

INTERIM REPORT

2Q 2024





**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REVIEW REPORT ON SEMI-ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH**

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

Introduction

- 1- We have been assigned to the review whether the financial information in the review report of Doğuş Otomotiv Servis ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred as the "Group") prepared as at 30 June 2024 is consistent with the reviewed interim condensed consolidated financial information. Management is responsible for the preparation of the semi-annual report. Our responsibility is to express a conclusion on whether the financial information provided in the semi-annual report is consistent with the reviewed interim condensed consolidated financial information on which we have expressed our conclusion dated 28 August 2024.

Scope of review

- 2- We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410 "Review on Interim Financial Information Performed by the Independent Auditor of the Entity". Our review includes the assessment as to whether the financial information included in the semi-annual report is consistent with the reviewed interim condensed consolidated financial statements and other explanatory notes. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards, the objective of which is to express an opinion on the financial statements. Consequently, a review on the semi-annual 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 conclude that the accompanying financial information included in the review report is not consistent, in all material respects, with the interim financial information and the information presented in the explanatory notes to interim condensed consolidated financial statements.

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

Cihan Harman, SMMM
Independent Auditor

Istanbul, 28 August 2024

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1 – CORPORATE OVERVIEW

a. Corporate Information

Title	Doğuş Otomotiv Servis ve Ticaret Anonim Şirketi
Address	Maslak Mahallesi, Ahi Evran Caddesi, No: 4, İç Kapı No: 3, Sarıyer / İSTANBUL
Headquarters	Şekerpınar Mahallesi, Anadolu Caddesi No: 45 D, Çayırova / KOCAELİ
Phone	(262) 676 90 90
Fax	(262) 676 76 65
Trade Registry No	429183 – 376765
E-mail	investorrelations@dogusotomotiv.com.tr
Website Address	www.dogusotomotiv.com.tr/en/home
Central Registration System No	0309011471300010

b. Activities

Doğuş Otomotiv, the representative of 13 international brands and 14 affiliated product groups, each of which is the leader in its own sector, including passenger cars, light commercial vehicles, heavy vehicles, industrial and marine engines, and cooling systems sectors, offers its individual and corporate customers a wide product portfolio that includes the Volkswagen Passenger Cars, Audi, SEAT, CUPRA, Škoda, Bentley, Lamborghini, Porsche, Volkswagen Commercial Vehicles, and Scania brands and more than 80 models of these brands. The company also competes with the Scania brand in the industrial and marine engines market, with the Thermo King brand in the cooling systems market, and with the Meiller brand in the semi-trailer tipper products market. The sales and servicing of semi-trailer products in Türkiye are also provided under the Wielton brand. In addition, under the DOD brand, Doğuş Otomotiv offers services to its used vehicles customers. As for after-sales services and spare parts procurement in the maritime sector, the company operates within a corporate structure under the Doğuş Marine Services brand. Additionally, sales and servicing of Novamarine brand boats and speedboats in Türkiye are offered. In 2023, Doğuş Şarj Sistemleri Pazarlama ve Ticaret A.Ş. commenced its operations in the establishment and operation of charging units, charging stations, a charging network, and the provision of charging services. Considering unconditional customer satisfaction its number one priority in the services it provides, Doğuş Otomotiv has the largest Authorized Dealer and Service network in Turkey. More than 680 customer service points spread all over the country offer Doğuş Otomotiv's customers extensive and uninterrupted sales, repair, and spare parts services.

In addition to its import and distributorship operations, Doğuş Otomotiv continues to operate in areas such as consumer finance, fleet management, spare parts and accessories sales, logistics and customer services, used vehicle sales, express service, vehicle inspection, and insurance, in line with its strategy of having a presence in all rings of the automotive value chain. With the Value and Care Center established in 2014 as a result of the efforts for achieving customer satisfaction, our company provides 24/7 roadside assistance to its customers.

