

**DOĐUŐ OTOMOTİV SERVİS VE TİCARET A.Ő.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2021 TOGETHER WITH  
AUDITOR'S REVIEW REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT**

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

**A. Audit of the consolidated financial statements**

**1. Our opinion**

We have audited the accompanying consolidated financial statements of Dođuş Otomotiv Servis ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, consolidated other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

**2. Basis for opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



<b><i>Key audit matters</i></b>	<b><i>How the key audit matter was addressed in the audit</i></b>
<p data-bbox="261 491 716 520"><b><i>Provision for warranty expenses</i></b></p> <p data-bbox="261 562 854 659">The Group accounted for provision for warranty expenses amounting to TRY86,566 thousand as of 31 December 2021.</p> <p data-bbox="261 701 878 1451">The warranty for the vehicles and spare parts sold by the Group are provided by the manufacturer companies, where the Group is acting like an intermediary party between the manufacturer companies and the customers. The customers' warranty claims are accounted for as warranty expenses whereas the payments made by the manufacturers with respect to these warranty claims are accounted for as warranty income, and the related income and expenses are netted off. In some cases, when the manufacturers cannot fully meet the warranty claims, the Group undertakes the warranty expenses without charging to its customers. Accordingly, based on the past statistical information, the Group accounts for a provision for the net warranty expense, which is the difference between the expected warranty expense attributable to vehicles and spare parts sold in the past and warranty income related to them. The provision for warranty expenses is determined as a key audit matter since its calculation includes estimations and assumptions.</p> <p data-bbox="261 1493 867 1619">Please refer to notes 2.6 and 15 to the consolidated financial statements for the accounting policies and the disclosures regarding the provision for the warranty expenses.</p>	<p data-bbox="883 562 1430 625">We performed the following audit procedures related to the provision for warranty expenses:</p> <ul style="list-style-type: none"> <li data-bbox="883 667 1479 863">• Evaluating the consistency of the sales data of the vehicles and spare parts used in the calculation of provision for warranty expenses with the sales amounts included in the sales reports and reconciling those amounts to the accounting records,</li> <li data-bbox="883 905 1490 968">• Testing the unit costs used in the calculation of the provision on a sample basis,</li> <li data-bbox="883 1010 1490 1073">• Testing the actual warranty expense realised in the current period on a sample basis,</li> <li data-bbox="883 1115 1507 1241">• Evaluating the consistency of the actual warranty expenses realised in the current period by comparing the provisions provided in the previous periods,</li> <li data-bbox="883 1283 1487 1451">• Obtaining the sensitivity analysis of the estimations and assumptions used in the calculation of the provision for warranty expense and analytically evaluating the related outputs,</li> <li data-bbox="883 1493 1455 1587">• Assessing the adequacy of the disclosures in consolidated financial statements related to provision for warranty expenses.</li> </ul>



#### **4. Responsibilities of management and those charged with governance for the consolidated financial statements**

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **5. Auditor's responsibilities for the audit of the consolidated financial statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**B. Other responsibilities arising from regulatory requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2021 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 28 February 2022.

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

Cihan Harman, SMMM  
Partner

Istanbul, 28 February 2022

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER

(Convenience translation of consolidated 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.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

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

	Notes	Audited	
		2021	2020
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	3,409,576	655,599
Trade receivables		1,010,816	1,047,149
<i>Trade receivables due from related parties</i>	28.1	656,025	561,857
<i>Trade receivables due from third parties</i>	8.1	354,791	485,292
Other receivables		150,347	103,672
<i>Other receivables due from related parties</i>	28.2	6,942	6,464
<i>Other receivables due from third parties</i>	9	143,405	97,208
Inventories	10	1,969,481	2,751,843
Prepayments	17.1	39,858	29,250
Other current assets	17.4	3,214	14,361
<b>Total current assets</b>		<b>6,583,292</b>	<b>4,601,874</b>
<b>NON-CURRENT ASSETS</b>			
Financial investments		831,804	561,545
<i>Financial assets measured at fair value through other comprehensive income</i>	6	831,804	561,545
Other receivables		1,372	10,115
<i>Other receivables due from related parties</i>	28.2	975	1,066
<i>Other receivables due from third parties</i>		397	9,049
Investments accounted for using equity method	11	880,235	790,730
Investment property	14	121,463	105,419
Property, plant and equipment	12	1,096,291	900,928
Right of use assets	30	109,068	75,855
Intangible assets	13	89,645	55,410
Prepayments	17.2	18,790	9,743
Deffered tax assets	26	22,639	5,515
<b>Total non-current assets</b>		<b>3,171,307</b>	<b>2,515,260</b>
<b>TOTAL ASSETS</b>		<b>9,754,599</b>	<b>7,117,134</b>

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



# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

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

	Notes	Audited	
		2021	2020
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Current borrowings	7	2,705,361	2,096,708
Short-term portion of long-term borrowings	7	232,254	55,901
Trade payables		1,231,202	1,853,830
<i>Trade payables to related parties</i>	28.5	113,323	131,770
<i>Trade payables to third parties</i>	8.2	1,117,879	1,722,060
Employee benefit obligations		38,116	100,027
Other payables		-	101,594
<i>Other payables to related parties</i>	28.6	-	101,594
Deferred income	17.3	59,269	43,658
Current tax liabilities	26	259,620	28,086
Current provisions		396,216	38,740
<i>Other current provisions</i>	15.1	396,216	38,740
Other current liabilities	18	164,700	148,577
<b>Total current liabilities</b>		<b>5,086,738</b>	<b>4,467,121</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	7	90,669	234,307
Deferred income	17.3	35,279	14,219
Non-current provisions		142,662	98,606
<i>Non-current provisions for employee benefits</i>	16	72,217	56,197
<i>Other long-term provisions</i>		70,445	42,409
Deferred tax liabilities	26	35,568	7,147
<b>Total non-current liabilities</b>		<b>304,178</b>	<b>354,279</b>
<b>TOTAL LIABILITIES</b>		<b>5,390,916</b>	<b>4,821,400</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>		<b>4,350,425</b>	<b>2,286,951</b>
Issued capital	19	220,000	220,000
Inflation adjustment on capital	19	23,115	23,115
Treasury shares (-)	19	(220,393)	(220,325)
Other accumulated comprehensive income (loss) that will not be reclassified in profit or loss		(28,935)	(22,080)
<i>Gains (losses) on revaluation and remeasurement</i>		(28,935)	(22,080)
<i>Gains (losses) on remeasurements of defined benefit plans</i>		(28,935)	(22,080)
Other accumulated comprehensive income (loss) that will be reclassified in profit or loss		762,398	483,515
<i>Exchange differences on translation</i>	19	8,582	2,078
<i>Gains (losses) on revaluation and reclassification</i>		753,816	481,437
<i>Gains (losses) from financial assets measured at fair value through other comprehensive income</i>	19	753,816	481,437
Restricted reserves appropriated from profits	19	423,295	405,826
<i>Legal reserves</i>		199,463	136,236
<i>Treasury share reserves</i>		220,393	220,325
<i>Other restricted profit reserves</i>		3,439	49,265
Prior years' profit or losses	19	839,364	359,566
Profit (loss) for the period		2,331,581	1,037,334
<b>Non-controlling interests</b>	19	<b>13,258</b>	<b>8,783</b>
<b>TOTAL EQUITY</b>		<b>4,363,683</b>	<b>2,295,734</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,754,599</b>	<b>7,117,134</b>

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

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONSOLIDATED PROFIT OR LOSS STATEMENTS FOR THE YEARS ENDED 31 DECEMBER

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

	Notes	Audited	
		2021	2020
Revenue	20	24,306,203	18,900,148
Cost of sales	20	(20,784,706)	(16,425,050)
<b>GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS</b>		<b>3,521,497</b>	<b>2,475,098</b>
<b>GROSS PROFIT (LOSS)</b>		<b>3,521,497</b>	<b>2,475,098</b>
General administrative expenses	21	(758,847)	(612,962)
Marketing expenses	21	(566,894)	(365,070)
Other income from operating activities	23.1	1,062,291	96,605
Other expenses from operating activities	23.2	(165,304)	(149,204)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>		<b>3,092,743</b>	<b>1,444,467</b>
Investment activity income	24.1	31,820	14,003
Share of profit (loss) from investments accounted for using equity method	11	440,531	247,830
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>		<b>3,565,094</b>	<b>1,706,300</b>
Finance income		54,771	49,751
Finance costs	25	(651,276)	(468,388)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX</b>		<b>2,968,589</b>	<b>1,287,663</b>
<b>Tax (expense) income, continuing operations</b>		<b>(632,533)</b>	<b>(245,793)</b>
Current period tax (expense) income	26	(633,036)	(216,242)
Deferred tax (expense) income	26	503	(29,551)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>2,336,056</b>	<b>1,041,870</b>
<b>PROFIT (LOSS)</b>		<b>2,336,056</b>	<b>1,041,870</b>
<b>Profit (loss), attributable to</b>			
Non-controlling interests		4,475	4,536
Owners of parent		2,331,581	1,037,334
<b>Basic earnings per share</b>			
Basic earnings(loss) per share from continuing operations	27	11.7757	5.2391
<b>Diluted earnings per share</b>			
Diluted earnings(loss) per share from continuing operations	27	11.7757	5.2391

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

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER

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

	Notes	Audited	
		2021	2020
<b>PROFIT (LOSS)</b>		<b>2,336,056</b>	<b>1,041,870</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income that will not be reclassified to profit or loss</b>		<b>(6,855)</b>	<b>2,242</b>
Gains (losses) on remeasurements of defined benefit plans	16	(8,569)	2,874
Taxes related to components of other comprehensive income that will not be reclassified to profit or loss		1,714	(632)
<i>Taxes relating to measurements of defined benefit plans</i>	26	1,714	(632)
<b>Other comprehensive income that will be reclassified to profit or loss</b>		<b>278,883</b>	<b>2,139</b>
Exchange differences on translation		6,504	31
Other comprehensive income (loss) related with financial assets measured at fair value through other comprehensive income		270,259	82
<i>Gains (losses) on financial assets measured at fair value through other comprehensive income</i>	6	270,259	82
Share of other comprehensive income of associates and joint ventures accounted for equity method that will be reclassified to profit or loss		15,634	(127)
Taxes relating to components of other comprehensive income that will be reclassified to profit or loss		(13,514)	2,153
<i>Taxes relating to financial assets measured at fair value through other comprehensive income</i>	26	(13,514)	2,153
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>272,028</b>	<b>4,381</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>2,608,084</b>	<b>1,046,251</b>
<b>Total comprehensive income attributable to</b>			
Non-controlling interests		4,475	4,536
Owners of parent		2,603,609	1,041,715

