturity range valid for TL time deposits are 6 days (31 December 2022: TL 3 days and EUR 32-34 days).

There is no blocked deposit as at 30 June 2023 and 31 December 2022.

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 2023 and 31 December 2022, short-term financial investments at fair value through income statement are as follows:

	30 June 2023	31 December 2022
FX protected deposit	985,559	2,033,691
Total	985,559	2,033,691

6.2 Long-term financial investments

As of 30 June 2023 and 31 December 2022, long-term financial investments classified as available-for-sale financial assets at fair value through other comprehensive income are as follows:

	30 June 2023		31 December 2022	
	Ownership interest (%)	Carrying amount	Ownership interest (%)	Carrying amount
Doğuş Holding A.Ş. ("Doğuş Holding")	3.69	2,345,929	3.69	2,345,929
Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş. ("Doğuş GYO")	93.65	5,117,926	-	-
		7,463,855		2,345,929

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

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NOTE 6 – FINANCIAL INVESTMENTS (Continued)

6.2 Long-term financial investments (Continued)

As of 31 December 2022, 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.

On March 9, 2023, the Group purchased shares of Doğuş GYO corresponding to 93.6517% of the capital for the full TL 5,117,925,800.28. The management control of and significant influence on Doğuş GYO resides with Group A preferred shareholders. As of 30 June 2023, the Group does not have preferred shares of Doğuş GYO.

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

	2023	2022
Balance at 1 January	2,345,929	831,804
Additions	5,117,926	-
Balance at 30 June	7,463,855	831,804

NOTE 7 – BORROWINGS

As at 30 June 2023 and 31 December 2022, financial liabilities with the effective interest rates, comprise the following:

	30 June 2023		31 December 2022	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Short-term bank borrowings:				
TL denominated interest borrowings	17.19	1,734,128	21.13	2,183,408
Total		1,734,128		2,183,408
	30 June 2023		31 December 2022	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Short term portion of long term borrowings:				
EUR denominated interest bearing borrowings (*)	9.63	1,024,975	9.58	141,564
Total		1,024,975		141,564
	30 June 2023		31 December 2022	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Long-term bank borrowings:				
EUR denominated interest bearing borrowings (*)	9.63	3,550,364	9.58	86,903
Total		3,550,364		86,903

(*) On 17 February 2022, the Group obtained a green loan amounting to EUR 8,750,000 full from HSBC Bank for the purpose of importing Porsche branded Taycan model vehicles.

Doğuş Gayrimenkul Yatırım OrtaklıĞı A.Ş. shares were pledged as a guarantee for the loan used by the Group to finance Doğuş GYO shares.

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FOR THE SIX MONTH PERIOD ENDED 30 JUNE**

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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 2023 is as follows:

Payment period	Original amount (EUR)	TL equivalent
2023	10,709	301,496
2024	47,341	1,332,833
2025	36,413	1,025,172
2026	30,813	867,503
2027	25,916	729,641
2028	11,320	318,694
Total	162,512	4,575,339

The repayment schedule of long-term bank borrowings including their short-term portions as at 31 December 2022 is as follows:

Payment period	Original amount (EUR)	TL equivalent
2023	7,101	141,564
2024	4,359	86,903
Total	11,460	228,467

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

Movements of financial borrowings as 30 June 2023 and 2022 are summarized below:

Bank Borrowings	2023	2022
Balance at 1 January	2,411,875	2,886,540
Additions during the period	4,729,367	2,608,857
Payments during the period	(2,238,448)	(2,776,252)
Foreign exchange (gains) / losses	1,304,770	16,164
Changes in interest accrual	101,903	(48,581)
Balance at 30 June	6,309,467	2,686,728

As of 30 June 2023 and 31 December 2022, the details of the financial lease liabilities are as follows:

	30 June 2023		31 December 2022	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Short term portion of long term leases:				
TL leases	20.24	85,274	20.70	46,483
EUR leases	7.93	5,082	6.82	1,590
Total		90,356		48,073

	30 June 2023		31 December 2022	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Long term leases:				
TL leases	20.24	174,219	20.70	132,339
EUR leases	7.93	1,949	6.82	2,216
Total		176,168		134,555

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

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NOTE 7 – BORROWINGS (Continued)

Movement of financial lease liabilities as 30 June 2023 and 2022 are summarized below:

Lease Liabilities	2023	2022
Balance at 1 January	182,628	141,744
Additions	134,532	80,462
Payments	(77,770)	(48,587)
Disposals	-	-
Interest expenses	25,091	18,566
Foreign exchange gain / loss	2,043	(2,789)
Balance at 30 June	266,524	189,396

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 2023, TL 534,705 of trade receivables due from third parties are covered via letters of guarantee (31 December 2022: TL 125,894).

As at 30 June 2023, overdue trade receivables due from non-related parties that are not impaired amount to TL 61,749 (31 December 2022: TL 32,834), TL 7,046 of such overdue receivables are covered via guarantee letters (31 December 2022: TL 1,591).

As at 30 June 2023, the Group's average maturity of trade receivables due from third parties is 22 days (31 December 2022: 26 days).

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

8.2 Trade Payables

As at 30 June 2023 and 31 December 2022, trade payables to third parties consist of the following:

	30 June 2023	31 December 2022
Payables to OEM companies	5,772,780	2,321,327
Payables to dealers (*)	774,008	598,770
Dealer premium accrual (*)	444,357	-
Other trade payables (**)	349,512	441,759
Other expense accruals	9,050	11,743
Total	7,349,707	3,373,599

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 4.38% per annum for trade payables not settled within 10 days (31 December 2022: 1.65% 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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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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NOTE 9 – OTHER RECEIVABLES

As at 30 June 2023 and 31 December 2022, other receivables due from third parties comprise of the following:

	30 June 2023	31 December 2022
Warranty claims and price difference receivables (*)	150,594	126,221
Receivables due to insurance claims	50,353	42,689
Other	18,806	4,738
Total	219,753	173,648

(*) Warranty receivables represent the receivable of the warranty expenses related to the vehicles imported by the Group. As at 30 June 2023, the other receivables that has not been billed are TL 21,815 (31 December 2022: TL 32,411).