Doğuş Otomotiv shares, which were offered to the public in 2004, are traded on the Borsa Istanbul (BIST) with the code "DOAS.IS". Our company has published its first Corporate Sustainability Report in 2009 and signed the United Nations Global Compact in 2010. As part of its product and service responsibility, our company has been engaging in social awareness activities for the past 20 years without interruption, starting with the slogan "Traffic is Life!" in 2004, in an attempt to raise awareness about safe driving in traffic. The program aligns with Goal 3.6 of the UN Sustainable Development Goals and continues to contribute to personal and social security through awareness initiatives on traffic safety in education and training settings.

Doğuş Otomotiv continued to be listed in the BIST Sustainability Index as of June 2024. In addition to the BIST Sustainability Participation Index, our company has been also listed in the BIST Sustainability 25 Index, which started to be published on November 21, 2022, and consists of large and liquid companies with a high sustainability performance.

Our company, reflecting its strong financial performance and sustainable growth strategies, has also started being listed on the BIST Dividend, BIST Dividend 25, BIST 30 and BIST 500 indices.

Moreover, the company was awarded the title of the Second Company with the Highest Corporate Governance Rating by the Corporate Governance Association of Turkey in 2024, recognizing its commitment to corporate governance principles and its adherence to good practices.

c. Information on Capital Structure and Partnership

The paid-in capital of our company, consisting of 220,000,000 shares with a nominal value of 1 TRY each, without different types of shares and privileges granted to certain shareholders, is 220,000,000 TRY and the registered capital ceiling is 1,000,000,000 TRY. No capital increase or issuance of any capital market instruments was made by our Company within the period.

Partner's Business Name	Capital Share	
	TRY	%
Doğuş Holding A.Ş.	144,099,708	65.50
Doğuş Sigorta Aracılık Hizmetleri A.Ş.	292	0.00
Other	75,900,000	34.50
TOTAL	220,000,000	100.00

d. Information on Senior Executives and Board Members

Board of Directors

Name, Surname	Duty	Starting date	Duration
Emir Ali Bilaloğlu	Chairman of the Board of Directors, CEO	April 16, 2024	3 years
Gür Çağdaş	Vice Chairman of the Board of Directors, Corporate Governance and Sustainability Committee Member, Early Risk Detection Committee Member	April 16, 2024	3 years
Koray Arıkan	Board Member, Corporate Governance and Sustainability Committee Member, Early Risk Detection Committee Member	April 16, 2024	3 years
Özlem Denizmen Kocatepe	Board Member, Remuneration and Nomination Committee Member	April 16, 2024	3 years
Adalet Yasemin Akad	Independent Board Member, Head of Corporate Governance and Sustainability Committee, Audit Committee Member, Head of Remuneration and Nomination Committee	April 16, 2024	1 year
Adnan Memiş	Independent Board Member, Head of Audit Committee, Head of Early Risk Detection Committee	April 16, 2024	2 years

Employees with Senior Management Duties

Name, Surname	Duty
Emir Ali Bilaloğlu	Chairman of the Board of Directors, CEO
Kerem Talih	Chief Financial Officer, Vice Chairman of the Doğuş Şarj Sistemleri Pazarlama ve Ticaret A.Ş.
Koray Bebekoğlu	Chief Digital Transformation and Corporate Communications Officer
Giovanni Gino Bottaro	Chief Brand Officer - Volkswagen Passenger Cars, Chairman of the Doğuş Şarj Sistemleri Pazarlama ve Ticaret A.Ş.
Anıl Gürsoy	Chief Brand Officer - SEAT, CUPRA, Porsche, DOD and Doğuş Marine Services
Kerem Galip Güven	Chief Brand Officer - Audi, Bentley, and Lamborghini
Mustafa Karabayır	Chief Spare Parts and Logistics Officer
Tolga Senyücel	Chief Brand Officer - VW Commercial Vehicles, Scania, DOD Heavy Vehicles, Thermo King, Meiller, Wielton; Managing Director of Gebze and Tuzla Service Points
Mustafa Murat Uluer	Director of Doğuş Marine Services
Yalçın Cihan Bicioğlu	Acting Director of Human Resources and Process Management

e. Financial Rights

The sum of the financial rights, including the salaries and similar payments provided to the members of our company's management body and persons with administrative responsibility, and the health insurance and the employer's share in SSI amount to 713,618 thousand TRY (June 30, 2023: 380,184 thousand TRY).