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

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER

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

	Issued capital (Note 19)	Inflation adjustments on capital (Note 19)	Treasury Shares (Note 19)	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 19)	Accumulated earnings		Equity attributable to equity holders of the Company	Non- controlling interests (Note 19)	Total Equity
				Gains / losses on remeasurements of defined benefit plans	Foreign currency translation difference (Note 19)	Gains / Losses on remeasuring of financial assets measured at fair value through other comprehensive income (Note 19)		Retained earnings/ (Accumulated losses)	Net profit/ loss for the period			
<b>Balance at 1 January 2020</b>	<b>220,000</b>	<b>23,115</b>	<b>(220,310)</b>	<b>(24,322)</b>	<b>2,047</b>	<b>479,329</b>	<b>397,068</b>	<b>292,547</b>	<b>75,777</b>	<b>1,245,251</b>	<b>7,290</b>	<b>1,252,541</b>
Transfers	-	-	-	-	-	-	8,743	67,034	(75,777)	-	-	-
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,242</b>	<b>31</b>	<b>2,108</b>	<b>-</b>	<b>-</b>	<b>1,037,334</b>	<b>1,041,715</b>	<b>4,536</b>	<b>1,046,251</b>
Profit (loss) for the period	-	-	-	-	-	-	-	-	1,037,334	1,037,334	4,536	1,041,870
Other comprehensive income (loss)	-	-	-	2,242	31	2,108	-	-	-	4,381	-	4,381
Profit Shares	-	-	-	-	-	-	-	-	-	-	(3,043)	(3,043)
Increase (decrease) through treasury shares transactions	-	-	(15)	-	-	-	15	(15)	-	(15)	-	(15)
<b>Balance at 31 December 2020</b>	<b>220,000</b>	<b>23,115</b>	<b>(220,325)</b>	<b>(22,080)</b>	<b>2,078</b>	<b>481,437</b>	<b>405,826</b>	<b>359,566</b>	<b>1,037,334</b>	<b>2,286,951</b>	<b>8,783</b>	<b>2,295,734</b>
<b>Balance at 1 January 2021</b>	<b>220,000</b>	<b>23,115</b>	<b>(220,325)</b>	<b>(22,080)</b>	<b>2,078</b>	<b>481,437</b>	<b>405,826</b>	<b>359,566</b>	<b>1,037,334</b>	<b>2,286,951</b>	<b>8,783</b>	<b>2,295,734</b>
Transfers	-	-	-	-	-	-	17,401	1,019,933	(1,037,334)	-	-	-
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,855)</b>	<b>6,504</b>	<b>272,379</b>	<b>-</b>	<b>-</b>	<b>2,331,581</b>	<b>2,603,609</b>	<b>4,475</b>	<b>2,608,084</b>
Profit (loss) for the period	-	-	-	-	-	-	-	-	2,331,581	2,331,581	4,475	2,336,056
Other comprehensive income (loss)	-	-	-	(6,855)	6,504	272,379	-	-	-	272,028	-	272,028
Profit Shares	-	-	-	-	-	-	-	(600,000)	-	(600,000)	-	(600,000)
Increase (decrease) through treasury shares transactions	-	-	(68)	-	-	-	68	59,865	-	59,865	-	59,865
<b>Balance at 31 December 2021</b>	<b>220,000</b>	<b>23,115</b>	<b>(220,393)</b>	<b>(28,935)</b>	<b>8,582</b>	<b>753,816</b>	<b>423,295</b>	<b>839,364</b>	<b>2,331,581</b>	<b>4,350,425</b>	<b>13,258</b>	<b>4,363,683</b>

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

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER

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

	Notes	Audited	
		2021	2020
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		<b>3,268,796</b>	<b>673,307</b>
Profit (loss) for the period		2,336,056	1,041,870
<i>Adjustments to for profit (loss) for the period reconciliation:</i>		<b>1,339,906</b>	<b>593,311</b>
Adjustments for depreciation and amortization expense	12, 13, 14, 21.2, 22, 30	182,141	130,712
Adjustments for impairment loss (reversal of impairment loss)		(482)	3,163
Adjustments for impairment loss (reversal of impairment loss) of receivables	8.1	(27)	2,963
Adjustments for impairment loss (reversal of impairment loss) of inventories	10	(455)	200
Adjustments for provisions		505,839	130,859
Adjustments for (reversal of) provisions related with employee benefits	16	19,501	11,398
Adjustments for (reversal of) lawsuit and/or penalty provision expenses	15.1	22,587	3,506
Adjustments for (reversal of) warranty provisions	15.1	133,751	100,384
Adjustments for (reversal of) other provisions		330,000	15,571
Adjustments for interest (income) and expense		491,474	329,946
Adjustments for interest income	25	(54,771)	(49,751)
Adjustments for interest expense	25	546,245	379,697
Adjustments for unrealized foreign exchange losses (gains) equity method		752	14,671
Adjustments for undistributed profits of investments accounted for using equity method	11	(440,531)	(247,830)
Adjustments for tax (income) expenses	26	632,533	245,793
Adjustments for losses (gains) on disposal of non-current assets		(31,820)	(14,003)
Adjustments for losses (gains) from sale of tangible assets	24	(31,820)	(14,003)
<b>Changes in working capital</b>		<b>107,145</b>	<b>(684,503)</b>
Adjustments for decrease (increase) in trade receivables		36,360	(307,432)
Decrease (increase) in due from related parties		(94,168)	(19,546)
Decrease (increase) in due from third parties		130,528	(287,886)
Adjustments for decrease (increase) in inventories		782,817	(1,816,136)
Adjustments for increase (decrease) in trade payables		(622,628)	1,140,567
Increase (decrease) in due to related parties		(18,447)	84,197
Increase (decrease) in due to third parties		(604,181)	1,056,370
Increase (decrease) in deferred income		36,671	27,692
Adjustments for other increase (decrease) in working capital		(126,075)	270,806
<b>Cash flows from operations</b>		<b>3,783,107</b>	<b>950,678</b>
Payments related with provisions for employee benefits	16	(12,050)	(2,607)
Payments related with other provisions	15.1	(100,826)	(89,172)
Income taxes refund (paid)		(401,502)	(185,592)
Other cash inflows (outflows)	8	67	-
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>19,868</b>	<b>(255,305)</b>
Cash outflows arising from purchase of shares or capital increase of associates and/or joint ventures	11	-	(102,536)
Proceeds from sales of property, plant, equipment and intangible assets		56,962	25,350
Proceeds from sales of property, plant and equipment		56,962	25,350
Purchase of property, plant, equipment and intangible assets		(403,754)	(189,892)
Purchase of property, plant and equipment	12	(330,159)	(141,967)
Purchase of intangible assets	13	(73,595)	(47,925)
Dividends received		366,660	11,773
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(536,641)</b>	<b>(406,095)</b>
Proceeds from borrowings	7	2,596,252	668,653
Repayments of borrowings	7	(2,056,713)	(703,992)
Cash outflows on debt payments from leasing agreements	7	(80,742)	(44,974)
Dividends paid	19	(600,000)	(3,043)
Interest paid		(450,209)	(372,490)
Interest received		54,771	49,751
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)</b>		<b>2,752,023</b>	<b>11,907</b>
<b>D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>1,954</b>	<b>(4,650)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>2,753,977</b>	<b>7,257</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5	<b>655,599</b>	<b>648,342</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	5	<b>3,409,576</b>	<b>655,599</b>

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

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

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### 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, Porsche, Bentley, Lamborghini, Bugatti and Scania, Scania Power Solutions and Thermoking climate control systems) and also operates in the field of after sales services and spare parts with Doğuş Marine Services business unit. The Company also operates in used car market across Turkey throughout its dealer network under the brand name “DOD”.

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

The Company’s subsidiaries as at 31 December 2021 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 Auto Iraq”) has been founded in Iraq Erbil on 6 August 2013 to execute distribution services of Volkswagen and Audi brands.

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

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

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

Sarıyer, İstanbul, Türkiye.

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

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

The average number of blue-collar employees of the Group for the period ended 31 December 2021 is 791 (31 December 2020: 785) whereas the average number of white-collar employees of the Group for the period ended 31 December 2021 is 1,372 (31 December 2020: 1,343).

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

#### 2.1 Basis of Presentation of Consolidated 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. Additionally, the accompanying consolidated financial statements are presented in accordance with TAS taxonomy issued by POA on 15 April 2019.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

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

#### 2.1 Basis of Presentation of Consolidated Financial Statements (Continued)

##### (ii) *Preparation and approval of financial statements*

The consolidated financial statements of the Group as at 31 December 2021 have been approved by the Board of Directors on 28 February 2022. The legal authorities of the General Assembly of the Company have the right to modify the issued financial statements.

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

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

##### (iv) *Basis of measurement*

The consolidated 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 consolidated 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.

#### 2.2 Amendments and interpretations in the TAS / TFRS

##### **The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2021. The effects of these standards and interpretations on the Group’s financial position and performance has disclosed in the related paragraphs.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

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

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

- i) *The new standards, amendments and interpretations which are effective as at January 1, are as follows:*

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

The standard is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

- ii) *Standards issued but not yet effective and not early adopted*

The new standards, amendments and interpretations which are issued as of the approval date of the consolidated financial statements but which have not yet entered into force for the current reporting period neither early adopted are as follows. Unless otherwise is stated, the Group will make the necessary adjustments to its consolidated financial statements and notes after the new standards and interpretations become in effect.

**Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

**Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

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



# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

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

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

##### *ii) Standards issued but not yet effective and not early adopted (Continued)*

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

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

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

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

**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;** 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.

Effects of these amendments on the consolidated financial statements of the Group is being assessed.

#### 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.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

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

#### 2.3 Basis of Consolidation (Continued)

##### (i) Business Combinations (Continued)

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

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.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

(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 CONSOLIDATED FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

#### 2.3 Basis of Consolidation (Continued)

##### (ii) Subsidiaries (Continued)

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 31 December:

	<u>2021</u>	<u>2020</u>
Doğuş Oto Pazarlama	96.20%	96.20%
D-Auto Iraq (*)	100.00%	100.00%

(\*) Doğuş Oto Iraq which execute import, distribution and after sales services of Volkswagen and Audi brands has signed a termination agreement with Audi Volkswagen Middle East FZE and Volkswagen AG, on 1 July. 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

(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 CONSOLIDATED FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES (Continued)

#### 2.3 Basis of Consolidation (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 31 December:

	<u>2021</u>	<u>2020</u>
TÜVTURK Kuzey Taşıt Muayene İstasyonları Yapım ve İşletim A.Ş. ("TÜVTURK Kuzey")	33.33%	33.33%
TÜVTURK Güney Taşıt 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 31 December:

	<u>2021</u>	<u>2020</u>
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%	49.00%
Doğuş Bilgi İşlem ve Teknoloji Hizmetleri A.Ş. ("Doğuş Teknoloji")	21.76%	21.76%
Volkswagen Doğuş Finansman A.Ş. ("VDF") (**)	-	48.00%

(\*) 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.

(\*\*) The Group has transferred its shares in VDF to VDF Servis with the "partial demerger through associate model".

#### (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.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

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

#### 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 consolidated statement of financial position as at 31 December 2021 comparatively with the consolidated statement of financial position as at 31 December 2020, and the consolidated profit or loss statement, the consolidated statement of other comprehensive income, the consolidated statements of cash flows and changes in equity for the year ended 31 December 2021 comparative to for the year ended 31 December 2020.

#### 2.6 Significant Accounting Policies

##### IFRS 16 “Leases”

##### The Group - as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
  - i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
  - ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

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

#### 2.6 Significant Accounting Policies (Continued)

##### *Right of use asset*

The right of use asset is initially recognized at cost comprising of:

- a) amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the Group; and
- d) an estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

The Group re-measure the right of use asset:

- a) after netting-off depreciation and reducing impairment losses from right of use asset,
- b) adjusted for certain re-measurements of the lease liability recognized at the present value

The Group applies IAS16 “Property, Plant and Equipment” to amortize the right of use asset and to asses for any impairment. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Otherwise, The Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

##### **Lease Liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a) fixed payments, including in-substance fixed payments;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- c) the exercise price of purchase option if the Group is reasonably certain to exercise that option; and
- d) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

#### 2.6 Significant Accounting Policies (Continued)

After initial recognition, the lease liability is measured:

- a) increasing the carrying amount to reflect interest on lease liability
- b) reducing the carrying amount to reflect the lease payments made and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, The Group remeasure the lease liability to reflect changes to the lease payments. The Group recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

- a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term; or
- b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option.