NOTE 10 – INVENTORIES

As at 30 June 2023 and 31 December 2022, inventories comprise of the following:

	30 June 2023	31 December 2022
Goods in transit (*)	10,487,781	2,859,581
Merchandise stocks – vehicles	2,070,137	854,151
Merchandise stocks – spare parts	863,339	561,518
Total	13,421,257	4,275,250
Provision for diminution in the value of inventories (-)	(5,697)	(5,147)
Total	13,415,560	4,270,103

(*) 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 35,114,575 for the six month period ended 30 June 2023 (30 June 2022: TL 14,753,765).

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:

	2023	2022
Balance at 1 January	5,147	6,177
Additions in the current period	550	6
Balance at 30 June	5,697	6,183

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NOTE 11 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

As at 30 June 2023 and 31 December 2022, investment in associates, joint ventures and the Group's share of control are as follows:

	30 June 2023		31 December 2022	
	Ownership (%)	Carrying amount	Ownership (%)	Carrying amount
Associates				
VDF Servis	48.79	1,571,987	48.79	899,593
Yüce Auto	50	744,681	50	388,842
Doğuş Sigorta	42	163,563	42	154,029
Doğuş Teknoloji	21.76	72,216	21.76	40,904
Total		2,552,447		1,483,368
Joint ventures				
TÜVTURK Kuzey – Güney	33.33	277,965	33.33	199,009
Total		277,965		199,009
Grand total		2,830,412		1,682,377

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

	2023	2022
Balance at 1 January	1,682,377	880,235
Shares in profits of associates, net	1,201,488	273,547
Shares in profits of joint ventures, net	228,872	90,479
Dividend income from associates	(425,425)	(72,005)
Dividend income from joint ventures	(140,000)	(79,242)
Participation in capital increase of associates and joint ventures	292,733	-
Shares of other comprehensive income/loss of associates and joint ventures	(9,633)	(8,275)
Balance at 30 June	2,830,412	1,084,739

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

As at 30 June 2023, 31 December 2022 and 30 June 2022, total assets, liabilities and results of the periods of the Group's associates and joint ventures are presented below:

	30 June 2023						30 June 2023		
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses (-)	Net profit/(loss)
Investment in associates	16,344,690	6,603,407	22,948,097	17,309,853	318,105	17,627,958	13,798,511	(11,223,043)	2,575,468
Joint ventures	1,529,557	1,289,054	2,818,611	1,416,865	567,852	1,984,717	5,392,283	(4,705,599)	686,684
31 December 2022									
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses (-)	Net profit/(loss)
Investment in associates	11,497,301	5,559,391	17,056,692	13,740,177	218,480	13,958,657	5,066,116	(4,539,426)	526,690
Joint ventures	638,760	1,190,874	1,829,634	812,010	420,598	1,232,608	2,208,479	(1,937,016)	271,463

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

As at 30 June 2023, 31 December 2022 and 30 June 2022, cash and cash equivalents, current and non-current liabilities, amortization and depreciation expenses, interest income and expenses are presented below:

	30 June 2023			30 June 2023				
	Cash and cash equivalents	Short-term financial liabilities	Long-term financial liabilities	Revenues		Amortization and depreciation expenses	Interest income	Interest expense
				Revenues	Amortization and depreciation expenses			
Investment in associates	2,921,127	13,513,283	220,741	13,115,938	(57,679)	121,015	(374,225)	(532,118)
Joint ventures	949,608	60,000	48,026	5,269,378	(53,987)	61,394	(22,498)	(174,734)
31 December 2022								
	Cash and cash equivalents	Short-term financial liabilities	Long-term financial liabilities	Revenues		Amortization and depreciation expenses	Interest income	Interest expense
				Revenues	Amortization and depreciation expenses			
Investment in associates	1,819,239	11,412,527	-	4,845,706	(37,432)	19,392	(61,825)	(142,996)
Joint ventures	260,792	-	46,754	2,174,243	(25,797)	27,769	(1,340)	(80,397)

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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 2023 are as follows:

	1 January 2023	Additions	Disposals	Transfers (*)	Transfer to investment properties	30 June 2023
Cost:						
Land	285,839	-	(30,314)	-	-	255,525
Land improvements	20,802	-	(10)	1,024	-	21,816
Buildings	615,384	-	(89,746)	9,563	(5,515)	529,686
Machinery and equipments	141,304	13,679	(21,190)	543	-	134,336
Motor vehicles	1,032,133	242,743	(27,264)	213	-	1,247,825
Furniture and fixtures	217,812	17,053	(25,976)	42,998	-	251,887
Leasehold improvements	159,932	2,172	(27,130)	880	-	135,854
Constructions in progress	68,490	40,872	(177)	(58,798)	-	50,387
	2,541,696	316,519	(221,807)	(3,577)	(5,515)	2,627,316
Accumulated depreciation:						
Land improvements	(16,000)	(318)	7	-	-	(16,311)
Buildings	(83,369)	(11,175)	11,807	-	13	(82,724)
Machinery and equipments	(49,968)	(6,806)	7,484	-	-	(49,290)
Motor vehicles	(246,185)	(114,961)	15,369	-	-	(345,777)
Furniture and fixtures	(68,392)	(18,912)	11,375	-	-	(75,929)
Leasehold improvements	(62,689)	(5,975)	4,603	-	-	(64,061)
	(526,603)	(158,147)	50,645	-	13	(634,092)
Carrying amount	2,015,093					1,993,224

Total depreciation expense amounting to TL 158,147 has been allocated to general administrative expenses in the condensed consolidated profit or loss statement for the six month period ended 30 June 2023 (30 June 2022: TL 71,186).