2 – PROFIT DISTRIBUTION POLICY AND DIVIDEND PAYMENT

a) Dividend payments are made in accordance with the legislation and the "Dividend Distribution Policy" approved by the General Assembly and available on the website: www.dogusotomotiv.com.tr/en/home. Activities our company in 2023, the company has earned;

- a net profit after tax of 12,897,565,098 TRY, based on its financial statements prepared in accordance with the Tax Procedure Law legislation, and

- a net profit after tax of 19,622,080,000 TRY, based on its consolidated financial statements prepared and independently audited in accordance with the Capital Markets Board legislation.

The profit obtained was distributed as follows: A total cash dividend of 11,500,000,000 TRY was designated to be distributed. After deducting the advance dividend payment of 2,500,000,000 TRY made on August 24, 2023, the remaining cash dividend of 9,000,000,000 TRY was disbursed on April 19, 2024, as per the decision of the General Assembly held on April 16, 2024.

Dividend Distribution Table - Summary (TRY)	According to CMB	According to Legal Records
Net Profit for the Period (after tax)	19,622,080,000	12,897,565,098
Previous Years' Losses (-)	-	-
Dividend Advance Paid on 24.08.2023	2,500,000,000	
Total Dividends Paid in Cash	9,000,000,000	
General Legal Reserves	1,148,900,000	
Transferred to Extraordinary Reserves	6,973,180,000	248,665,098

3 – SUBSIDIARIES, AFFILIATES, BUSINESS PARTNERSHIPS

Shares in affiliates and business partnerships show the total amount of owned shares together with subsidiaries.

a. Subsidiaries

	June 30, 2024	December 31, 2023
Doğuş Oto Pazarlama ve Ticaret A.Ş.	96.20	96.20
Doğuş Şarj Sistemleri Pazarlama ve Ticaret A.Ş.	100.00	100.00
Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş.	94.44	94.44

b. Affiliates

	June 30, 2024	December 31, 2023
Doğuş Holding A.Ş. (*)	3.66 (0.03)	3.66 (0.03)
Doğuş Sigorta Aracılık Hizmetleri A.Ş.	41.99	41.99
Doğuş Bilgi İşlem ve Teknoloji Hizmetleri A.Ş.	21.76	21.76
VDF Servis ve Ticaret A.Ş.	48.79	48.79
Yüce Auto Motorlu Araçlar Ticaret A.Ş. (**)	50.00	50.00

(*) Participation rates of our subsidiary Doğuş Oto Pazarlama ve Ticaret A.Ş. are shown in parentheses.

(**) Although Doğuş Otomotiv owns 50% of the shares of Yüce Auto (distributor of Skoda brand vehicles), it does not have control over the company's activities.

c. Business partnerships

	June 30, 2024	December 31, 2023
TÜVTURK Kuzey Taşıt Muayene İstasyonları Yapım ve İşletim A.Ş. (*)	33.00 (0.33)	33.00 (0.33)
TÜVTURK Güney Taşıt Muayene İstasyonları Yapım ve İşletim A.Ş. (*)	33.00 (0.33)	33.00 (0.33)

(*) Participation rates of our subsidiary Doğuş Oto Pazarlama ve Ticaret A.Ş. are shown in parentheses.

4 – OPERATIONAL AND FINANCIAL INDICATORS

a. Condensed Balance Sheet

Thousand TRY, CMB	June 30, 2024	December 31, 2023	Change %
Current Assets	35,880,149	41,429,920	(13)
Non-Current Assets	42,011,399	43,223,534	(3)
Total Assets	77,891,548	84,653,454	(8)
Short Term Liabilities	20,281,425	23,011,330	(12)
Long Term Liabilities	8,017,658	9,446,198	(15)
Equity	49,592,465	52,195,926	(5)
Total Equity and Liabilities	77,891,548	84,653,454	(8)

b. Changes in Financial Situation

<i>Thousand TRY, CMB</i>	June 30, 2024	December 31, 2023	Change %
Cash and Cash Equivalent Assets	4,758,406	9,534,223	(50)
Financial Debts	11,561,481	13,446,953	(14)
Net Debt Position (*)	6,803,075	3,912,730	74