The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Group remeasure the lease liability by discounting the revised lease payments, if either:

- a) There is a change in the amounts expected to be payable under a residual value guarantee. The Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
- b) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determines its revised lease payments related to the remaining leasing period considering its payments related to the revised agreement. Under these circumstances, the Group uses an unadjusted interest rate.

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

#### 2.6 Significant Accounting Policies (Continued)

##### IFRS 16 “Leases” (Continued)

The Group recognises the restructuring of the lease as a separate leasing if both of the following are met:

- a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

Leases with a lease term of 12 months or less and leases of low-value assets determined by the Group are evaluated in scope of the exemption of IFRS 16 and payments associated with those leases are recognised on a straight-line basis as an expense in profit or loss.

##### *Extension and termination options*

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is a reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

##### **Revenue recognition**

Revenues are recognized in the consolidated financial statements when the performance obligation is satisfied by delivering the committed product or service to the customer and transferring the risks and rewards of ownership of the goods.

The Company recognizes revenue by the five step model framework mentioned below:

- (a) Identification of customer contracts,
- (b) Identification of performance obligations
- (c) Determination of transaction price in the contract,
- (d) Allocation of price to performance obligations,
- (e) Recognition of revenue when the performance obligations are fulfilled.

The Group recognizes revenue from its customers only when all of the following criteria are met:

- (a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- (b) Company can identify each party’s rights regarding the goods or services to be transferred,
- (c) Company can identify the payment terms for the goods or services to be transferred,
- (d) The contract has commercial substance
- (e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.



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

#### 2.6 Significant Accounting Policies (Continued)

##### Revenue recognition (Continued)

In the event that the group is entitled to collect a consideration directly corresponding to the value of its completed operation from the customer (in the delivery of products/services), the group takes the amount of revenue in the financial statements as much as it has the right to bill. The group determines and does not make any adjustments as no significant financing component will have an effect on the promised price, as it foresees that the period between the transfer date of the goods or services it has committed to the customer and the date the customer has paid the price of that goods or services will be one year or less at the contract inception.

##### Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories comprise all costs of purchase and the other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is determined on actual costing basis for trade goods, moving weighted average basis for spare parts and other inventories. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

##### Property, plant and equipment

###### *Recognition and measurement*

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Building and land costs are recorded separately even if they are acquired together. Land is not depreciated.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized within “Investment activity income” or “Investment activity expense” in profit or loss.

###### *Subsequent expenditures*

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

###### *Depreciation*

The estimated useful lives of property and equipment for the current and comparative years are as follows:

Buildings	25-50 years
Land improvements	4-50 years
Machinery and equipment	5-15 years
Furniture and fixtures	3-15 years
Motor vehicles	4-5 years

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

#### 2.6 Significant Accounting Policies (Continued)

##### Property, plant and equipment (Continued)

Property and equipment are depreciated over the estimated useful lives of the related assets from the date of purchase or the date of setup on a straight-line basis. Useful lives of property and equipment are reviewed at each reporting date and necessary adjustments are applied if necessary.

##### Intangible assets

Intangible assets are consisted of rights and software programs. Intangible assets are measured at cost less accumulated amortization and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

##### *Subsequent expenditures*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss incurred.

##### *Amortization*

The estimated useful lives of intangible assets for the current and comparative years are as follows:

Rights	15 years
Software programs	3-5 years

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The useful lives are reviewed at each reporting date and necessary adjustments are applied if necessary.

##### Investment properties

Investment properties, which are properties held to earn rent and/or for capital appreciation are measured initially at cost plus all direct transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. The Group, recognizes its investment properties from their carrying amount.

Investment properties are transferred from/to property and equipment when their utilization purpose is changed. When investment properties are disposed, the difference between sales revenue and the carrying amount is charged to the consolidated income statement.

Depreciation is charged to investment properties excluding land, over their estimated useful lives, using the straight-line method. The useful lives of building that are owned by the Group is 50 years.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

#### 2.6 Significant Accounting Policies (Continued)

##### Assets classified as held-for-sale

In compliance with TAS 31 “Shares in Joint Ventures” and TFRS 5 “Assets Classified as Held For Sale and Discontinuing Operations”, the interests in equity accounted investee which are classified as assets held for sale are accounted for in accordance with TFRS 5. Assets classified as held for sale is accounted for at the lower of its carrying amount (being the net amount of the assets or liabilities directly associated with them) or fair value less costs to sell.

##### Borrowing costs

In accordance with TAS 23 “Borrowing Costs (Revised)”, the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized by the Group as part of the cost of that asset, until the activities to prepare the qualifying asset for its intended use or sale are complete. Other borrowing costs are recognized in profit or loss within related period by using effective interest rate method expressed in TAS 39 “Financial Instruments: Recognition and Measurement”.

##### Financial instruments

###### Classification

The Group classifies the financial assets as three groups such as subsequently measured at amortised cost and fair value through other comprehensive income the classification is made on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Group makes the classification of its financial assets on the date of purchase. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

###### Measurement and accounting

“Financial assets measured at amortised cost”, are the financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, not have an active market and non-derivative financial assets. “Cash and cash equivalents”, “trade receivables” are classified as financial assets measured at amortised cost. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Gains and losses recognised as a result of the fair value adjustments of financial assets amortised at cost and non-derivative financial assets are included in the income statement.

“Financial assets measured at fair value through other comprehensive income”, are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss. The Company carried these assets at their fair values. The fair value gains and losses are recognized in other comprehensive income after the deduction of impairment losses and foreign exchange income and expenses. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

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

#### 2.6 Significant Accounting Policies (Continued)

##### Financial instruments (Continued)

“Gains or losses on a financial asset measured at fair value through other comprehensive income” is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings.

##### *De-recognition of financial instrument*

A financial asset is derecognized from the consolidated financial statements where the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset through a sales transaction, any rights created or held by the financial asset transferred by the Group are recognized as a separate asset or liability.

##### *Impairment*

The Group accounts for the impairment of trade receivables by using “Expected Credit Loss” (ECL) model. Impairment model is applied for financial assets measured at amortized costs and contractual assets.

Loss provisions are measured according to the following principles;

- 12 months ECL’s: ECL’s arising from default events within 12 months after reporting date.
- Life time ECL’s: ECL’s arising from all possible default events over the expected life time of the financial instrument.

ECL’ s of the lifetime is applied at reporting date when the credit risk related to a financial asset increases significantly after initial recognition date. In all other cases where the relevant increase did not occur, 12 month ECL calculation is applied. The Group can determine if the credit risk of the financial asset has a low credit risk at the reporting date, that the credit risk of the financial asset does not increase significantly. However ECL’ s of the lifetime (practical expedient) is always valid and applied for the trade receivables and contractual assets that do not contain a significant financing component.

##### Foreign currency transactions

Transactions in foreign currencies are translated to TL at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to TL at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss.

Assets and liabilities of those Group entities with a different functional currency than the reporting currency of the Group are translated into the reporting currency of the Group at the rate of exchange ruling at the reporting date. The income and expenses of the Group entities are translated into the reporting currency at the average exchange rates for the period. These foreign currency differences are recognized in other comprehensive income, and presented in translation reserve in equity.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

#### 2.6 Significant Accounting Policies (Continued)

##### Earnings per share

Earnings per share disclosed in the consolidated income statement are determined by dividing net income by the weighted average number of shares outstanding during the period concerned. Parent company shares owned by the Group are not taken into consideration in the calculation of earnings per share.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings and inflation adjustment. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period.

##### Provisions, contingent assets and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation because of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Unless related criteria occur, the Group discloses the related issue in disclosures. Contingent assets are not recognized and solely disclosed until they are realized.

##### Change and errors in the accounting policies and estimates

Material changes in accounting policies or material errors are corrected; retrospectively by restating the prior period consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods.

##### Leases

###### (i) Financial lease

Leases of property and equipment where the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Financial leases are included in the property and equipment at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments are charged by deducting accumulated depreciation and permanent impairment. Payables arising from financial leases are decreased when the principals are paid as well as the interest payments are recognized in profit or loss statement.

###### (ii) Operational lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessee are classified as operating leases. Payments made under operating leases (net off any incentives received from the lessor) are charged to the consolidated profit or loss statement on a straight-line basis over the period of the lease.

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

#### 2.6 Significant Accounting Policies (Continued)

##### Leases (Continued)

##### *(iii) Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. The following two criteria must be met for a “lease”:

- the fulfillment of the arrangement is dependent on the use of a specific asset or asset(s); and
- the arrangement contains a right to use the asset(s).

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other considerations required by the arrangement into those for the lease and those for other elements based on their relative fair values. If the Group concludes for a finance lease that is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Group’s incremental borrowing rate.

##### Related parties

Parties are considered related to the Group if;

- (a) directly, or indirectly through one or more intermediaries, the party:
  - (i) controls, is controlled by, or is under common control with the Group (this includes parent, subsidiaries and fellow subsidiaries);
  - (ii) has an interest in the Group that gives it significant influence over the Group;
  - (iii) or has joint control over the Group;
- (b) the party is an associate of the Group;
- (c) the party is a joint venture in which the Group is a venturer;
- (d) the party is member of the key management personnel of the Group and its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e);
- (g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

A number of transactions are entered into with related parties in the normal course of business.

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

#### 2.6 Significant Accounting Policies (Continued)

##### Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments. Board of Directors is determined as the chief operating decision maker of the Group.

##### Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Effective tax rates are used for deferred tax calculation.

Most of temporary differences are derived from the timing differences in recognition of income and expenses between the consolidated financial statements that are prepared in accordance with the principals mentioned in Note 2 and statutory records.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

When the deferred tax assets and deferred tax liabilities levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

##### Transfer pricing regulations

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading “veiled shifting of profit” via transfer pricing. The application details are stated in the “general communiqué regarding veiled shifting of profits via transfer pricing” published on 18 November 2007. Veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

##### Tax exposure

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will affect tax expense in the period that such a determination is made.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

#### 2.6 Significant Accounting Policies (Continued)

##### Taxes on income (Continued)

The provisions concerning to the "thin capitalization" are stated in the Article 12 of new corporate tax law. According to the Article 12, if the borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders exceeds three times of the shareholders' equity of the company at any time during the related year, the exceeding portion of the borrowing will be treated as thin capital.

The financial borrowings were regarded as thin capitalization provided with;

- The borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders,
- Used for/in the entity,
- Borrowings exceeds three times of the shareholders' equity of the company at any time during the related year.

##### Employee benefits / Provision for employee termination benefits

In accordance with existing labor law in Turkey, the Group is required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire. Employee benefits are the estimation of the present value of future probable obligation of the Group arising from the retirement of the employees. It is computed and recognized in the financial statements considering the retirement pay cap and actuarial information.

##### Cash flow

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (capital expenditures and financial investments).