(*) As of 30 June 2023, TL 3,577 of transfers consists of transfers to intangible assets (30 June 2022: TL 220).

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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 2022 are as follows:

	1 January 2022	Additions	Disposals	Transfers (*)	Transfer to investment properties	30 June 2022
Cost:						
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
Accumulated depreciation:						
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>

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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 2023 and 2022 are as follows:

	2023	2022
Cost:		
Balance at 1 January	112,891	135,432
Additions from property and equipment	5,515	-
Balance at 30 June	118,406	135,432
Accumulated depreciation:		
Balance at 1 January	(13,664)	(13,969)
Depreciation for the period	(1,219)	(1,870)
Additions from property and equipment	(13)	-
Balance at 30 June	(14,896)	(15,839)
Net book value as of 1 January	99,227	121,463
Net book value as of 30 June	103,510	119,593

Investment property comprised of the building that is used by 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 December 2022, the fair value of the Kartal Tower building amounts to TL 399,165 and TL 127,830 for Etimesgut building (Level 2). As of 26 December 2022, Doğuş Teknoloji building has been started to be used as a management and communication center by the Group and carrying amount of the building has been reclassified to property, plant and equipment.

The useful life of the building that is classified as investment property is 50 years. In 2023, the Group has recognized TL 4,304 rent income from the related investment property (30 June 2022: TL 2,596).

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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 2023 and 31 December 2022 is presented below:

	30 June 2023	31 December 2022
Legal provisions	64,825	63,212
Warranty provisions	33,530	19,838
Other provisions	-	1,051,999
Total	98,355	1,135,049

The breakdown of long-term provisions as at 30 June 2023 and 31 December 2022 is presented below:

	30 June 2023	31 December 2022
Warranty provisions	169,568	95,178
Total	169,568	95,178

14.2 Collaterals / Pledges / Mortgages / Bill of Guarantees Given

As at 30 June 2023, the Group's position related to letters of collaterals / pledges / mortgages / bill of guarantees guarantee given, pledges and mortgages ("CPMB") are as follows:

	Total TL equivalent	30 June 2023			
		Full TL	Full USD	Full Euro	Full CHF
A. Total amount of CPMB given on behalf of own legal personality	12,521,825	5,184,071,298	-	260,629,172	-
B. Total amount of CPMB given in favor of partnerships which is consolidated	42,327	42,326,564	-	-	-
C. Total amount of CPMB given for assurance of third parties debts in order to conduct of usual business activities	211,155	-	-	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	12,775,307	5,226,397,862	-	268,129,172	-

Other CPMBs given by the Group as at 30 June 2023 are equivalent to 0% of the Company's equity (31 December 2022: 0%).

As at 30 June 2023, 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 2022: 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 2022, the Group's position related to letters of collaterals / pledges / mortgages / bill of guarantees given, pledges and mortgages ("CPMB") are as follows:

	31 December 2022				
	Total TL equivalent	Ful ITL	Full USD	Full Euro	Full CHF
A. Total amount of CPMB given on behalf of own legal personality	3,647,045	62,164,604	-	179,829,372	-
B. Total amount of CPMB given in favor of partnerships which is consolidated	40,839	40,839,339	-	-	-
C. Total amount of CPMB given for assurance of third parties debts in order to conduct of usual business activities	149,512	-	-	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	3,837,396	103,003,943	-	187,329,372	-

14.3 Collaterals / Pledges / Mortgages / Bill of Guarantees Received

As at 30 June 2023 and 31 December 2022, the Group's position related to letter of guarantees received are as follows:

	30 June 2023	31 December 2022
Letters of guarantees received from dealers	242,875	158,969
Letters of guarantees received from fixed asset and service suppliers	162,188	182,401
Letter of guarantees received from fleet customers	425,500	43,961
Total	830,563	385,331

NOTE 15 – OTHER CURRENT LIABILITIES

As at 30 June 2023 and 31 December 2022, other current liabilities comprise of the following:

	30 June 2023	31 December 2022
VAT payable	1,769,940	530,060
Other current liabilities	860	3,080
Total	1,770,800	533,140

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NOTE 16 – EQUITY

Issued Capital

As at 30 June 2023, the registered capital of the Company is TL 220,000 (31 December 2022: 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 full each. There is no different type of share and no privilege given to specific shareholders. The Company's registered authorized capital ceiling is TL 1,000,000 (31 December 2022: TL 660,000).

As at 30 June 2023 and 31 December 2022, the composition of the Company's shareholding structure is as follows:

Shareholders	30 June 2023		31 December 2022	
	TL	Shareholding (%)	TL	Shareholding (%)
Doğuş Holding	144,100	65.50	144,100	65.50
Doğuş Otomotiv Servis ve Ticaret A.Ş. (*)	21,485	9.77	21,485	9.77
Publicly traded	54,415	24.73	54,415	24.73
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. In 2022, it sold 514,993 shares in the stock market with the special order method in return for 0.23% of its capital.

Restricted reserves appropriated from profits

The breakdown of restricted reserves is presented below:

	30 June 2023	31 December 2022
Legal reserves	612,262	323,363
Treasury share reserves	215,404	215,241
Other restricted profit reserves	51,340	3,443
Total	879,006	542,047

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 2023, the legal reserves of the Group amounted to TL 612,262 (31 December 2022: TL 323,363). The Group reclassified TL 47,896, which corresponds to 75% of its sales arising from the buy backed shares, to other restricted reserves (31 December 2022: TL 3,443).

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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. In 2022, the Group sold 514,993 units of own shares corresponding to 0.23% of its capital by special order method.

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 2023, retained earnings are TL 6,847,634 (31 December 2022: TL 1,927,193).

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 2023, gains (losses) on remeasuring and/or reclassification of financial assets measured at fair value through other comprehensive income of the Group amounted to TL 2,279,823 (31 December 2022: TL 2,279,823).

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 2023, the foreign currency translation differences of the Group amounted to TL 30,847 (31 December 2022: TL 22,659).