(*) Net Debt Position: Financial Debts – Cash and Cash Equivalents

c. Automotive Market and Sales Quantities

The wholesale vehicle market figures (passenger vehicles, light commercial vehicles, and heavy commercial vehicles) and our company's wholesale vehicle sales figures realized within the period are as follows:

Wholesale Units	June 30, 2024	June 30, 2023	Change %
Total Sales Unit in the Market	568,306	560,942	1
DOAŞ Sales Figures (*)	63,516	61,921	3

(*) Excluding Skoda

d. Condensed Income Statement

<i>Thousand TRY, CMB</i>	June 30, 2024	June 30, 2023	Change %
Revenue	75,924,121	84,413,894	(10)
Gross Profit	14,074,914	19,888,495	(29)
Gross Profit Margin	18.54%	23.56%	(21)
Operating Profit	9,547,963	17,444,233	(45)
Operating Profit Margin	12.58%	20.67%	(39)
Net Profit	5,260,841	12,451,194	(58)
Net Profit Margin	6.93%	14.75%	(53)

e. Investments

Tangible and intangible asset investments amounted to 1,316,773 thousand TRY in the current period. (June 30, 2023: 772,482 thousand TRY).

5 – DONATIONS

Donations made in accordance with the legislation and the “Donation and Charity Policy” on the website www.dogusotomotiv.com.tr/en/home, approved by the General Assembly, amounted to 1,156,106 thousand TRY in the current period (June 30, 2023: 132,012 thousand TRY).

6 – NUMBER OF EMPLOYEES

The average number of employees throughout the period was 2,037 (December 31, 2023: 2,074).

7 – RISK MANAGEMENT

Our company's risk management approach signifies minimizing threats to the organization, personnel, and assets within rational and clearly documented methods, and increasing the effectiveness of the oversight duty. Early recognition of the causes that may endanger the existence, development, and continuation of the company, implementation of the necessary measures, evaluation of the opportunity areas, and effective management of risk are commanded and coordinated by the Early Risk Detection Committee. Risks that may arise in this context are monitored under the headings of "Financial Risks (summarized in note 23 of the financial statements) and Operational Risks and Other Risks".

8 – GENERAL ASSEMBLY INFORMATION

a) Our Company's Ordinary General Assembly for the year 2023 was held on April 16, 2024 and the following summary decisions were taken. All of the decisions are available on the website: www.dogusotomotiv.com.tr/en/home.

- ✓ The annual report and financial statements of the Board of Directors were approved.
- ✓ Members of the Board of Directors were released from liability.
- ✓ A decision was reached to distribute 9,000,000,000 TRY as cash dividends, with profit distribution commencing on April 19, 2024.
- ✓ The Board of Directors was set at 6 members, with the following individuals elected to serve: Mr. Emir Ali BİLALOĞLU for a term of 3 (three) years, Mr. Gür ÇAĞDAŞ for a term of 3 (three) years, Mr. Koray ARIKAN for a term of 3 (three) years and Ms. Özlem DENİZMEN KOCATEPE for a term of 3 (three) years, along with Mr. Adnan MEMİŞ (Independent Member) for a term of 2 (two) years and Ms. Adalet Yasemin AKAD (Independent Member) for a term of 1 (one) year.
- ✓ PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ was selected as the independent auditor for the 2024 accounting period.
- ✓ It was decided that the Donations and Aid limit for the fiscal period would remain at 500,000,000 TRY, with 50% allocated to the 'Hatay TOKİ Social Housing' project under the coordination of the Disaster and Emergency Management Authority.

9 – AMENDMENTS TO THE ARTICLES OF ASSOCIATION MADE DURING THE YEAR

No changes were made to our Company's articles of association during the period.

10 – CORPORATE GOVERNANCE AND SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

Corporate Governance Principles

The Corporate Governance Principles Compliance Statement is included in our annual report. In addition, the “Corporate Governance Compliance Report” (CRF), “Corporate Governance Information Form” (CGIF), and “Sustainability Principles Compliance Statement” were disclosed on the public disclosure platform. The information required to be included in the Annual Report as required by the Corporate Governance Reporting Framework has been also included. You may access the report on the website: www.dogusotomotiv.com.tr/en/home.

