

INTERIM REPORT

2Q 2022





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

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

Introduction

1. We have been assigned to the review whether the financial information in the review report of Dođuş Otomotiv Servis ve Ticaret A.Ş. (the “Company”) and its subsidiaries (collectively referred as the “Group”) prepared as at 30 June 2022 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 18 August 2022.

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 Bađımsız Denetim ve
Serbest Muhasebeci Mali Műşavirlik A.Ş.

Cihan Harman, SMMM
Partner

Istanbul, 18 August 2022

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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: 22, Çayırova, Kocaeli
Phone	(+90-262) 676 90 90
Fax	(+90-262) 676 95 96
Trade Registry No	429183
E-mail	yatirimciiliskileri@dogusotomotiv.com.tr
Website address	www.dogusotomotiv.com.tr
Central Registration System No	0-3090-114-1300010

b. Activities

Doğuş Otomotiv, the representative of 11 international brands and 12 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 stands out with the Scania brand in the industrial and marine engines sector, and with the Thermo King brand in the cooling systems market. Doğuş Otomotiv provides services to its used car customers with its DOD brand. 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. 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 630 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". The company has published its first Corporate Sustainability Report in 2009 and signed the United Nations Global Compact in 2010. Doğuş Otomotiv has been carrying out social awareness activities for 17 years, which started in 2004 with the slogan "Traffic is Life!", in an attempt to increase the general responsibility, awareness, and perception of the society toward traffic in a positive way. The program carried out in line with Goal 3.6 of the Sustainable Development Goals of the UN continues with awareness studies on traffic safety in the education and training system.

Following 2021, Doğu Otomotiv was once again included in the BIST Sustainability Index in April 2022. In the field of corporate governance, which it internalized and largely complied with its good practices, the company also placed third in the category of the Top Three Companies with the Highest Corporate Governance Rating given by the Corporate Governance Association of Turkey.

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 660,000,000 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	%
Doğu Holding A.Ş.	165,584,715	75.27
Doğu Otomotiv Servis ve Ticaret A.Ş. (*)	22,000,000	10.00
Doğu Sigorta Aracılık Hizmetleri A.Ş.	292	0.00
Offered to public	32,414,993	14.73
TOTAL	220,000,000	100.00

* Our company keeps its own shares purchased from Borsa İstanbul A.Ş. in its portfolio.

d. Information on Senior Executives and Board Members

Board of Directors

Name, Family Name	Duty	Start date	Duration
Emir Ali Bilaloğlu	Chairman of the Board of Directors, CEO	March 30, 2021	3 years
Gür Çağdaş	Vice Chairman of the Board of Directors, Corporate Governance and Sustainability Committee Member, Early Risk Detection Committee Member	March 30, 2021	3 years
Koray Arıkan	Board Member, Corporate Governance and Sustainability Committee Member, Early Risk Detection Committee Member	March 30, 2021	3 years
Özlem Denizmen Kocatepe	Board Member, Remuneration and Nomination Committee Member	March 30, 2021	3 years
Adalet Yasemin Akad	Board Member, Head of Corporate Governance and Sustainability Committee, Audit Committee Member, Head of Remuneration and Nomination Committee	March 30, 2021	3 years
Adnan Memiş	Board Member, Head of Audit Committee, Head of Early Detection of Risk Committee	March 30, 2021	3 years

Employees with Senior Management Duties

Name, Family Name	Duty
Emir Ali Bilalođlu	Chairman of the Board of Directors / CEO
Kerem Talih	Chief Financial Officer
Koray Bebekođlu	Digital Transformation and Corporate Communications Officer
Giovanni Gino Bottaro	Chief Brand Officer - Volkswagen Passenger Cars
Anil Gürsoy	Chief Brand Officer - SEAT, CUPRA Porsche, DOD and Dođuş Marine Services
Kerem Galip Güven	Chief Brand Officer - Audi, Bentley, and Lamborghini Brands
Mustafa Karabayır	Chief Spare Parts and Logistics Officer
Ela Kulunyar	Chief Human Resources and Process Management
Tolga Senyücel	Chief Brand Officer - VW Commercial Vehicles, Scania, DOD Heavy Vehicles, Thermo King, Scania Industrial and Marine Engines; Managing Director of Gebze and Tuzla Service Points

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 90,129 thousand TRY (June 30, 2021: 14,165 thousand TRY).