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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 28 March 2023, it has been decided to distribute cash dividends amounting to TL 2,000,000 to shareholders on previous year's distributable profit which was calculated by deducting legal reserves from period income. It has been decided that TL 288,899 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 2023 and 31 December 2022, the related amounts in the "non-controlling interests" account in the consolidated financial statements are TL 61,652 and TL 37,145 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 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
General administrative expenses	737,768	415,245	450,661	229,456
Marketing expenses	884,197	340,814	564,158	216,056
Total	1,621,965	756,059	1,014,819	445,512

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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 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Distribution expenses	301,943	117,140	165,390	71,914
Warranty expenses, net	237,977	74,916	148,285	39,967
Personnel expenses	207,302	72,465	156,776	52,811
Advertising expenses	103,289	63,665	73,270	43,845
Customer service expenses	17,690	9,644	10,102	5,304
Support expenses	15,996	2,984	10,335	2,215
Total	884,197	340,814	564,158	216,056

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 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Depreciation and amortization expenses	257,289	131,873	133,316	70,509
Personnel expenses	129,937	138,059	117,061	88,380
Building expenses	85,138	49,127	36,771	23,693
Maintenance expenses	79,529	33,223	40,974	17,286
Donations and grants	73,591	5,451	63,766	692
Insurance expenses	22,000	10,162	11,285	4,993
Consultancy expenses	16,645	10,248	8,995	4,576
Travelling expenses	11,060	3,128	7,802	2,160
Vehicle expenses	10,362	11,590	6,087	6,395
Communication expenses	2,960	1,735	1,646	912
Corporate governance expenses	24	386	24	-
Other	49,233	20,263	22,934	9,860
Total	737,768	415,245	450,661	229,456

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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 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Gain on sale of property and equipment	576,432	29,583	517,279	17,654
Gain on interest and foreign exchange	329,477	48,638	221,058	35,494
Total	905,909	78,221	738,337	53,148

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 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Foreign exchange losses on borrowings	1,304,770	16,164	1,165,550	9,025
Interest expense on borrowings	409,924	307,995	248,698	149,513
Commission expenses on letters of guarantee	59,566	42,394	36,057	21,446
Interest expense on lease liabilities (Note 7)	25,091	18,566	12,895	9,202
Other	23,129	18,481	12,999	8,427
Total	1,822,480	403,600	1,476,199	197,613

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

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Interest income	194,821	4,371	98,646	2,730
Total	194,821	4,371	98,646	2,730

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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 20% for 30 June 2023 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 2023, enacted corporation tax rate is 15% for the subsidiary registered in Iraq according to local tax law (31 December 2022: 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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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 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Deferred tax income / (expense)	213,609	69,312	10,362	505
Current tax income / (expense)	(1,912,510)	(798,134)	(1,055,148)	(453,258)
Total tax expense	(1,698,901)	(728,822)	(1,044,786)	(452,753)

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 2023	1 January - 30 June 2022
Profit before tax	10,758,203	3,501,535
Income tax using the Company's domestic tax rate	(2,151,641)	(805,353)
Disallowable expenses	(6,722)	(8,354)
Share of profit in equity accounted investees exempt from deferred tax calculation	286,072	83,726
Recognized in legal financial statements property, plant and equipment revaluation increase fund, deferred tax income	160,377	-
Other	13,013	1,159
Total tax expense	(1,698,901)	(728,822)
	1 April - 30 June 2023	1 April - 30 June 2022
Profit before tax	6,193,884	2,220,722
Income tax using the Company's domestic tax rate	(1,238,777)	(510,766)
Disallowable expenses	(4,003)	(1,262)
Share of profit in equity accounted investees exempt from deferred tax calculation	131,290	49,872
Recognized in legal financial statements property, plant and equipment revaluation increase fund, deferred tax income	59,338	-
Other	7,366	9,403
Total tax expense	(1,044,786)	(452,753)

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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NOTE 20 – TAX ASSET AND LIABILITIES (Continued)

Deferred taxes

As at 30 June 2023 and 31 December 2022, 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 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Fair value change of available-for sale financial assets	-	-	(110,793)	(110,793)	(110,793)	(110,793)
Land	-	-	(1,512)	(1,393)	(1,512)	(1,393)
Other tangible and intangible assets	1,063,874	948,417	-	-	1,063,874	948,417
Warranty provision, net	40,620	23,004	-	-	40,620	23,004
Legal provision	10,192	9,529	-	-	10,192	9,529
Provision for diminution in value of inventories	1,140	1,030	-	-	1,140	1,030
Employee termination benefit	22,229	29,679	-	-	22,229	29,679
Unused vacation liability	13,163	8,897	-	-	13,163	8,897
Dealer premium accrual	88,871	-	-	-	88,871	-
Other	7,339	4,148	-	-	7,339	4,148
Total deferred tax asset/(liabilities)	<u>1,247,428</u>	<u>1,024,704</u>	<u>(112,305)</u>	<u>(112,186)</u>	<u>1,135,123</u>	<u>912,518</u>
Net off tax	<u>(112,305)</u>	<u>(112,186)</u>	<u>112,305</u>	<u>112,186</u>	<u>-</u>	<u>-</u>
Total deferred tax assets/(liabilities)	<u>1,135,123</u>	<u>912,518</u>	<u>-</u>	<u>-</u>	<u>1,135,123</u>	<u>912,518</u>

The movements in temporary differences as at 30 June 2023 are as follows:

	1 January 2023	Recognized in the profit or loss	Recognized in other comprehensive income	30 June 2023
Fair value change of available for sale financial assets	(110,793)	-	-	(110,793)
Land	(1,393)	(119)	-	(1,512)
Other tangible and intangible assets	948,417	115,457	-	1,063,874
Warranty provision, net	23,004	17,616	-	40,620
Legal provision	9,529	663	-	10,192
Provision for diminution in value of inventories	1,030	110	-	1,140
Employee termination benefit	29,679	(16,446)	8,996	22,229
Unused vacation liability	8,897	4,266	-	13,163
Dealer premium accrual	-	88,871	-	88,871
Other	4,148	3,191	-	7,339
	<u>912,518</u>	<u>213,609</u>	<u>8,996</u>	<u>1,135,123</u>

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NOTE 20 – TAX ASSET AND LIABILITIES (Continued)

Deferred taxes (Continued)

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

As at 30 June 2023, current income tax liabilities amounting to TL 1,061,774 (31 December 2022: TL 343,251) is comprised by tax provision for the period ended 30 June 2023.