Within the scope of public disclosure, in addition to the information that is required to be disclosed in accordance with the legislation, the trade registry information, the most recent partnership and management structure, the Board of Directors, information regarding the absence of preferred stocks, the date and number of the Trade Registry Gazettes in which the amendments were published, the final version of the Company's Articles of Association, material events disclosures, investor information presentations, financial reports, annual reports, prospectus, agendas of the General Assembly Meetings, list of attendees and meeting minutes, proxy voting form, internal directive, Dividend Distribution Policy, Information Policy, Remuneration and Compensation Policy, Repurchase of Shares Policy, Donation and Charity Policy, Sustainability Reports and Policies, Human Resources Policy, Code of Ethics created by the Company, and information requests, questions, and notices and answers given to them under the Frequently Asked Questions heading are published at the www.dogusotomotiv.com.tr/en/home website.

In addition, following the analysis of 456 criteria defined in the methodology prepared by Kobirate International Credit Rating and Corporate Management Services Corp. (Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.), Doğu Otomotiv has improved its score of 7.75 in 2010 to 9.76 in 2023 in the field of corporate governance, which it internalized and largely complied with its good practices.

Sustainability Principles

Within the scope of the “Communiqué (II-17.1. a) on the Amendment of the Corporate Governance Communiqué (II-17.1)”, published in the Official Gazette No. 31262 on October 2, 2020, explanations within the scope of sustainability principles harmonization framework have been added in the reports regarding compliance with corporate governance principles. Although the implementation of these principles is voluntary, the “Comply or Explain” principle renders it obligatory to report whether they have been implemented or not. It has started to be implemented as of the 2021 annual reports, including 2020 data, for the partnerships specified in the 5th paragraph of the 1st article of the Corporate Governance Communiqué numbered II-17.1. After the Doğu Otomotiv Sustainability Principles Compliance Statement was first published in the 2020 Annual Report, it was included in the annexes of the 2021, 2022 and 2023 Annual Reports. In addition, our Company has published the Integrated Sustainability Report for the first time in 2021, updated the Sustainability Principles Compliance Statement, and published in the annex of the 2023 Integrated Sustainability Report. The Doğu Otomotiv 2023 Integrated Sustainability Report was published for the third time as the fifteenth sustainability report in August 2024, comprehensively delivering the 2023 sustainability performance to our stakeholders.

The 2023 Integrated Sustainability Report was prepared in accordance with the European Sustainability Reporting Standards (ESRS), the reporting standard under the Corporate Sustainability Reporting Directive (CSRD), which came into effect in 2024. Given that our most significant stakeholders, the OEMs, are subject to this legislation, we are among the first companies to report according to this directive.

In the Index section of the report, all indicators of the European Sustainability Reporting Standards (ESRS) are presented alongside the indicators and principles of GRI (Global Reporting Initiative), TCFD (Task Force on Climate-Related Financial Disclosures), IFRS S1-S2 (International Financial Reporting Standards, S1 General Requirements / S2 Climate-Related Disclosures), TSRS (Türkiye Sustainability Reporting Standards) S1-S2, SASB (Sustainability Accounting Standards Board), United Nations Global Compact, United Nations Sustainable Development Goals, and Women's Empowerment Principles. The Türkiye Sustainability Reporting Standards, which came into effect under the Public Oversight Authority in 2024, have also been complied with in the Doğu Otomotiv 2023 Integrated Sustainability Report.

Our Company, which published its first Corporate Sustainability Report in 2009 and signed the United Nations Global Compact in 2010, became a signatory to the United Nations Women's Empowerment Principles (UN WEPs) in 2022. For this reason, the UN WEPs indicators are also included in the Index section of the 2023 Integrated Sustainability Report.

Doğu Otomotiv has included the United Nations Sustainable Development Goals index within the Sustainability Reports it has published since 2017 and disclosed the harmony of its areas of focus and its performances related to the principles that match its sphere of influence regarding 14 of these 17 objectives. In addition, Doğu Otomotiv follows the methodology suggested by AccountAbility AA1000SES (Stakeholder Engagement Standard) as a guide when determining its priority areas of focus, key stakeholders, and the strategy of dialog platforms it maintains with all stakeholders. The company acts by taking into account the framework and principles of this standard in all its stakeholder engagement-oriented performances.