Cash flows arising from financial activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

##### Repurchase and resale transactions

Securities purchased under agreements to resell ("reverse repurchase agreements") are classified under cash and cash equivalents in the consolidated financial statements. The difference between the purchase and resale price of these repurchase agreements is treated as interest income and accrued over the life of the reverse repurchase agreement.



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

#### 2.6 Significant Accounting Policies (Continued)

##### Treasury shares

Treasury shares is recognized under the equity in accordance with the Communique on Buy Backed Shares (II-22.1) announced by CMB and accounted as "Treasury shares" under the equity. Additionally, the Group classifies "Treasury share reserve" in the amount of the value of the reacquired shares under "Restricted reserves appropriated from profits" in accordance with the relevant communique.

##### Dividends

Dividend income is recognized by the Group at the date right to collect the dividend is realized. Dividend payables are recognized after the profit distribution approval in the General Assembly.

##### Subsequent events

Subsequent events comprised of events that occur between the reporting date and authorization for publication date both in favor of and against the Company. Subsequent events are divided in two:

- as of reporting date there are new evidences that related events exist, and
- evidence that the related events occurred after the reporting date (events that do not require correction subsequently).

As at reporting date, there is new evidence that related events exist or related events occurred subsequently and these events requires correction on consolidated financial statements, the Group corrects its consolidated financial statements in accordance with the new situation. If these subsequent events do not require consolidated financial statements to be corrected, the Group disclosures that issues in the footnotes.

#### 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.

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 in Note 2.6 (Note 12 and 13).

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).

# DOĐUŐ OTOMOTİV SERVİS VE TİCARET A.Ő.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

#### 2.7 Accounting Estimates (Continued)

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 14).

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 15.1).

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 manufactures. 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 15.1).

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.

To calculate the employee benefit provision, actuarial assumptions relating to turnover ratio, discount rate and salary increase are used. Calculation details are given in Employee Benefits (Note 16).

#### **Impact of Covid-19 outbreak on Group's activities**

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

The Group management assumed this epidemic as a situation that does not require changes in long-term business plans as of the date the financial statements were approved. However, while preparing the consolidated financial statements dated 31 December 2021, the possible effects of the COVID-19 outbreak were evaluated and the estimates and assumptions used in the preparation of the financial statements were reviewed. In this context, no impairment was detected in the consolidated financial statements dated 31 December 2021.

## **DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER**

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#### **NOTE 3 – JOINT VENTURES**

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

#### **NOTE 4 – OPERATING SEGMENTS**

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

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

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

(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)

Segment information presented to the Group management for the years ended 31 December is as follows:

<u>2021</u>	<u>Passenger segment</u>	<u>Commercial segment</u>	<u>Other segments</u>	<u>Total</u>
Revenue from external customers	17,025,384	4,776,741	2,504,078	24,306,203
Cost of sales	(14,965,495)	(4,092,450)	(1,727,216)	(20,785,161)
<b>Gross profit</b>	<b>2,059,889</b>	<b>684,291</b>	<b>776,862</b>	<b>3,521,042</b>
General administration expenses	(196,936)	(34,334)	(403,434)	(634,704)
Marketing expenses	(333,713)	(91,340)	(127,315)	(552,368)
Depreciation expenses	(62,675)	(10,156)	(103,293)	(176,124)
Other income from operating activities, net	538,481	173,006	196,259	907,746
<b>Operating income</b>	<b>2,005,046</b>	<b>721,467</b>	<b>339,079</b>	<b>3,065,592</b>
	<b>Passenger segment</b>	<b>Commercial segment</b>	<b>Other segments</b>	<b>Total</b>
<u>2020</u>				
Revenue from external customers	14,750,501	2,511,913	1,637,734	18,900,148
Cost of sales	(13,093,737)	(2,190,676)	(1,140,437)	(16,424,850)
<b>Gross profit</b>	<b>1,656,764</b>	<b>321,237</b>	<b>497,297</b>	<b>2,475,298</b>
General administration expenses	(172,376)	(24,463)	(329,402)	(526,241)
Marketing expenses	(233,041)	(59,038)	(79,852)	(371,931)
Depreciation expenses	(41,351)	(5,509)	(73,751)	(120,611)
Other income from operating activities, net	(49,709)	(1,748)	(24,710)	(76,167)
<b>Operating income</b>	<b>1,160,287</b>	<b>230,479</b>	<b>(10,418)</b>	<b>1,380,348</b>

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:

	<u>2021</u>	<u>2020</u>
Operating profit for reportable segments	3,065,592	1,380,348
Provision for legal exposures	(2,011)	(1,464)
Provision for employee termination benefits	11,837	9,917
Provision for unused vacation	(4,642)	(2,852)
Provision for diminution in value of inventories	455	(200)
Warranty provision expense	(37,900)	(13,254)
Depreciation and amortization	(6,017)	(10,101)
Share of profit of equity accounted investees	440,531	247,830
Income from investment activities	31,820	14,003
Finance expense, net	(596,505)	(418,637)
Other	65,429	82,073
<b>Profit before tax</b>	<b>2,968,589</b>	<b>1,287,663</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

#### NOTE 5 – CASH AND CASH EQUIVALENTS

As at 31 December, cash and cash equivalents comprise the following:

	<u>2021</u>	<u>2020</u>
Cash on hand	126	231
Cash at banks	3,409,450	655,368
- Demand deposits	3,330,315	355,512
- Time deposits	78,635	299,513
- Other cash and cash equivalents	500	343
<b>Total</b>	<b><u>3,409,576</u></b>	<b><u>655,599</u></b>

As at 31 December 2021, average effective interest rate on TL and EUR denominated time deposits are 18.05% and 0.04% respectively (31 December 2020: TL 17.05%), As at 31 December 2021, maturity of time deposits is 1 day (31 December 2020: 1 day).

There is no blocked deposit as at 31 December 2021 and 2020.

Foreign currency risk exposure of cash and cash equivalents are presented under Note 29.

#### NOTE 6 – FINANCIAL INVESTMENTS

As at 31 December, available-for-sale financial assets comprise of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Ownership interest (%)</u>	<u>Carrying amount</u>	<u>Ownership interest (%)</u>	<u>Carrying amount</u>
Doğuş Holding A.Ş. (“Doğuş Holding”)	3.69	<u>831,804</u>	3.69	<u>561,545</u>
		<b><u>831,804</u></b>		<b><u>561,545</u></b>

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

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

	<u>2021</u>	<u>2020</u>
<b>Balance at 1 January</b>	<b><u>561,545</u></b>	<b><u>561,463</u></b>
Change in fair value of financial assets measured at fair value through other comprehensive income	<u>270,259</u>	<u>82</u>
<b>Balance at 31 December</b>	<b><u>831,804</u></b>	<b><u>561,545</u></b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

### NOTE 7 – BORROWINGS

As at 31 December, financial liabilities with the effective interest rates, comprise the following:

	2021		2020	
	Interest rate (%)	Amount	Interest rate (%)	Amount
<b>Short-term bank borrowings:</b>				
TL denominated interest bearing borrowings	21.30	2,705,361	12.97	2,096,708
<b>Total</b>		<b>2,705,361</b>		<b>2,096,708</b>
	2021		2020	
	Interest rate (%)	Amount	Interest rate (%)	Amount
<b>Short term portion of long term borrowings:</b>				
TL denominated interest bearing borrowings	12.00	181,179	12.00	19,471
<b>Total</b>		<b>181,179</b>		<b>19,471</b>
	2021		2020	
	Interest rate (%)	Amount	Interest rate (%)	Amount
<b>Long-term bank borrowings:</b>				
TL denominated interest bearing borrowings	-	-	12.00	161,762
<b>Total</b>		<b>-</b>		<b>161,762</b>

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

Payment period	Original amount (TL)	TL Equivalent
2022	181,179	181,179
<b>Total</b>	<b>181,179</b>	<b>181,179</b>

The repayment schedule of long-term bank borrowings including their short-term portions as at 31 December 2020 is as follows:

Payment period	Original amount (TL)	TL Equivalent
2021	19,471	19,471
2022	161,762	161,762
<b>Total</b>	<b>181,233</b>	<b>181,233</b>

Foreign currency, interest and liquidity risk exposure of financial liabilities are presented under Note 29.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

### NOTE 7 – BORROWINGS (Continued)

Movement of financial borrowings as 31 December 2021 and 2020 are summarized below:

<b>Bank Borrowings</b>	<b>2021</b>	<b>2020</b>
<b>Balance at 1 January</b>	<b>2,277,941</b>	<b>2,320,281</b>
Additions during the period	2,596,252	668,653
Payments during the period	(2,056,713)	(703,992)
Foreign exchange (gains) / losses	-	13,896
Changes in interest accrual	69,060	(20,897)
<b>Balance at 31 December</b>	<b>2,886,540</b>	<b>2,277,941</b>

As of 31 December 2021 and 2020, the details of the financial lease liabilities are as follows:

	<b>2021</b>		<b>2020</b>	
	<b>Interest rate (%)</b>	<b>Amount</b>	<b>Interest rate (%)</b>	<b>Amount</b>
<b>Short term portion of long term leases:</b>				
TL leases	25.68	51,075	25.68	33,684
EUR leases	-	-	5.57	2,746
<b>Total</b>		<b>51,075</b>		<b>36,430</b>
	<b>2021</b>		<b>2020</b>	
	<b>Interest rate (%)</b>	<b>Amount</b>	<b>Interest rate (%)</b>	<b>Amount</b>
<b>Long term leases:</b>				
TL leases	25.68	90,669	25.68	72,545
<b>Total</b>		<b>90,669</b>		<b>72,545</b>

Movement of financial lease liabilities as 31 December 2021 and 2020 are summarized below:

	<b>2021</b>	<b>2020</b>
<b>Balance at 1 January</b>	<b>108,975</b>	<b>117,771</b>
Additions	91,669	13,400
Prepayments	-	-
Payments	(80,742)	(44,974)
Disposals	(5,886)	(6,101)
Interest expenses	26,976	28,104
Foreign exchange gain/loss	752	775
<b>Balance at 31 December</b>	<b>141,744</b>	<b>108,975</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

#### NOTE 8 – TRADE RECEIVABLES AND PAYABLES

##### 8.1 Trade Receivables

As at 31 December, trade receivables due from third parties are consisted of the following:

	<u>2021</u>	<u>2020</u>
Trade receivables	360,361	490,956
Allowance for doubtful receivables (-)	<u>(5,570)</u>	<u>(5,664)</u>
<b>Total</b>	<b><u>354,791</u></b>	<b><u>485,292</u></b>

As at 31 December 2021, the Group charges 4% monthly interest to the dealers regarding overdue receivables (31 December 2020: 4%).

The movement of individually impaired receivables is as follows:

	<u>2021</u>	<u>2020</u>
<b>Balance as at 1 January</b>	<b>5,664</b>	<b>2,701</b>
Additions	32	3,000
Provisions released (-)	(59)	(37)
Recoveries during the year (-)	<u>(67)</u>	<u>-</u>
<b>Balance at 31 December</b>	<b><u>5,570</u></b>	<b><u>5,664</u></b>

##### 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 31 December 2021, TL 80,793 of trade receivables due from third parties are covered via letters of guarantee (31 December 2020: TL 101,422).

As at 31 December 2021, overdue trade receivables due from non-related parties that are not impaired amount to TL 2,400 (31 December 2020: TL 64,688), TL 335 of such overdue receivables are covered via guarantee letters (31 December 2020: TL 14,139).