As of 30 June 2023, the Group has no current period tax assets. (31 December 2022: 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 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Net profit attributable to the equity holders of the Company	9,034,795	2,762,233	5,134,581	1,765,564
Number of basic shares	198,514,993	198,000,000	198,514,993	198,000,000
Basic / diluted earnings per share (in full TL)	45.5119	13.9507	25.8650	8.9170

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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 2023	31 December 2022
Yüce Auto	27,380	13,800
VDF Servis	-	89
Total	27,380	13,889

22.1.2 Due from joint ventures

	30 June 2023	31 December 2022
TÜVTURK	21	5,489
Total	21	5,489

22.1.3 Due from other related parties

	30 June 2023	31 December 2022
VDF Faktoring Hizmetleri A.Ş. ("VDF Faktoring")	4,692,137	2,520,259
VDF Sigorta Aracılık Hizmetleri A.Ş.	4,953	4,178
VDF Filo Kiralama A.Ş.	3,912	2,347
VDF	117	139
Other	676	579
Total	4,701,795	2,527,502

22.1.4 Due from shareholders

	30 June 2023	31 December 2022
Doğuş Holding	1,249	1,539
Total	1,249	1,539
Grand total	4,730,445	2,548,419

As of 30 June 2023, the Group imposes 1.70% interest charge on the receivables from related parties (31 December 2022: 1.91% per month).

22.2 Other receivables due from related parties

22.2.1 Other current receivables due from associates

	30 June 2023	31 December 2022
Doğuş Teknoloji	3,049	2,705
Total	3,049	2,705

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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 2023	31 December 2022
VDF Filo Kiralama A.Ş. (sublease receivables)	4,061	4,917
Total	4,061	4,917
Grand total	7,110	7,622

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

	30 June 2023	31 December 2022
VDF Filo Kiralama A.Ş. (sublease receivables)	912	339
Total	912	339

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 2023	31 December 2022
Doğuş Teknoloji	5,384	7,214
Total	5,384	7,214

22.3.1.2 *Current prepaid expenses to other related parties*

	30 June 2023	31 December 2022
Pozitif Arena Salon İşletmeleri A.Ş.	7,452	16,268
Doğuş Spor Kompleksi Yatırım ve İşletme A.Ş.	3,277	-
Antur Turizm A.Ş.	1,292	669
Pozitif Müzik A.Ş.	193	262
Other	910	39
Total	13,124	17,238

22.3.1.3 *Current prepaid expenses to shareholders*

	30 June 2023	31 December 2022
Doğuş Holding	724	1,655
Total	724	1,655
Grand total	19,232	26,107

22.3.2 *Long-term non-current prepaid expenses to related parties*

22.3.2.1 *Long-term non-current prepaid expenses to associates*

	30 June 2023	31 December 2022
Doğuş Teknoloji	1,793	2,633
Total	1,793	2,633

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

22.2 Other receivables due from related parties (Continued)

22.3.2 *Long-term non-current prepaid expenses to related parties* (Continued)

22.3.2.2 *Long-term non-current prepaid expenses to other related parties*

	<u>30 June 2023</u>	<u>31 December 2022</u>
Pozitif Arena Salon İşletmeleri A.Ş.	3,052	3,052
Pozitif Müzik A.Ş.	-	61
Total	3,052	3,113
Grand total	4,845	5,746

22.3.3 *Advances given*

22.3.3.1 *Advances given to other related parties*

	<u>30 June 2023</u>	<u>31 December 2022</u>
Doğuş Yayın Grubu A.Ş.	-	-
Total	-	-

22.4 Deferred Income

22.4.1 *Deferred income from other related parties*

	<u>30 June 2023</u>	<u>31 December 2022</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 2023</u>	<u>31 December 2022</u>
Yüce Auto	417,214	124,130
Doğuş Teknoloji	33,226	45,013
Total	450,440	169,143

22.5.2 *Trade payables due to joint ventures*

	<u>30 June 2023</u>	<u>31 December 2022</u>
TÜVTURK	4	4
Total	4	4

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

22.5.3 *Trade payables due to other related parties*

	30 June 2023	31 December 2022
Antur Turizm A.Ş.	24,531	11,590
VDF Filo Kiralama A.Ş.	2,831	15,766
VDF Faktoring	1,579	877
Doğuş Verimlilik ve Merkezi Satın Alma Hizm. Tic. A.Ş.	1,466	6,812
TDB Kalibrasyon Hizmetleri A.Ş.	1,032	1,039
Doğuş İnşaat ve Ticaret A.Ş.	861	2,177
Semanticum Bilişim Sanayi ve Ticaret A.Ş.	562	408
Nahita Restaurant İşletmeciliği ve Yatırım A.Ş.	20	2,686
VDF	17	22
Other	1,106	1,302
Total	34,005	42,679

22.5.4 *Trade payables due to shareholders*

	30 June 2023	31 December 2022
Doğuş Holding	3,999	1,222
Total	3,999	1,222
Grand total	488,448	213,048

22.6 Other payables due to related parties

22.6.1 *Other payables due to shareholders*

	30 June 2023	31 December 2022
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 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Sales and other income generating transactions:				
Other income	139,034	40,380	64,135	22,776
Sale of products and returns, net	66,252	25,008	50,914	19,621
Sale of services, net	1,080	543	593	253
Financial income	291	533	147	278
Total	206,657	66,464	115,789	42,928
Purchases and expense incurring transactions:				
Inventory purchases	2,392,985	632,347	1,451,056	332,873
Other purchases	120,645	71,122	65,596	36,214
Fixed asset purchases	121,705	50,849	58,920	26,060
Services rendered	51,497	21,213	25,817	10,913
Other expenses	5,984	434	3,564	220
Total	2,692,816	775,965	1,604,953	406,280