Additionally, our company has obtained limited assurance from PwC over the past three years, in line with the expectation for "independent verification of the data published in the report," an established requirement in global sustainability reporting standards and the United Nations Global Compact Reporting Principles. Indicators subject to limited assurance are marked in a single column in the Index section of the report. Furthermore, data verified in relevant sections of the report are marked with (*). After 2021, sector-specific indicators published by SASB (Sustainability Accounting Standards Board) are also included in the Index section for the third time. Doğu Otomotiv will continue to publish reports in line with the SASB Index and strive to be among the leading companies in complying with the standards developed by IFRS.

Doğu Otomotiv continues to be a role model in its sector in terms of managing the medium and long-term risks that may arise from climate change and ensuring that necessary process improvements are made. In this direction, in addition to ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO 9001 Quality Management System, ISO 45001 Occupational Health and Safety Management System and ISO 27001 Information Security Management Systems were successfully established in 2021, their certificates were received in the second quarter of 2022, and the transition to the Integrated Management System has been realized. In 2023, within the scope of the Integrated Management Systems, the annual reviews of ISO 9001, 45001, 50001, 27001, and 14001 were conducted, and the certification audits were completed. The inclusion rate of buildings in the Doğu Otomotiv Environmental Management System certification is 74%. The target is to reach 85% in 2025, 90% in 2026, and 100% by 2030.

For the past two years, Doğuř Otomotiv has participated in Volkswagen AG's @Retail Program, which focuses on improving retail operations for sustainability by reducing emissions and raising sustainability awareness across its global partner and dealer network. In 2021, 54 Authorized Dealers and Service Centers participated in Volkswagen AG's data collection efforts to calculate its carbon footprint. The target is to reach 66 participants by 2024.

Another program initiated by Volkswagen AG in 2023, which began its efforts in 2021 to raise sustainability awareness and turn sustainability into a competitive advantage across its global dealer network by monitoring developments, is the sustainability certification program. The evaluation of the Authorized Dealers and Service Centers within the scope of the program has commenced in a three-stage certification process. Fifteen of our Authorized Dealers and Service Centers participated in the initial certification period.

As of 2022, 11 Authorized Dealers and Services have embraced renewable energy through the Solar Power Systems (SPS) project, which involved a total investment of 2.4 million US dollars. The project has installed a total number of 14,469 panels, resulting in a power capacity of 5,914 kWp and an annual energy production of 9,631 MWh. In 2023, many of our Authorized Dealers and Service Centers made significant investments in solar energy systems. Throughout the year, nine more Authorized Dealers and Service Centers completed their solar energy power plant installations, bringing the total number of business partners with completed installations to 22. As of 2023, 19.51% of our dealer network as a legal entity has completed solar energy investments and transitioned to renewable energy.

Since May 2022, optimum energy production and efficiency have been achieved through the solar panels installed at Doğuř Otomotiv's main headquarters and logistics building in řekerpinar. In 2023, 4,191,920 kWh of electricity was produced, increasing the energy efficiency rate from 38.86% to 68.70%. In 2023, Doğuř Otomotiv met 67% of its electricity needs from renewable sources through its solar energy power plant investment. Our goal is to meet 76% of our energy needs from renewable sources by 2025.

Risk categorization and initial audits were completed in the Sustainable Supply Chain program. All of our suppliers categorized as high-risk underwent an audit, which included an assessment of their compliance with sustainability criteria. Following the regulation of ethical processes in the supply chain through various recent regulations, Doğuř Otomotiv has initiated work on a Supplier Code of Ethics, with the aim of publishing it in 2024. Additionally, the Company aims to conduct sustainability due diligence for 50% of critical suppliers by 2025.

Thanks to Doğuř Otomotiv's investment in environmentally friendly transportation and optimized route planning, a 12.5% reduction in carbon emissions from logistics operations has been achieved.