As at 31 December 2021, the Group's average maturity of trade receivables due from third parties is 15 days (31 December 2020: 20 days).

Credit and foreign currency exposure of trade receivables are presented under Note 29.



## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

#### NOTE 8 – TRADE RECEIVABLES AND PAYABLES (Continued)

##### 8.2 Trade Payables

As at 31 December, trade payables to third parties consist of the following:

	<b>2021</b>	<b>2020</b>
Payables to OEM companies	764,654	1,405,942
Payables to dealers (*)	200,057	234,375
Other trade payables (**)	146,450	79,302
Other expense accruals	6,718	2,441
<b>Total</b>	<b>1,117,879</b>	<b>1,722,060</b>

OEM's provide a credit option to the Group up to 1 year, which is free from interest for 10 days. The OEM's charge the Group an interest of 0.5% per annum for trade payables not settled within 10 days (31 December 2020: 0.95% 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 29.

#### NOTE 9 – OTHER RECEIVABLES

As at 31 December, other receivables due from third parties comprise of the following:

	<b>2021</b>	<b>2020</b>
Warranty claims and price difference receivables (*)	104,542	69,777
Receivables due to insurance claims	25,041	18,149
Other	13,822	9,282
<b>Total</b>	<b>143,405</b>	<b>97,208</b>

(\*) Warranty receivables represent the receivable of the warranty expenses related to the vehicles imported by the Group. As at 31 December 2021, the other receivables that has not been billed are TL 56,702 (31 December 2020: TL 41,096).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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#### NOTE 10 – INVENTORIES

As at 31 December, inventories comprise of the following:

	<u>2021</u>	<u>2020</u>
Goods in transit (*)	802,097	1,461,583
Merchandise stocks – vehicles	829,743	1,019,489
Merchandise stocks – spare parts	343,818	277,403
	<u>1,975,658</u>	<u>2,758,475</u>
Provision for diminution in the value of inventories (-)	(6,177)	(6,632)
<b>Total</b>	<u><b>1,969,481</b></u>	<u><b>2,751,843</b></u>

(\*) 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 20,588,763 for the year ended 31 December 2021 (31 December 2020: TL 16,290,210).

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:

	<u>2021</u>	<u>2020</u>
<b>Balance at 1 January</b>	<b>6,632</b>	<b>6,432</b>
Additions in the current period	(455)	200
<b>Balance at 31 December</b>	<u><b>6,177</b></u>	<u><b>6,632</b></u>

#### NOTE 11 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

As at 31 December, investment in associates, joint ventures and the Group’s share of control are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Ownership (%)</u>	<u>Carrying amount</u>	<u>Ownership (%)</u>	<u>Carrying amount</u>
<b><u>Associates</u></b>				
VDF Servis	48.79	518,749	49	240,012
Yüce Auto	50	95,726	50	86,595
Doğuş Sigorta	42	59,501	42	38,743
Doğuş Teknoloji	21.76	34,309	21.76	29,909
VDF	-	-	48	131,406
<b>Total</b>		<u><b>708,285</b></u>		<u><b>526,665</b></u>
<b><u>Joint ventures</u></b>				
TÜVTURK Kuzey – Güney	33.33	171,950	33.33	264,065
<b>Total</b>		<u><b>171,950</b></u>		<u><b>264,065</b></u>
<b>Grand total</b>		<u><u><b>880,235</b></u></u>		<u><u><b>790,730</b></u></u>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

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

	<u>2021</u>	<u>2020</u>
<b>Balance at 1 January</b>	<b>790,730</b>	<b>452,264</b>
Shares in profits of associates, net	234,541	115,044
Shares in profits of joint ventures, net	205,990	132,786
Change in fair value of available-for-sale financial assets held by associates	16,416	(133)
Dividend income from associates	(68,555)	(11,773)
Dividend income from joint ventures	(298,105)	-
Participation in capital increase and share purchase of associates and joint ventures	-	102,536
Deferred tax effect in relation to change in fair value of available-for-sale financial assets held by associates	(782)	6
<b>Balance at 31 December</b>	<b><u>880,235</u></b>	<b><u>790,730</u></b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

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

	2021								
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses (-)	Net profit/(loss)
Investment in associates	9,065,846	3,538,925	12,604,771	10,382,360	793,676	11,176,036	7,778,609	(7,226,458)	552,151
Joint ventures	462,171	895,453	1,357,624	464,882	383,630	848,512	3,865,330	(3,247,298)	618,032
	2020								
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses (-)	Net profit/(loss)
Investment in associates	9,766,100	2,801,225	12,567,325	10,770,695	757,771	11,528,466	5,776,186	(5,511,541)	264,645
Joint ventures	850,670	835,480	1,686,150	480,822	413,133	893,955	3,264,960	(2,866,563)	398,397

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

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

	2021							
	Cash and cash equivalents	Short-term financial liabilities	Long-term financial liabilities	Revenues	Amortization and depreciation expenses	Interest income	Interest expense	Tax expense
Investment in associates	723,028	9,223,288	722,176	7,408,014	(72,226)	16,301	(282,366)	(51,157)
Joint ventures	234,609	14,876	32,862	3,799,726	(26,014)	53,566	(1,814)	(33,188)

  

	2020							
	Cash and cash equivalents	Short-term financial liabilities	Long-term financial liabilities	Revenues	Amortization and depreciation expenses	Interest income	Interest expense	Tax expense
Investment in associates	445,205	9,580,276	731,631	5,183,649	(28,816)	63,435	(188,997)	(62,710)
Joint ventures	663,466	6,013	27,130	3,209,134	(33,146)	43,117	(3,910)	(129,226)

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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#### NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment and related accumulated depreciation for the year ended 31 December 2021 are as follows:

	1 January 2021	Additions	Disposals	Transfers	Transfer to investment properties	Foreign currency translation difference	31 December 2021
<i>Cost:</i>							
Land	285,839	-	-	-	-	-	285,839
Land improvements	19,366	410	-	95	-	-	19,871
Buildings	397,693	1,988	-	40,953	(23,659)	-	416,975
Machinery and equipments	75,497	15,240	(10,656)	1,759	-	650	82,490
Motor vehicles	246,383	205,672	(27,940)	-	-	(163)	423,952
Furniture and fixtures	82,587	28,926	(8,851)	4,272	-	482	107,416
Leasehold improvements	139,230	552	(54,982)	32,627	-	7,343	124,770
Constructions in progress	11,412	77,371	-	(81,012)	-	-	7,771
	<b>1,258,007</b>	<b>330,159</b>	<b>(102,429)</b>	<b>(1,306)</b>	<b>(23,659)</b>	<b>8,312</b>	<b>1,469,084</b>
<i>Accumulated depreciation:</i>							
Land improvements	(14,424)	(796)	-	-	-	-	(15,220)
Buildings	(65,361)	(8,451)	-	-	5,377	-	(68,435)
Machinery and equipments	(44,367)	(5,894)	7,070	-	-	(429)	(43,620)
Motor vehicles	(85,855)	(61,481)	16,271	-	-	(34)	(131,099)
Furniture and fixtures	(57,208)	(9,732)	7,516	-	-	(480)	(59,904)
Leasehold improvements	(89,864)	(8,225)	46,430	-	-	(2,856)	(54,515)
	<b>(357,079)</b>	<b>(94,579)</b>	<b>77,287</b>	<b>-</b>	<b>5,377</b>	<b>(3,799)</b>	<b>(372,793)</b>
<b>Carrying amount</b>	<b>900,928</b>						<b>1,096,291</b>

Total depreciation expense amounting to TL 94,579 has been allocated to general administrative expenses in the consolidated profit or loss statement for the year ended 31 December 2020 (31 December 2020: TL 66,007).

As at 31 December 2021, lien on land of TL 440,000 relating to the loans received by the Group has been discharged.

As at 31 December 2021, borrowing cost amounting to TL 54,089 is capitalized on property and equipments (31 December 2020: TL 54,089).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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#### NOTE 12 – PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements in property, plant and equipment and related accumulated depreciation for the year ended 31 December 2020 are as follows:

	1 January 2020	Additions	Disposals	Transfers	Impairment	Foreign currency translation difference	31 December 2020
<i>Cost:</i>							
Land	285,839	-	-	-	-	-	285,839
Land improvements	18,549	212	-	605	-	-	19,366
Buildings	395,842	998	-	853	-	-	397,693
Machinery and equipments	69,368	2,976	(68)	2,620	-	601	75,497
Motor vehicles	161,814	105,472	(20,934)	-	-	31	246,383
Furniture and fixtures	69,809	13,284	(1,469)	504	-	459	82,587
Leasehold improvements	128,209	205	(1,171)	5,202	-	6,785	139,230
Constructions in progress	3,157	18,820	(225)	(10,340)	-	-	11,412
	<b>1,132,587</b>	<b>141,967</b>	<b>(23,867)</b>	<b>(556)</b>	<b>-</b>	<b>7,876</b>	<b>1,258,007</b>
<i>Accumulated depreciation:</i>							
Land improvements	(13,690)	(734)	-	-	-	-	(14,424)
Buildings	(57,053)	(8,308)	-	-	-	-	(65,361)
Machinery and equipments	(38,483)	(5,545)	29	-	-	(368)	(44,367)
Motor vehicles	(60,816)	(35,416)	10,408	-	-	(31)	(85,855)
Furniture and fixtures	(50,272)	(7,915)	1,419	-	-	(440)	(57,208)
Leasehold improvements	(64,514)	(8,089)	664	-	(15,571)	(2,354)	(89,864)
	<b>(284,828)</b>	<b>(66,007)</b>	<b>12,520</b>	<b>-</b>	<b>(15,571)</b>	<b>(3,193)</b>	<b>(357,079)</b>
<b>Carrying amount</b>	<b>847,759</b>						<b>900,928</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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#### NOTE 13 – INTANGIBLE ASSETS

The movements in intangible assets and related accumulated amortization during the year ended 31 December 2021 are as follows:

	1 January 2021	Additions	Disposals	Transfers	31 December 2021
<i>Cost:</i>					
Rights and software	204,632	73,595	(32)	1,306	279,501
	<b>204,632</b>	<b>73,595</b>	<b>(32)</b>	<b>1,306</b>	<b>279,501</b>
<i>Accumulated amortization:</i>					
Rights and software	(149,222)	(40,646)	12	-	(189,856)
	<b>(149,222)</b>	<b>(40,646)</b>	<b>12</b>	<b>-</b>	<b>(189,856)</b>
<b>Carrying amount</b>	<b>55,410</b>				<b>89,645</b>

Total amortization expense amounting to TL 40,646 for the year ended 31 December 2021 has been allocated to general administrative expenses in consolidated profit or loss statement (31 December 2020: TL 27,465).