2 - PROFIT DISTRIBUTION POLICY AND DIVIDEND PAYMENT

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. Based on the decision of the General Assembly held on March 29, 2022, as a result of the activities in 2021, the company has earned;

- a net profit after tax of 2,033,340,685 TRY, based on its financial statements prepared in accordance with the Tax Procedure Law legislation, and
- a net profit after tax of 2,331,581,000 TRY, based on its consolidated financial statements prepared and independently audited in accordance with the Capital Markets Board legislation.

The proposal to authorize the Board of Directors to determine the amount of profit to be distributed in cash as 1,250,000,000 TRY by distributing the realized profit as follows

Dividend Distribution Table - Summary (TRY)	According to CMB	According to Legal Records
Net Profit for the Period (after tax)	2,331,581,000	2,033,340,685
Previous Years' Losses (-)	-	-
Total Dividends Payable in Cash	1,250,000,000	
General Legal Reserves	123,900,000	
Transferred to Extraordinary Reserves	957,681,000	659,440,685

and to decide the profit distribution date by the Board of Directors. Cash dividend payment has been distributed by April 12, 2022, by decision of the Board of Directors.

3 –SUBSIDIARIES, BUSINESS PARTNERSHIPS, AFFILIATES

Shares in Affiliates and Joint Ventures show the total amount of owned shares together with subsidiaries.

a. Subsidiaries

	June 30, 2022	December 31, 2021
Doğuş Oto Pazarlama ve Ticaret A.Ş.	96.20	96.20
D-Auto Limited Liability Company (*)	100.00	100.00

(*) As stated in the Disclosure of Material Information dated Jul 01, 2021, the process for the liquidation of D-Auto LLC, our subsidiary operating within the borders of the Republic of Iraq, has been started and is ongoing."

b. Affiliates

	June 30, 2022	December 31, 2021
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 Doğuş Oto Pazarlama ve Ticaret A.Ş are shown in parentheses.

(**) Although Doğuş Oto 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, 2022	December 31, 2021
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 Doğu Oto Pazarlama ve Ticaret A.Ş are shown in parentheses.

4 - OPERATIONAL AND FINANCIAL INDICATORS

a. Condensed Balance Sheet

<i>Thousand TRY, CMB</i>	June 30, 2022	December 31, 2021	Change %
Current Assets	10,316,418	6,583,292	57
Fixed Assets	3,629,295	3,171,307	14
Total Assets	13,945,713	9,754,599	43
Short Term Liabilities	7,493,112	5,086,738	47
Long Term Liabilities	457,400	304,178	50
Shareholders' equity	5,995,201	4,363,683	37
Total resources	13,945,713	9,754,599	43

b. Changes in Financial Situation

<i>Thousand TRY, CMB</i>	June 30, 2022	December 31, 2021	Change %
Cash and Cash Equivalent Assets	2,133,272	3,409,576	(37)
Financial Debts	2,876,124	3,028,284	(5)
Net Debt Position (*)	742,852	(381,292)	(295)

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

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	June 30, 2022	June 30, 2021	Change %
Total Sales Unit in the Market	360,243	407,534	(12)
DOAŞ Sales Figures (*)	41,100	60,796	(32)

* Excluding Skoda

d. Condensed Income Statement

<i>Thousand TRY, CMB</i>	June 30, 2022	June 30, 2021	Change %
Sales	18,854,381	13,599,744	39
Gross profit	3,982,351	1,707,458	133
Gross Profit Margin	21.12%	12.56%	68
Real Operating Profit	3,458,517	1,201,028	188
Real Operating Profit Margin	18.34%	8.83%	108
Net Profit	2,772,713	888,843	212
Net Profit Margin	14.71%	6.54%	125

e. Investments

Fixed asset investments amounted to TL 292,343 thousand in the current period (30 June 2021: 128,656 thousand TRY).

5 - DONATIONS

Donations made in accordance with the legislation and the "Donation and Charity Policy" on the website www.dogusotomotiv.com.tr, approved by the General Assembly, amounted to 5,451 Thousand TRY in the current period (30 June, 2021: 2,609 Thousand TRY).

6 - NUMBER OF EMPLOYEES

The average number of employees throughout the period was 2,088 (December 31, 2021: 2,163).

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 Committee for Early Detection of Risks. Risks that may arise in this context are monitored under the headings of “Financial Risks (summarized in note 23 of the financial table) and Operational Risks and Other Risks”.

8 – GENERAL ASSEMBLY INFORMATION

Our Company's Ordinary General Assembly for the year 2021 was held on March 29, 2022 and the following summary decisions were taken. All of the decisions are available on the website: www.dogusotomotiv.com.tr.