Doğuř Otomotiv has disclosed its Scope 1-2-3 emissions, annual reduction amounts, and targets to the public through the 2023 Integrated Sustainability Report.

In addition, as Doğuř Otomotiv, we have applied for the Zero Waste Certificate in the process managed by the Turkish Ministry of Environment and Climate Change to render our waste management more effective. Doğuř Otomotiv aims to complete its Zero Waste Certification efforts, initiated in 2023, by 2024. All employees will have completed environmental and energy management training by the end of 2024.

With the 2023 Integrated Sustainability Report, Doğuř Otomotiv has published, for the first time, a study conducted using the ISO 14046 Water Footprint Standard. The water footprint for 2023 is 290,594.83 m³/year.

In addition, 10,456 hybrid vehicles were sold in 2023. The emission values per vehicle sold for each brand are included in the Performance Tables section of the 2023 Integrated Sustainability Report.

In 2023, our Company (Doğuř Otomotiv) established Doğuř řarj Sistemleri Pazarlama ve Ticaret A.ř., a 100% owned subsidiary, to operate in the establishment, operation, and charging service of electric charging units, charging stations, and a charging network. D-Charge, which aims to revolutionize energy distribution across Türkiye by establishing and operating an extensive charging station network, is not only an infrastructure investment but also a testament to Doğuř Otomotiv's commitment to sustainable development. D-Charge plans to establish a comprehensive network of 360 DC (fast charging) and 420 AC outlets across the country by the end of 2024.

The workshop component of the program, which was initiated in 2022 to identify Doğuř Otomotiv's risks and opportunities related to human rights, began in 2023 and the company's priorities pertaining to human rights were determined by following a methodology consistent with the United Nations Guiding Principles on Business and Human Rights. The focus areas and targets related to Human Rights have been disclosed to the public in the relevant sections of the 2023 Integrated Sustainability Report.

In addition, Doğuř Otomotiv once again has held the areas of focus workshop in May 2023. As part of Doğuř Otomotiv's Double Materiality Assessment, a wide range of topics were evaluated, including sectoral reporting requirements, expectations from laws and regulations, stakeholder feedback, global sustainability standards, and the priorities of peers. By analyzing internal and external resources through consultants, potentially significant social, environmental, and economic issues were identified. Numerous studies, social impact analyses, results from dialog platforms with stakeholders, and sectoral benchmarks were used for this purpose. Following this, a full-day workshop was held with the participation of Doğuř Otomotiv's top management, members of the Sustainability Council, representatives from subsidiaries and affiliated companies, and members of the Corporate Governance and Sustainability Committee reporting to the Board of Directors, where identified significant issues were prioritized based on their importance both in terms of financial performance and sphere of influence, as well as from the perspective of stakeholders. The AA1000SES (AccountAbility Stakeholder Engagement Standard) Five-Part Materiality Test was used to balance different factors and objectively assess effects in terms of importance. Following this, the prioritized topics were verified through consultation primarily with the members of the Sustainability Council, as well as with top management, the Corporate Governance and Sustainability Committee, and other key stakeholders. This step ensures that Doğuř Otomotiv's sustainability priorities align with the Company's strategic goals and risk management processes. The company has shared its new goals with stakeholders in the 2023 Integrated Sustainability Report.

11 – EXPECTATIONS FOR 2024

We predict that the total domestic automotive market sales will reach 1 million units in 2024. Accordingly, we expect our Company to sell over 110 thousand units during the calendar year (excluding Skoda). We also aim to continue our profitability and market share oriented approach for long-term success. While we try to strengthen operational efficiency and continue to monitor the prudent expense management structure in the light of all re-evaluated project and marketing plans, we plan to give more importance to digitalization, mobility, electrification and sustainability projects for our investment plans and expect our spending amount to reach some 4.7 billion TRY. In the light of the effects of geopolitical risks and macroeconomic dynamics, we plan to reevaluate our predictions according to the exchange rate levels and the course of the economic conditions.