The movements in intangible assets and related accumulated amortization during the year ended 31 December 2020 are as follows:

	1 January 2020	Additions	Disposals	Transfers	31 December 2020
<i>Cost:</i>					
Rights and software	156,151	47,925	-	556	204,632
	<b>156,151</b>	<b>47,925</b>	<b>-</b>	<b>556</b>	<b>204,632</b>
<i>Accumulated amortization:</i>					
Rights and software	(121,757)	(27,465)	-	-	(149,222)
	<b>(121,757)</b>	<b>(27,465)</b>	<b>-</b>	<b>-</b>	<b>(149,222)</b>
<b>Carrying amount</b>	<b>34,394</b>				<b>55,410</b>

#### NOTE 14 – INVESTMENT PROPERTY

The movements in investment property and related accumulated depreciation for the year ended 31 December 2021 and 2020 are as follows:

	2021	2020
<i>Cost:</i>		
Balance at 1 January	111,773	111,773
Transfers from property and equipment	23,659	-
<b>Balance at 31 December</b>	<b>135,432</b>	<b>111,773</b>
<i>Accumulated depreciation</i>		
Balance at 1 January	(6,354)	(4,115)
Depreciation for the period	(2,238)	(2,239)
Transfers from property and equipment	(5,377)	-
<b>Balance at 31 December</b>	<b>(13,969)</b>	<b>(6,354)</b>
<b>Net book value as of 1 January</b>	<b>105,419</b>	<b>107,658</b>
<b>Net book value as of 31 December</b>	<b>121,463</b>	<b>105,419</b>

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



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### NOTE 14 – INVESTMENT PROPERTY (Continued)

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

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

The useful life of the building that is classified as investment property is 50 years. In 2021, the Group has recognized TL 168 rent income from the related investment property (31 December 2020: TL 148).

### NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### 15.1 Short-Term Provisions

The breakdown of short-term provisions as at 31 December is presented below:

	<u>2021</u>	<u>2020</u>
Legal provisions	50,095	32,483
Warranty provisions	16,121	6,257
Other provisions	330,000	-
<b>Total</b>	<b><u>396,216</u></b>	<b><u>38,740</u></b>

The breakdown of long-term provisions as at 31 December is presented below:

	<u>2021</u>	<u>2020</u>
Warranty provisions	70,445	42,409
<b>Total</b>	<b><u>70,445</u></b>	<b><u>42,409</u></b>

The movements of provisions during the year are as follows:

	<u>Balance at 1 January 2021</u>	<u>Provision set during the year</u>	<u>Provisions no longer required</u>	<u>Paid during the year</u>	<u>Balance at 31 December 2021</u>
Legal provisions	32,483	23,830	(1,243)	(4,975)	50,095
Other provisions	-	330,000	-	-	330,000
Warranty provisions (*)	48,666	133,751	-	(95,851)	86,566
<b>Total</b>	<b><u>81,149</u></b>	<b><u>487,581</u></b>	<b><u>(1,243)</u></b>	<b><u>(100,826)</u></b>	<b><u>466,661</u></b>
	<u>Balance at 1 January 2020</u>	<u>Provision set during the year</u>	<u>Provisions no longer required</u>	<u>Paid during the year</u>	<u>Balance at 31 December 2020</u>
Legal provisions	31,019	5,132	(1,626)	(2,042)	32,483
Other provisions	2,666	-	(2,666)	-	-
Warranty provisions (*)	35,412	100,384	-	(87,130)	48,666
<b>Total</b>	<b><u>69,097</u></b>	<b><u>105,516</u></b>	<b><u>(4,292)</u></b>	<b><u>(89,172)</u></b>	<b><u>81,149</u></b>

(\*) Warranty expenses which paid during the year regarding with the warranty provisions, also include revenues from spare parts sales to dealers and the movement compare of both long term and short term warranty provisions.

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### NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### 15.2 Collaterals / Pledges / Mortgages / Bill of Guarantees Given

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

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

Other CPMBs given by the Group as at 31 December 2021 are equivalent to 0% of the Company’s equity (31 December 2020: 0%).

As at 31 December 2021, 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 2020: 26,000).

As at 31 December 2020, the Group’s position related to letters of collaterals / pledges / mortgages / bill of guarantees guarantee given, pledges and mortgages (“CPMB”) are as follows:

	2020				
	Total TL equivalent	Original balances			
		Full TL	Full USD	Full Euro	Full CHF
A. Total amount of CPMB given on behalf of own legal personality	2,718,192	509,565,441	-	245,187,700	-
B. Total amount of CPMB given in favor of partnerships which is consolidated	35,739	35,739,274	-	-	-
C. Total amount of CPMB given for assurance of third parties debts in order to conduct of usual business activities	25,000	25,000,000	-	-	-
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	67,559	-	-	7,500,000	-
iii. The amount of CPMB given in favor of 3rd parties which C doesn’t comprise	-	-	-	-	-
<b>Total CPMB</b>	<b>2,846,490</b>	<b>570,304,715</b>	<b>-</b>	<b>252,687,700</b>	<b>-</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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#### NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### 15.3 Collaterals / Pledges / Mortgages / Bill of Guarantees Received

As at 31 December 2021 and 2020, the Group's position related to letter of guarantees received are as follows:

	<u>2021</u>	<u>2020</u>
Letters of guarantees received from dealers	94,861	90,251
Letters of guarantees received from fixed asset and service suppliers	89,659	46,214
Letter of guarantees received from fleet customers	25,300	35,950
Mortgages received from dealers	-	25,000
<b>Total</b>	<b><u>209,820</u></b>	<b><u>197,415</u></b>

#### NOTE 16 – EMPLOYEE BENEFITS

The breakdown of short-term provisions related to employee benefits as at 31 December is presented below:

	<u>2021</u>	<u>2020</u>
Provision for unused vacation	20,958	16,316
Provision for employee termination benefits	51,259	39,881
<b>Total</b>	<b><u>72,217</u></b>	<b><u>56,197</u></b>

The movements of provision for unused vacation for the year ended 2021 and 2020 are as follows:

	<u>Balance at 1 January 2021</u>	<u>Provision set during the year</u>	<u>Provisions no longer required</u>	<u>Paid during the year</u>	<u>Balance at 31 December 2021</u>
Unused vacation liability provision	16,316	4,642	-	-	20,958
<b>Total</b>	<b><u>16,316</u></b>	<b><u>4,642</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>20,958</u></b>

  

	<u>Balance at 1 January 2020</u>	<u>Provision set during the year</u>	<u>Provisions no longer required</u>	<u>Paid during the year</u>	<u>Balance at 31 December 2020</u>
Unused vacation liability provision	13,464	2,945	-	(93)	16,316
<b>Total</b>	<b><u>13,464</u></b>	<b><u>2,945</u></b>	<b><u>-</u></b>	<b><u>(93)</u></b>	<b><u>16,316</u></b>

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TFRS require actuarial valuation methods to be developed to estimate enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	<u>2021</u>	<u>2020</u>
Inflation rate	19.96%	8.00%
Discount rate	3.64%	4.54%
Turnover rate to estimate the probability of retirement	90.87%	90.72%

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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#### NOTE 16 – EMPLOYEE BENEFITS (Continued)

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The liability cap amounting to TL 8,284.51 full has been taken into consideration in calculating the provision (31 December 2020: TL 7,117.17 full). The movements in the provision for employee termination benefits for the years ended 31 December are as follows:

	<u>2021</u>	<u>2020</u>
<b>Balance at 1 January</b>	<b>39,881</b>	<b>36,816</b>
Interest cost	9,699	4,763
Current service cost	5,160	3,690
Actuarial losses	8,569	(2,874)
Paid during the year (-)	(12,050)	(2,514)
<b>Balance at 31 December</b>	<b>51,259</b>	<b>39,881</b>

The movements in employee termination benefits are recognized under personnel expenses in consolidated profit or loss statement and actuarial losses are recognized under other comprehensive income.

#### NOTE 17 – PREPAYMENTS / DEFERRED INCOME / OTHER CURRENT ASSETS

##### 17.1 Short-Term Prepayments

As at 31 December, short-term prepayments comprise of the following:

	<u>2021</u>	<u>2020</u>
Prepaid expenses	36,595	25,728
Advances given	3,263	3,522
<b>Total</b>	<b>39,858</b>	<b>29,250</b>

##### 17.2 Long-Term Prepayments

As at 31 December, long-term prepayments comprise of the following:

	<u>2021</u>	<u>2020</u>
Prepaid expenses	9,919	3,403
Advances given	8,871	6,340
<b>Total</b>	<b>18,790</b>	<b>9,743</b>

##### 17.3 Deferred Income

As at 31 December 2021 deferred income comprise of the advances received from customers amounting to TL 19,455 (31 December 2020: TL 26,822), credit notes received from OEM amounting to TL 8 (31 December 2020: TL 1,473), and other deferred income amounting to TL 39,806 (31 December 2020: TL 15,363). As of 31 December 2021, long term deferred income amounting to TL 35,279 (31 December 2020: TL 14,219) consists of is contribution income.

##### 17.4 Other Current Assets

As at 31 December, other current assets comprise of the following:

	<u>2021</u>	<u>2020</u>
Deferred VAT	-	12,230
Other	3,214	2,131
<b>Total</b>	<b>3,214</b>	<b>14,361</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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#### NOTE 18 – OTHER CURRENT LIABILITIES

As at 31 December, other current liabilities comprise of the following:

	<u>2021</u>	<u>2020</u>
VAT payable	163,612	146,846
Other current liabilities	1,088	1,731
<b>Total</b>	<b><u>164,700</u></b>	<b><u>148,577</u></b>

#### NOTE 19 – EQUITY

##### Issued Capital

As at 31 December 2021, the registered capital of the Company is TL 220,000 (31 December 2020: TL 220,000). The paid-in share capital of the Company comprises of 220,000,000 units of registered shares with a nominal value of TL 1 each. There is no different type of share and no privilege given to specific shareholders. The Company's registered authorized capital ceiling is TL 660,000.

As at 31 December, the composition of the Company's shareholding structure is as follows:

Shareholders	<u>2021</u>		<u>2020</u>	
	TL	Shareholding (%)	TL	Shareholding (%)
Doğuş Holding	165,585	75.27	165,585	75.27
Doğuş Otomotiv Servis ve Ticaret A.Ş. (*)	22,000	10.00	22,000	10.00
Publicly traded	32,415	14.73	32,415	14.73
<b>Paid-in capital</b>	<b>220,000</b>	<b>100.00</b>	<b>220,000</b>	<b>100.00</b>
Inflation adjustment difference	23,115		23,115	
<b>Total</b>	<b><u>243,115</u></b>		<b><u>243,115</u></b>	

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

##### Restricted reserves appropriated from profits

The breakdown of restricted reserves is presented below:

	<u>2021</u>	<u>2020</u>
Treasury share reserves	220,393	220,325
Legal reserves	199,463	136,236
Other restricted profit reserves	3,439	49,265
<b>Total</b>	<b><u>423,295</u></b>	<b><u>405,826</u></b>

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.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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### NOTE 19 – EQUITY (Continued)

#### Restricted reserves appropriated from profits (Continued)

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 presented under “restricted reserves appropriated from profits”. As at 31 December 2021, the legal reserves of the Group amounted to TL 199,463 (31 December 2020: TL 136,236).

#### Treasury shares

The Group reacquired its own shares that are traded on Borsa Istanbul A.Ş in accordance with the Communique 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 communique.

#### 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 31 December 2021, retained earnings are TL 839,364 (31 December 2020: TL 359,566).