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

22.7 Related party transactions (Continued)

22.7.2 Joint ventures

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Sales and other income generating transactions:				
Sale of products and returns, net	1,366	2,707	301	732
Sale of services, net	79	47	52	19
Other incomes	-	4	-	2
Total	1,445	2,758	353	753
Purchases and expense creating transactions:				
Inventory purchases	5,594	-	1,144	-
Services rendered	159	19	84	5
Other purchases	1	1	1	1
Total	5,754	20	1,229	6

22.7.3 Other related parties

a) Income generated from other related parties

	1 January – 30 June 2023					
	Sale of products	Sale of services	Sale of fixed assets	Other income from operating activities	Financial income	Total
VDF Filo	378,202	9,780	-	2,330	-	390,312
VDF Sigorta	3	2	-	21,969	-	21,974
VDF Faktoring	-	-	-	-	-	-
Other	4,817	423	8	739	-	5,987
	383,022	10,205	8	25,038	-	418,273
	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 April – 30 June 2023					
	Sale of products	Sale of services	Sale of fixed assets	Other income from operating activities	Financial income	Total
VDF Filo	210,734	5,521	-	1,568	-	217,823
VDF Sigorta	-	2	-	12,126	-	12,128
VDF Faktoring	-	-	-	-	-	-
Other	2,035	187	1	412	-	2,635
	212,769	5,710	1	14,106	-	232,586

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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 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

b) Expenses arising from transactions with other related parties

	1 January – 30 June 2023						
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
VDF Filo	15,542	-	71,034	-	1	-	86,577
Doğuş Gayrimenkul Yatırım OrtaklıĞı	30,048	-	-	-	-	-	30,048
Antur Turizm	51,027	-	3,240	-	5	6,760	61,032
VDF Faktoring	-	-	-	9,728	-	-	9,728
VDF Sigorta	449	-	-	-	-	-	449
Other	12,418	1,483	465	-	12	16,858	31,236
	109,484	1,483	74,739	9,728	18	23,618	219,070

	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 OrtaklıĞı	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

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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 2023						
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
VDF Filo	7,941	-	30,770	-	1	-	38,712
Doğuş Gayrimenkul Yatırım OrtaklıĞı	16,571	-	-	-	-	-	16,571
VDF Faktoring	-	-	-	5,037	-	-	5,037
Antur Turizm	39,119	-	-	-	5	3,963	43,087
VDF Sigorta	449	-	-	-	-	-	449
Other	9,079	1,479	454	-	3	8,627	19,642
	73,159	1,479	31,224	5,037	9	12,590	123,498

	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 OrtaklıĞı	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

22.7.4 Transactions with shareholders

a) Income generated from shareholders

	1 January – 30 June 2023			
	Sale of products	Sale of services	Finance income	Total
Doğuş Holding	1,550	1,842	4,208	7,600
	1,550	1,842	4,208	7,600

	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

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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)

	1 April – 30 June 2023			
	Sale of products	Sale of services	Finance income	Total
	73	713	-	786
Doğuş Holding	73	713	-	786
1 April – 30 June 2022				
	Sale of products	Sale of services	Sale of fixed assets	Total
	13	487	228	728
	13	487	228	728
Doğuş Holding	13	487	228	728

b) Expenses arising from transactions with shareholders

	1 January – 30 June 2023			
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other expenses from operating activities
	9,794	-	371	1,084
Doğuş Holding	9,794	-	371	1,084
1 January – 30 June 2022				
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other expenses from operating activities
	5,990	-	-	580
	5,990	-	-	580
Doğuş Holding	5,990	-	-	580
1 April – 30 June 2023				
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other expenses from operating activities
	4,418	-	371	545
	4,418	-	371	545
Doğuş Holding	4,418	-	371	545
1 April – 30 June 2022				
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other expenses from operating activities
	2,529	-	-	292
	2,529	-	-	292
Doğuş Holding	2,529	-	-	292

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

22.8 Key management personnel compensation

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Salaries and other short-term employee benefits	205,666	90,129	183,732	80,099
Total	205,666	90,129	183,732	80,099

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 2023 and 2022 includes salaries, health insurance and employer shares of Social Security Institution.

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 2023 and 31 December 2022:

	30 June 2023	31 December 2022
Total financial liabilities	6,575,991	2,594,503
Cash and cash equivalents	(2,442,972)	(3,366,150)
Total financial liabilities, net	4,133,019	(771,647)
Total equity	19,013,536	11,706,526
Financial liabilities / equity ratio	0.22	(0.07)

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(a) Credit risk

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.

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.

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 2023	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) (*)	4,730,445	1,416,657	8,022	220,154	2,442,909	-	-			
- Guaranteed portion of the maximum exposure	-	534,705	-	-	-	-	-			
A. Net carrying amount of financial assets which are neither impaired nor overdue (**) 	4,723,903	1,354,908	8,022	220,154	2,442,909	-	-			
B. Net carrying amount of financial assets which are overdue but not impaired (***)	6,542	61,749	-	-	-	-	-			
C. Net carrying amount of impaired assets	-	-	-	-	-	-	-			
- Past due (gross book value)	-	5,260	-	-	-	-	-			
- Impairment (-)	-	(5,260)	-	-	-	-	-			
- Guaranteed portion of net values (*)	-	-	-	-	-	-	-			
- Not past due (gross book value)	-	-	-	-	-	-	-			
- Impairment (-)	-	-	-	-	-	-	-			
- Guaranteed portion of net values (*)	-	534,705	-	-	-	-	-			
D. Off financial statement items with credit risks (****)	-	-	-	-	-	-	-			

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

- (*) 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 2023 and 31 December 2022, 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 2023 and 31 December 2022, 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 2023 and 31 December 2022, maximum level of credit risk born in relation to letter of guarantees given in favor of related parties are indicated.