- ✓ The annual report and financial statements of the Board of Directors were approved.
- ✓ Members of the Board of Directors were released from liability.
- ✓ The distribution of 1,250,000,000 TRY as cash dividend was approved and the Board of Directors was authorized to determine the distribution date.
- ✓ PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ was selected as the independent auditor for the 2022 accounting period.
- ✓ The amendments made to the article titled “3 - Purpose and Subject Matter” of our Articles of Association were approved.
- ✓ The amount of donations to be made within an accounting period has been limited to 10,000,000 TRY.

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

The article titled “3- Purpose and Subject Matter” of our company's articles of association has been amended.

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” (CCCR) and “Corporate Governance Information Form” (CGIF) were announced 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.

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 privileged shares, 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, Corporate Sustainability 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 website.

In addition, following the analysis of 401 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 9.70 in 2021 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 also included in the appendix to the annual report in 2021. In addition, our Company has published the Integrated Sustainability Report for the first time in 2021, updated the Corporate Governance Compliance Sustainability Principles Index, and published it as an appendix to the report. Our Company, which published its first Corporate Sustainability Report in 2009 and signed the United Nations Global Compact in 2010, has also published its 13th 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, our company has received limited assurance from PwC for the last three years in line with the expectation of “Independent auditing of the data published in the report”, which is principle requirement in the United Nations Global Compact Reporting Principles and global sustainability reporting standards. For the first time this year, Doğu Otomotiv’s 2021 Integrated Sustainability Report included the SASB (Sustainability Accounting Standards Board) performance criteria index for Automotive Distributors, blazing another trail after its reporting in compliance with AIAG’s (Automotive Industry Action Group) Global Automotive Sustainability Practice Principles, which it published for the first time last year.

Doğuş 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.

Accordingly, the first-year audits of the ISO 14001 Environmental Management System were successfully completed in 2021. In addition to the 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 installed in 2021, their certificates were obtained in the second quarter of 2022, and the transition to an integrated management system was made. Doğuş Otomotiv's Integrated Sustainability Report, which also includes the 2016 GRI Standards Index and has been published in accordance with international standards, may be accessed on the company's website.

11 - EXPECTATIONS FOR 2022

We predict that the total domestic automotive market sales will reach 790 thousand units in 2022. Accordingly, we expect our Company to sell over 85 thousand units during the calendar year (excluding Skoda). We also aim to continue our profitability-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 projects for our investment plans and expect our spending amount to reach some 430 million TRY. In the light of the effects of geopolitical risks and semiconductor supply capacity, 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 Digital Transformation works accelerated and were spread throughout the Company in 2020. For the second half of 2020, an additional budget was provided in order to realize the digital software projects by anticipating the needs after the pandemic. As of the end of 2020, a total of 85 digital projects were worked on and 31 of them were completed. Our annual benefit projection from the projects completed in 2020 is 18 million TL.

IT software development investments and digital projects, which increased in 2020, progressed with an increasing momentum in 2021 as well.

While 15 digital projects were completed in 2019, 31 digital projects were launched in 2020. As of the end of 2021, a total of 64 digital projects have been completed, while software development studies for 50 projects continued. The same speed was maintained in 2022.

As of the second quarter of 2022, a total of 34 digital projects have been completed and software development works for 53 other projects have continued. These projects include processes such as sales, after sales services, and marketing, and other projects that use digital technologies such as RPA, IoT, ERP, Web/Mobile, Machine Learning and Artificial Intelligence in areas such as Value and Care Center (Değer ve İlgi Merkezi, DIM) and Spare Parts and Logistics, where we directly touch our customers. 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. The horizontal programs cover Digital Transformation Trainings, while Vertical Programs focus on Data Science School, Robotic Process Automation (RPA), Customer Experience and Trends, and Artificial Intelligence. In 2021, competency development activities continued to be implemented within the scope of the Digital Competence program under the GO-DGTL Academy. Related studies continue in 2022 with awareness-raising webinars and trainings.

In addition to the above, “Data Strategy and Data Roadmap” studies were started in 2021 to determine Doğu 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 drawn up, and the efforts for the implementation of the projects within a 2-3 year time period have been initiated. In line with this roadmap, detailed studies regarding these projects were carried out in the second quarter of 2022. As of the end of July 2022, we continue to work on 14 of 16 projects. As Doğu 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 Doğu Otomotiv. With the ISO 27001 Certificate, Doğu 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 Doğu Otomotiv's digitalization journey. Doğu Otomotiv has been continuing its journey as the holder of the ISO 27001-Information Security Management Systems certificate as of July 2022.