	2021		
	Extraordinary reserves	Profits/(loss) brought forward	Retained earnings/(accumulated losses)
<b>Balance at 1 January</b>	<b>13,500</b>	<b>346,066</b>	<b>359,566</b>
Transfer of 2020 profit	-	1,037,334	1,037,334
Dividend payment	-	(600,000)	(600,000)
Transfer to reserves	-	(17,468)	(17,468)
Transfer to reverse related treasury shares	-	59,932	59,932
<b>Balance at 31 December</b>	<b>13,500</b>	<b>825,864</b>	<b>839,364</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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### NOTE 19 – EQUITY (Continued)

	2020		
	Extraordinary reserves	Profits/(loss) brought forward	Retained earnings/(accumulated losses)
<b>Balance at 1 January</b>	<b>13,500</b>	<b>279,047</b>	<b>292,547</b>
Transfer of 2019 profit	-	75,777	75,777
Dividend payment	-	-	-
Transfer to reserves	-	(8,743)	(8,743)
Transfer to reverse related treasury shares	-	(15)	(15)
<b>Balance at 31 December</b>	<b>13,500</b>	<b>346,066</b>	<b>359,566</b>

### 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 31 December 2021, gains (losses) on remeasuring and/or reclassification of financial assets measured at fair value through other comprehensive income of the Group amounted to TL 753,816 (31 December 2020: TL 481,437).

### 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 31 December 2021, the foreign currency translation differences of the Group amounted to TL 8,582 (31 December 2020: TL 2,078).

### 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 30 March 2021, it has been decided to distribute cash dividends amounting to TL 600,000 to shareholders on previous year’s distributable profit which was calculated by deducting legal reserves from period income. It has been decided that TL 58,900 of the net profit of the period will not be distributed and be kept within the Company as “legal reserve”.

### Non-controlling interests

Equity in a subsidiary that is not attributable, directly or indirectly, to a parent is classified under the “non-controlling interests” in the consolidated financial statements. As at 31 December 2021 and 2020, the related amounts in the “non-controlling interests” account in the consolidated financial statements are TL 13,258 and TL 8,783 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.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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#### NOTE 20 – SALES AND COST OF SALES

For the years ended 31 December, gross profit comprise of the following:

	<b>2021</b>	<b>2020</b>
Vehicle sales	22,425,060	17,698,911
Spare part sales	2,865,166	1,870,341
Service sales	180,535	133,986
Sales return (-)	(27,281)	(52,891)
Sales discounts (-)	(1,137,277)	(750,199)
<b>Net sales</b>	<b>24,306,203</b>	<b>18,900,148</b>
Cost of sales	(20,784,706)	(16,425,050)
<b>Gross profit</b>	<b>3,521,497</b>	<b>2,475,098</b>

#### NOTE 21 – MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

The breakdown of operating expenses for the years ended 31 December is presented below:

	<b>2021</b>	<b>2020</b>
General administration expenses	758,847	612,962
Marketing expenses	566,894	365,070
<b>Total</b>	<b>1,325,741</b>	<b>978,032</b>

##### 21.1 Marketing Expenses

The breakdown of marketing expenses for the years ended 31 December is presented below:

	<b>2021</b>	<b>2020</b>
Personnel expenses	205,955	113,191
Warranty expenses, net	133,751	100,384
Distribution expenses	108,682	82,931
Advertising expenses	103,038	57,913
Customer service expenses	14,306	8,376
Support expenses	1,162	2,275
<b>Total</b>	<b>566,894</b>	<b>365,070</b>



## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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#### NOTE 21 – MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES (Continued)

##### 21.2 General Administrative Expenses

The breakdown of general administration expenses for the years ended 31 December is presented below:

	<b>2021</b>	<b>2020</b>
Personnel expenses	371,286	338,020
Depreciation and amortization expenses	182,141	130,712
Building expenses	56,051	43,575
Maintenance expenses	44,443	33,970
Litigation and indemnity expenses	22,425	3,437
Consultancy expense	16,017	13,383
Insurance expenses	15,598	10,119
Vehicle expenses	12,031	7,180
Taxes and duties	8,498	5,971
Donation expenses	5,097	8,124
Communication expenses	2,753	2,204
Rent expenses	1,915	1,529
Traveling expenses	1,114	2,004
Corporate governance expenses	386	575
Other	19,092	12,159
<b>Total</b>	<b>758,847</b>	<b>612,962</b>

#### NOTE 22 – EXPENSES BY NATURE

The breakdown of the expenses by nature for the years ended 31 December is presented below:

	<b>2021</b>	<b>2020</b>
Cost of trade goods	20,588,763	16,290,210
Personnel expenses	577,241	451,211
Service costs	195,943	134,840
Depreciation and amortization expenses	182,141	130,712
Warranty expenses, net	133,751	100,384
Distribution expenses	108,682	82,931
Advertisement and promotion expenses	103,038	57,913
Building expenses	56,051	43,575
Maintenance expenses	44,443	33,970
Consultancy expenses	16,017	13,383
Vehicle expenses	12,031	7,180
Travelling expenses	1,114	2,004
Other	91,232	54,769
<b>Total</b>	<b>22,110,447</b>	<b>17,403,082</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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### NOTE 22 – EXPENSES BY NATURE (Continued)

#### Fees for Services Received from Independent Auditor/ Independent Audit Firms

The Group's disclosure regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

	<u>2021</u>	<u>2020</u>
Audit and assurance fee	750	657
Tax consulting fee	-	-
Other assurance services fee	63	73
Other service fee apart from audit	80	-
<b>Toplam</b>	<b><u>893</u></b>	<b><u>730</u></b>

The fees above have been determined through including the legal audit and other related service fees of all subsidiaries and joint ventures.

### NOTE 23 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

#### 23.1 Other Income from Operating Activities

The breakdown of other income from operating activities for the years ended 31 December is presented below:

	<u>2021</u>	<u>2020</u>
Foreign exchange gains other than financing activities, net	874,308	-
Commission income	67,024	45,655
Service income	42,613	32,839
Insurance damage income	9,568	5,263
Other	68,778	12,848
<b>Total</b>	<b><u>1,062,291</u></b>	<b><u>96,605</u></b>

#### 23.2 Other Expense from Operating Activities

The breakdown of other expense from operating activities for the years ended 31 December is presented below:

	<u>2021</u>	<u>2020</u>
Commission expense	90,976	50,903
After sales expenses	42,207	23,835
Service expenses	16,506	14,773
Insurance damage expenses	6,009	4,418
Interest expense, net	3,351	4,402
Destruction expenses	2,361	4,358
Other foreign exchange losses other than financing activities, net	519	29,262
Other	3,375	17,253
<b>Total</b>	<b><u>165,304</u></b>	<b><u>149,204</u></b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

#### NOTE 24 – INVESTMENT ACTIVITY INCOME

##### 24.1 Investment Activity Income

The breakdown of income from investment activities for the years ended 31 December is presented below:

	<b>2021</b>	<b>2020</b>
Gain on sale of property and equipment	31,820	14,003
<b>Total</b>	<b>31,820</b>	<b>14,003</b>

#### NOTE 25 – FINANCE INCOME AND EXPENSES

The breakdown of finance expenses for the years ended 31 December is presented below:

	<b>2021</b>	<b>2020</b>
Interest expense on borrowings	519,269	351,593
Commission expenses on letters of guarantee	65,292	60,410
Interest expense on lease liabilities	26,976	28,104
Foreign exchange losses on borrowings, net	-	13,896
Other	39,739	14,385
<b>Total</b>	<b>651,276</b>	<b>468,388</b>

The breakdown of finance income for the years ended 31 December is presented below:

	<b>2021</b>	<b>2020</b>
Interest income	54,771	49,751
<b>Total</b>	<b>54,771</b>	<b>49,751</b>

#### NOTE 26 – 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 25% for 31 December 2021 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 31 December 2021, enacted corporation tax rate is 15% for the subsidiary registered in Iraq according to local tax law (31 December 2020: 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.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

### NOTE 26 – TAX ASSET AND LIABILITIES (Continued)

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.

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 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 years ended 31 December, taxation charge comprise of the following:

	<u>2021</u>	<u>2020</u>
Current tax income / (expense)	(633,036)	(216,242)
Deferred tax income / (expense)	503	(29,551)
<b>Total tax expense</b>	<b><u>(632,533)</u></b>	<b><u>(245,793)</u></b>

For the years ended 31 December, 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:

	<u>2021</u>	<u>2020</u>
Profit before tax	2,968,589	1,287,663
Income tax using the Company's domestic tax rate	(742,147)	(283,286)
Disallowable expenses	(10,225)	(2,980)
Share of profit in equity accounted investees exempt from deferred tax calculation	110,133	54,523
Other	9,706	(14,050)
<b>Total tax expense</b>	<b><u>(632,533)</u></b>	<b><u>(245,793)</u></b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

### NOTE 26 – TAX ASSET AND LIABILITIES (Continued)

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.

#### Deferred taxes

As at 31 December, 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)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Fair value change of available-for sale financial assets	-	-	(35,086)	(21,572)	(35,086)	(21,572)
Land	-	-	(1,393)	(1,393)	(1,393)	(1,393)
Other tangible and intangible assets	-	-	1,313	(10,041)	1,313	(10,041)
Warranty provision, net	17,797	9,733	-	-	17,797	9,733
Legal provision	7,933	6,497	-	-	7,933	6,497
Provision for diminution in value of inventories	1,421	1,326	-	-	1,421	1,326
Employee termination benefit	10,251	7,976	-	-	10,251	7,976
Unused vacation liability	4,192	3,263	-	-	4,192	3,263
Other	(19,357)	2,579	-	-	(19,357)	2,579
Total deferred tax asset/(liabilities)	22,237	31,374	(35,166)	(33,006)	(12,929)	(1,632)
Net off tax	402	(25,859)	(402)	25,859	-	-
<b>Total deferred tax assets/(liabilities)</b>	<b>22,639</b>	<b>5,515</b>	<b>(35,568)</b>	<b>(7,147)</b>	<b>(12,929)</b>	<b>(1,632)</b>

The movements in temporary differences as at 31 December 2021 are as follows:

	1 January 2021	Recognized in the profit or loss	Recognized in other comprehensive income	31 December 2021
Fair value change of available for sale financial assets	(21,572)	-	(13,514)	(35,086)
Land	(1,393)	-	-	(1,393)
Other tangible and intangible assets	(10,041)	11,354	-	1,313
Warranty provision, net	9,733	8,064	-	17,797
Legal provision	6,497	1,436	-	7,933
Provision for diminution in value of inventories	1,326	95	-	1,421
Employee termination benefit	7,976	561	1,714	10,251
Unused vacation liability	3,263	929	-	4,192
Other	2,579	(21,936)	-	(19,357)
	<b>(1,632)</b>	<b>503</b>	<b>(11,800)</b>	<b>(12,929)</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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#### NOTE 26 – TAX ASSET AND LIABILITIES (Continued)

##### Deferred taxes (Continued)

The movements in temporary differences as at 31 December 2020 are as follows:

	1 January 2020	Recognized in the profit or loss	Recognized in other comprehensive income	31 December 2020
Fair value change of available for sale financial assets	(23,725)	-	2,153	(21,572)
Land	(1,393)	-	-	(1,393)
Other tangible and intangible assets	(5,570)	(4,471)	-	(10,041)
Warranty provision, net	7,790	1,943	-	9,733
Legal provision	6,824	(327)	-	6,497
Provision for diminution in value of inventories	1,415	(89)	-	1,326
Employee termination benefit	8,099	509	(632)	7,976
Unused vacation liability	2,962	301	-	3,263
Carry forward tax losses	29,841	(29,841)	-	-
Other	155	2,424	-	2,579
	<b>26,398</b>	<b>(29,551)</b>	<b>1,521</b>	<b>(1,632)</b>

As at 31 December 2021, current income tax liabilities amounting to TL 259,620 (31 December 2020: TL 28,086) is comprised by tax provision for the year ended 31 December 2021.