12 – DOĞUŞ OTOMOTİV'S DIGITAL TRANSFORMATION STRATEGY

The foundations of digital transformation works at Doğuş Otomotiv were initiated with the establishment of the Digital Transformation department in 2017, with the motto of identifying the current trends and customer expectations within the framework of operational excellence, and reconfiguring the future by redefining the value chain, and accelerated with the expansions made in the following years. As of 2019, agile project portfolio management, in which all digital and IT software projects across the Company were jointly evaluated, has been adopted and relevant roles and duties have been defined.

The development of a total of 15 digital projects was completed in 2019, 31 in 2020, and 64 in 2021, with a cumulative total of 73 by the end of 2022. By the end of 2023, the company had completed a total of 100 digital projects. Based on time, cost, and income projections, the estimated gain from software projects completed in 2022 amounts to around 133 million TRY. The gain from software projects completed in 2023, following those of 2022, is estimated at approximately 204 million TRY per year, based on time, cost, and income forecasts. Invested digital projects are analyzed from the perspective of dissemination and productization. While 20% of the projects completed in 2022 are considered productizable and 40% are disseminable, 16% of the projects completed in 2023 are considered productizable and 39% are disseminable.

Software development will continue at a similar pace and with similar efficiency targets in 2024. As of the second quarter of 2024, a total of 41 digital projects have been completed and software development works for 87 other projects have continued. Besides corporate applications implemented in various areas, from sales processes to finance, human resources processes, and logistics processes, we have implemented a range of projects using digital technologies such as RPA, IoT, BI, Web/Mobile, Generative AI (GenAI), Machine Learning, and Artificial Intelligence. We continue to develop projects in operational efficiency and process optimization, customer experience and personalized services, risk management, predictability and sustainable growth, innovation and product development, and strategic decision-making through our generative artificial intelligence projects.

In line with the digital transformation vision and strategy, trainings and seminars, data analytics studies, and agile project management studies continue within the scope of the program to increase the digital competencies of employees. In line with this program, horizontal and vertical programs have been determined in order to increase awareness of digitalization and digital technologies throughout the company. While horizontal programs cover Digital Transformation Training, Vertical Programs focus on Data Science School, Robotic Process Automation (RPA), Customer Experience (UX/UI) and Trends, and Artificial Intelligence. The Digital Competence program, which started in 2021 under GO-DGTL Academy, continues in 2024, with an expanded training scope, taking into consideration the results of the company employees' digital awareness survey and training requests. Furthermore, topics such as GenAI, IoT, and BI are being incorporated. To effectively implement our AI (Artificial Intelligence) strategy and enhance our employees' AI (Artificial Intelligence) usage skills, our focus for 2024 is particularly on equipping employees with competencies in generative artificial intelligence technologies.

Alongside these initiatives, "Data Strategy and Data Roadmap" studies were launched in 2021 to determine Doğuř Otomotiv's data processing strategies. With these efforts, it is aimed to develop data, use it correctly, manage its storage and destruction, increase its quality, establish systems (architecture) suitable for needs, and ensure maximum benefit from data analytics studies. These long-term studies, which are planned to manage data in an effective and professional manner in general, are carried out in a way that maximizes the use of data and technology. Within the scope of this roadmap, a total of 16 projects have been created, and efforts to implement the projects over a span of 2-3 years have been commenced.

As of the end of the second quarter of 2024, 15 out of 16 projects have been completed, while the work on 1 project is ongoing. In addition to these projects, efforts on data sets and on data projects focusing on standardized data governance processes and creating value from data continue in line with the dissemination targets. Approximately 60 employees from Doğuř Otomotiv and Doğuř Technology played an active role in these processes.

As Doğuř Otomotiv, we have taken new steps with the responsibility of always carrying the value we place on information and information security a step further. In a world where digitalization is increasing day by day, the last of our efforts to protect, improve, and develop digitalization and all the processes it brings along with proven and verified methods has been the receipt of the DIN EN ISO 27001 Information Security Management Systems Certificate for Doğuř Otomotiv. With the ISO 27001 Certificate, Doğuř Otomotiv has proven the importance it places on information as an automotive company. This step, taken in line with the goal of continuous improvement, supported the documentation and announcement of 360 degree assurance in Doğuř Otomotiv's digitalization journey. Doğuř Otomotiv has been continuing its journey as the holder of the ISO 27001 Information Security Management Systems certificate as of July 2022.