31 December 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) (*)	2,548,419	783,412	7,961	174,047	3,366,033	-	-			
- Guaranteed portion of the maximum exposure	-	125,894	-	-	-	-	-			
A. Net carrying amount of financial assets which are neither impaired nor overdue (**) (A+B+C+D) (*)	2,546,713	750,578	7,961	174,047	3,366,033	-	-			
B. Net carrying amount of financial assets which are overdue but not impaired (***)	1,706	32,834	-	-	-	-	-			
C. Net carrying amount of impaired assets	-	-	-	-	-	-	-			
- Past due (gross book value)	-	5,296	-	-	-	-	-			
- Impairment (-)	-	(5,296)	-	-	-	-	-			
- Guaranteed portion of net values (*)	-	-	-	-	-	-	-			
- Not past due (gross book value)	-	-	-	-	-	-	-			
- Impairment (-)	-	-	-	-	-	-	-			
- Guaranteed portion of net values (*)	-	125,894	-	-	-	-	-			
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 2023 and 31 December 2022, information regarding to credit quality of trade receivables which are not past due or not impaired and restructured are indicated in Note 8.

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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(a) Credit risk (Continued)

(***) As at 30 June 2023 and 31 December 2022, 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 2023 and 31 December 2022, maximum level of credit risk born in relation to letter of guarantees given in favor of related parties are indicated.

Aging of past due receivables that are not impaired

As at 30 June 2023 and 31 December 2022, the aging of past due receivables that are not impaired are as follows:

30 June 2023	Receivables		Deposits on banks	Derivative instruments	Other
	Trade receivables	Other receivables			
Past due 1-30 days	68,291	-	-	-	-
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.	7,046	-	-	-	-

31 December 2022	Receivables		Deposits on banks	Derivative instruments	Other
	Trade receivables	Other receivables			
Past due 1-30 days	34,540	-	-	-	-
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.	1,591	-	-	-	-

(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 2023, the Group have lines of credit amounting to EUR 1,275,686, USD 317,000, CHF 5,000 and TL 4,032,500 (31 December 2022: lines of credit amounting to EUR 1,095,686, USD 317,000, 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 260,600 equivalent to TL 7,336,932 (31 December 2022: EUR 179,700 equivalent to TL 3,582,302) 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 190,823, amounting to TL 5,372,424 are utilized (31 December 2022: EUR 105,020, amounting to TL 2,093,567 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 2023 and 31 December 2022:

Contractual maturities	30 June 2023					
	Carrying amount	Total contractual cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Loans and borrowings	6,309,467	7,434,821	1,368,367	1,478,333	4,588,121	-
Trade payables to related parties	488,448	488,448	488,448	-	-	-
Other payables to related parties	-	-	-	-	-	-
Trade payables to third parties	7,349,707	7,349,707	2,053,102	5,296,605	-	-
Employee benefit obligations	87,173	87,173	87,173	-	-	-
Lease liabilities	266,524	423,243	42,207	89,049	190,518	101,469
Other current liabilities (*)	860	860	860	-	-	-
Total non-derivative financial liabilities	14,502,179	15,784,252	4,040,157	6,863,987	4,778,639	101,469
31 December 2022						
Contractual maturities	Carrying amount	Total contractual cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Loans and borrowings	2,411,875	2,569,576	675,037	1,792,434	102,105	-
Trade payables to related parties	213,048	213,048	213,048	-	-	-
Other payables to related parties	-	-	-	-	-	-
Trade payables to third parties	3,373,599	3,373,599	1,297,943	2,075,656	-	-
Employee benefit obligations	113,695	113,695	113,695	-	-	-
Lease liabilities	182,628	295,993	20,068	58,066	147,309	70,549
Other current liabilities (*)	3,080	3,080	3,080	-	-	-
Total non-derivative financial liabilities	6,297,925	6,568,991	2,322,872	3,926,155	249,414	70,549

(*) 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 2023		
	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	(290)	290
2- USD risk averse portion (-)	-	-
3- Net USD effect (1+2)	(290)	290
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	433,620	(433,620)
5- Euro risk averse portion (-)	-	-
6- Net Euro effect (4+5)	433,620	(433,620)
TOTAL (3+6)	433,330	(433,330)

Currency sensitivity analysis		
31 December 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	(4,918)	4,918
2- USD risk averse portion (-)	-	-
3- Net USD effect (1+2)	(4,918)	4,918
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	143,859	(143,859)
5- Euro risk averse portion (-)	-	-
6- Net Euro effect (4+5)	143,859	(143,859)
TOTAL (3+6)	138,941	(138,941)

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)

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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 2023, 31 December 2022 and 30 June 2022 are as follows:

	30 June 2023	31 December 2022	30 June 2022
USD	25.8231	18.6983	16.6614
EUR	28.1540	19.9349	17.3701
CHF	28.8079	20.2019	17.3698

As at 30 June 2023, net position of the Group is resulted from foreign currency assets and liabilities as shown below:

	30 June 2023				
	Original balances				
	Total TL equivalent	USD	EUR	CHF	Other
Assets:					
Trade receivables	-	-	-	-	-
Monetary financial assets	513,276	10	18,218	3	9
Other monetary assets	10,665,780	3	378,834	-	4
Total assets	11,179,056	13	397,052	3	13
Trade payables	5,814,080	122	206,398	-	-
Financial liabilities	1,030,070	-	36,587	-	-
Other monetary liabilities	1,408	-	50	-	-
Current liabilities	6,845,558	122	243,035	-	-
Financial liabilities	3,552,303	-	126,174	-	-
Non-current liabilities	3,552,303	-	126,174	-	-
Total liabilities	10,397,861	122	369,209	-	-
Net foreign currency liability position of derivative financial liabilities off statement of financial position	985,559	-	35,006	-	-
Net foreign currency (liability)/asset position	1,766,754	(109)	62,849	3	13
Monetary items net foreign (liability)/asset position					
Sureties and letters of guarantee taken	143,109	446	4,674	-	-
Sureties and letters of guarantee given	7,548,904	-	268,129	-	-
Import	41,446,432	-	1,472,133	-	-

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

	31 December 2022				
	Original balances				
	Total TL equivalent	USD	EUR	CHF	Other
Assets:					
Trade receivables	-	-	-	-	-
Monetary financial assets	925,603	10	46,417	3	9
Other monetary assets	3,004,755	-	150,728	-	4
Total assets	3,930,358	10	197,145	3	13
Trade payables	2,397,296	2,640	117,780	-	-
Financial liabilities	143,153	-	7,181	-	-
Other monetary liabilities	436	2	20	-	-
Current liabilities	2,540,885	2,642	124,981	-	-
Financial liabilities	89,109	-	4,470	-	-
Non-current liabilities	89,109	-	4,470	-	-
Total liabilities	2,629,994	2,642	129,451	-	-
Net foreign currency liability position of derivative financial liabilities off statement of financial position	2,033,691	-	102,003	-	-
Net foreign currency (liability)/asset position	3,334,055	(2,632)	169,697	3	13
Monetary items net foreign (liability)/asset position					
Sureties and letters of guarantee taken	104,158	1,323	3,984	-	-
Sureties and letters of guarantee agiven	3,734,385	-	187,329	-	-
Import	36,938,556	-	1,852,959	-	-

As at 30 June 2023, goods-in-transit of the Group amount to EUR 372,515 equivalent to TL 10,487,781 (31 December 2022: EUR 143,446 equivalent to TL 2,859,581).

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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 2023, all other variables held constant, the Group's equity would have been increased/decreased by TL 101,016 (31 December 2022: TL 101,016).

(e) Interest rate risk

As of 30 June 2023 and 31 December 2022, 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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NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

Financial instruments and capital risk management (Continued)

Financial risk factors (Continued)

(f) Fair value (Continued)

As 30 June 2023 and 31 December 2022, net carrying amounts and fair values of assets and liabilities as shown below:

30 June 2023	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	2,442,972	-	-	2,442,972	5
Financial investments	-	8,449,414	-	8,449,414	6
Trade receivables from third parties	1,416,657	-	-	1,416,657	8.1
Other receivables from third parties	220,154	-	-	220,154	-
Trade receivables from related parties	4,730,445	-	-	4,730,445	22.1
Other receivables from related parties	8,022	-	-	8,022	22.2
<u>Financial liabilities</u>					
Trade payables to third parties	-	-	7,349,707	7,349,707	8.2
Trade payables to related parties	-	-	488,448	488,448	22.5
Other payables to related parties	-	-	-	-	-
Borrowings	-	-	6,309,467	6,309,467	7
Lease liabilities	-	-	266,524	266,524	7

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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 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	3,366,150	-	-	3,366,150	5
Financial investments	-	4,379,620	-	4,379,620	6
Trade receivables from third parties	783,412	-	-	783,412	8.1
Other receivables from third parties	174,047	-	-	174,047	-
Trade receivables from related parties	2,548,419	-	-	2,548,419	22.1
Other receivables from related parties	7,961	-	-	7,961	22.2
<u>Financial liabilities</u>					
Trade payables to third parties	-	-	3,373,599	3,373,599	8.2
Trade payables to related parties	-	-	213,048	213,048	22.5
Other payables to related parties	-	-	-	-	-
Borrowings	-	-	2,411,875	2,411,875	7
Lease liabilities	-	-	182,628	182,628	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 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
FX protected time deposit	985,559	-	-	985,559
Financial assets measured at fair value through other comprehensive income (Note 6)	-	7,463,855	-	7,463,855
Total financial assets	985,559	7,463,855	-	8,449,414

	31 December 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
FX protected time deposit	2,033,691	-	-	2,033,691
Financial assets measured at fair value through other comprehensive income (Note 6)	-	2,345,929	-	2,345,929
Total financial assets	2,033,691	2,345,929	-	4,379,620

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NOTE 24 – RIGHT OF USE ASSET

As of 30 June 2023, the net book value of the right of use assets is TL 219,000 (30 June 2022: TL 158,568). As of 30 June 2023 and 2022, the balances of the right to use assets and the depreciation and amortization expenses during the period are as follows:

2023	Showroom and area leases	Motor vehicles	Other	Total
Right of use asset - 1 January	125,261	25,545	-	150,806
Additions	105,313	7,246	-	112,559
Disposals	-	(82)	-	(82)
Depreciation expenses	(34,661)	(9,621)	-	(44,282)
Right of use asset - 30 June	195,912	23,088	-	219,000

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

As of 30 June 2023, TL 44,282 depreciation expense arising from the usage rights is accounted under general administrative expenses (30 June 2022: TL 29,959).

NOTE 25 – SUBSEQUENT EVENTS

With the “Bill on Amending Additional Motor Vehicle Tax Application, on Certain Laws and on Provision No. 375 to Compensate for the Economic Losses Arising From Earthquakes on 6 February 2023”, which was on the agenda of the Grand National Assembly of Türkiye on 5 July 2023, Corporate Income Tax was increased by 5 points. As a result, the Corporate Income Tax rate was raised from 20% to 25% and it was proposed that the regulation exempting earnings from immovable sales from Corporate Income Tax should end. The Bill became law on 14 July 2023.

The process of obtaining Group A preferred shares representing Doğuş GYO control is ongoing. After the completion of this process, Doğuş GYO will be accounted in the financial statements in accordance with Public Oversight, Accounting and Auditing Standards Authority (POA) principle decision no. 2018-1 related to "Accounting for business combinations under common control".

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