As at 31 December 2021, the current income tax asset of the group is none (31 December 2020: None).

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 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 2021.

#### NOTE 27 – 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 years ended 31 December, earnings per share are calculated as follows:

	<b>2021</b>	<b>2020</b>
Net profit attributable to the equity holders of the Company	2,331,581	1,037,334
Number of basic shares	198,000,000	198,000,000
<b>Basic / diluted earnings per share (in full TL)</b>	<b>11.7757</b>	<b>5.2391</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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### NOTE 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

#### 28.1 Due from related parties

##### 28.1.1 Due from associates

	<b>2021</b>	<b>2020</b>
Yüce Auto	5,071	4,696
VDF	148	1,147
<b>Total</b>	<b>5,219</b>	<b>5,843</b>

##### 28.1.2 Due from joint ventures

	<b>2021</b>	<b>2020</b>
TÜVTURK	10	66
<b>Total</b>	<b>10</b>	<b>66</b>

##### 28.1.3 Due from other related parties

	<b>2021</b>	<b>2020</b>
VDF Faktoring Hizmetleri A.Ş. ("VDF Faktoring")	648,032	553,977
VDF Sigorta Aracılık Hizmetleri A.Ş.	1,421	1,168
VDF Filo Kiralama A.Ş.	944	728
Other	349	74
<b>Total</b>	<b>650,746</b>	<b>555,947</b>

##### 28.1.4 Due from shareholders

	<b>2021</b>	<b>2020</b>
Doğuş Holding	50	1
<b>Total</b>	<b>50</b>	<b>1</b>
<b>Grand total</b>	<b>656,025</b>	<b>561,857</b>

As of 31 December 2021, the Group imposes 1% interest charge on the receivables from related parties (31 December 2020: 1% per month).

#### 28.2 Other receivables due from related parties

##### 28.2.1 Other current receivables due from associates

	<b>2021</b>	<b>2020</b>
Doğuş Teknoloji	4,718	3,792
<b>Total</b>	<b>4,718</b>	<b>3,792</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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### NOTE 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### 28.2 Other receivables due from related parties (Continued)

##### 28.2.2 Other current receivables due from other related parties

	2021	2020
VDF Filo Kiralama A.Ş. (sublease receivables)	2,224	2,672
<b>Total</b>	<b>2,224</b>	<b>2,672</b>
<b>Grand total</b>	<b>6,942</b>	<b>6,464</b>

##### 28.2.3 Other non-current receivables due from related parties

	2021	2020
VDF Filo Kiralama A.Ş. (sublease receivables)	975	1,066
<b>Total</b>	<b>975</b>	<b>1,066</b>

#### 28.3 Current prepayments due from related parties

##### 28.3.1 Current prepaid expenses to related parties

###### 28.3.1.1 Current prepaid expenses to associates

	2021	2020
Doğuş Teknoloji	719	228
<b>Total</b>	<b>719</b>	<b>228</b>

###### 28.3.1.2 Current prepaid expenses to other related parties

	2021	2020
Pozitif Arena Salon İşletmeleri A.Ş.	8,823	7,271
Doğuş Spor Kompleksi Yatırım ve İşletme A.Ş.	-	1,023
Other	277	142
<b>Total</b>	<b>9,100</b>	<b>8,436</b>

###### 28.3.1.3 Current prepaid expenses to shareholders

	2021	2020
Doğuş Holding	804	287
<b>Total</b>	<b>804</b>	<b>287</b>
<b>Grand total</b>	<b>10,623</b>	<b>8,951</b>

##### 28.3.2 Non- Current prepaid expenses to related parties

###### 28.3.2.1 Non-current prepaid expenses

	2021	2020
Pozitif Arena Salon İşletmeleri A.Ş.	3,052	3,052
Doğuş Teknoloji	381	-
Pozitif Müzik A.Ş.	323	-
<b>Total</b>	<b>3,756</b>	<b>3,052</b>



## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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#### NOTE 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

##### 28.3.3 Advances given

###### 28.3.3.1 Advances given to other related parties

	<b>2021</b>	<b>2020</b>
Doğuş Yayın Grubu A.Ş.	822	-
<b>Total</b>	<b>822</b>	<b>-</b>

##### 28.4 Trade payables due to related parties

###### 28.4.1 Trade payables due to associates

	<b>2021</b>	<b>2020</b>
Yüce Auto	92,364	65,227
Doğuş Teknoloji	12,088	19,138
VDF	26	25,238
<b>Total</b>	<b>104,478</b>	<b>109,603</b>

###### 28.4.2 Trade payables due to joint ventures

	<b>2021</b>	<b>2020</b>
TÜVTURK	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

###### 28.4.3 Trade payables due to other related parties

	<b>2021</b>	<b>2020</b>
Antur Turizm A.Ş.	2,125	1,350
Nahita Restaurant İşletmeciliği ve Yatırım A.Ş.	1,758	1,230
VDF Filo Kiralama A.Ş.	1,299	36
Doğuş Verimlilik ve Merkezi Satın Alma		
Hizm. Tic. A.Ş.	750	661
DGPAYS Bilişim Hizmetleri A.Ş.	618	-
VDF Faktoring A.Ş.	418	7,001
Doğuş Yayın Grubu A.Ş.	12	279
Pozitif Arena Konser Salon İşletmeleri A.Ş.	-	9,378
Other	1,179	1,534
<b>Total</b>	<b>8,159</b>	<b>21,469</b>

###### 28.4.4 Trade payables due to shareholders

	<b>2021</b>	<b>2020</b>
Doğuş Holding	686	698
<b>Total</b>	<b>686</b>	<b>698</b>
<b>Grand total</b>	<b>113,323</b>	<b>131,770</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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### NOTE 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### 28.5 Other payables due to related parties

##### 28.5.1 Other payables due to shareholders

	<b>2021</b>	<b>2020</b>
Doğuş Holding	-	101,594
<b>Total</b>	<b>-</b>	<b>101,594</b>

#### 28.6 Related party transactions

##### 28.6.1 Associates

<b>Sales and other income generating transactions:</b>	<b>2021</b>	<b>2020</b>
Other income	49,389	36,911
Sale of products and returns, net	27,054	30,909
Sale of services, net	545	422
Financial income	786	-
<b>Total</b>	<b>77,774</b>	<b>68,242</b>

<b>Purchases and expenses incurring transactions:</b>	<b>2021</b>	<b>2020</b>
Inventory purchase	901,708	801,745
Other purchases	91,185	51,058
Fixed asset purchases	75,983	48,318
Incentives for consumer loans	53,151	36,994
Services rendered	26,206	21,072
Financial expenses	226	-
Other expenses	956	312
<b>Total</b>	<b>1,149,415</b>	<b>959,499</b>

##### 28.6.2 Joint ventures

<b>Sales and other income generating transactions:</b>	<b>2021</b>	<b>2020</b>
Sale of products and returns, net	2,849	2,408
Sale of service, net	87	81
Other income	4	4
<b>Total</b>	<b>2,940</b>	<b>2,493</b>

<b>Purchases and expense creating transactions:</b>	<b>2021</b>	<b>2020</b>
Services purchases	87	46
Other purchases	-	1
<b>Total</b>	<b>87</b>	<b>47</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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### NOTE 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### 28.6 Related party transactions (Continued)

##### 28.6.3 Other related parties

##### a) Income generated from other related parties

	2021					
	Sale of products	Sale of services	Sale of fixed assets	Other income from operating activities	Financial income	Total
VDF Filo	362,856	5,679	-	1,603	-	370,138
VDF Sigorta	25	3	-	10,734	-	10,762
VDF Faktoring	-	-	-	-	-	-
Other	4,716	146	128	2,965	274	8,229
	<b>367,597</b>	<b>5,828</b>	<b>128</b>	<b>15,302</b>	<b>274</b>	<b>389,129</b>

  

	2020					
	Sale of products	Sale of services	Sale of fixed assets	Other income from operating activities	Financial income	Total
VDF Filo	300,755	3,605	-	482	-	304,842
VDF Sigorta	8	1	-	7,721	-	7,730
VDF Faktoring	1	-	-	-	-	1
Other	829	56	-	1,239	-	2,124
	<b>301,593</b>	<b>3,662</b>	<b>-</b>	<b>9,442</b>	<b>-</b>	<b>314,697</b>

##### b) Expenses arising from transactions with other related parties

	2021						
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
Antur Turizm	7,263	-	-	-	20	463	7,746
Doğuş Gayrimenkul Yatırım Ortaklığı	33,375	-	-	-	-	-	33,375
VDF Faktoring	-	-	-	46,833	-	-	46,833
VDF Sigorta	36	-	-	-	1	1	38
VDF Filo	16,282	3,750	70,296	-	1	-	90,329
Other	9,451	509	984	-	1,207	12,241	24,392
	<b>66,407</b>	<b>4,259</b>	<b>71,280</b>	<b>46,833</b>	<b>1,229</b>	<b>12,705</b>	<b>202,713</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

### NOTE 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### 28.6 Related party transactions (Continued)

##### 28.6.3 Other related parties (Continued)

	2020						Total
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	
Antur Turizm	4,764	-	-	-	168	722	5,654
Doğuş Gayrimenkul Yatırım Ortaklığı	5,472	-	-	-	-	18,147	23,619
VDF Faktoring	-	-	113	11,382	-	8,050	19,545
VDF Sigorta	-	-	238	-	21	1	260
VDF Filo	12,068	-	82,374	-	5	2	94,449
Other	8,495	-	213	-	-	5,823	14,531
	<b>30,799</b>	<b>-</b>	<b>82,938</b>	<b>11,382</b>	<b>194</b>	<b>32,745</b>	<b>158,058</b>

##### 28.6.4 Transactions with shareholders

###### a) Income generated from shareholders

	2021			
	Sale of products	Sale of services	Income from investing activities	Total
Doğuş Holding	35	1,260	-	1,295
	<b>35</b>	<b>1,260</b>	<b>-</b>	<b>1,295</b>

  

	2020			
	Sale of products	Sale of services	Income from investing activities	Total
Doğuş Holding	10	16	-	26
	<b>10</b>	<b>16</b>	<b>-</b>	<b>26</b>

###### b) Expenses arising from transactions with shareholders

	2021				
	Services rendered	Purchase of fixed assets	Other purchases	Purchase of inventory	Total
Doğuş Holding	9,810	237	656	-	10,703
	<b>9,810</b>	<b>237</b>	<b>656</b>	<b>-</b>	<b>10,703</b>

  

	2020				
	Services rendered	Purchase of fixed assets	Other purchases	Purchase of inventory	Total
Doğuş Holding	7,451	-	93	151	7,695
	<b>7,451</b>	<b>-</b>	<b>93</b>	<b>151</b>	<b>7,695</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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#### NOTE 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

##### 28.7 Key Management Personnel Compensation

	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	30,085	138,930
<b>Total</b>	<b><u>30,085</u></b>	<b><u>138,930</u></b>

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 31 December 2021 and 2020 includes salaries, health insurance and employer shares of Social Security Institution.

#### NOTE 29 – 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 31 December:

	<u>2021</u>	<u>2020</u>
Total financial liabilities	3,028,284	2,386,916
Cash and cash equivalents	(3,409,576)	(655,599)
<b>Total financial liabilities, net</b>	<b><u>(381,292)</u></b>	<b><u>1,731,317</u></b>
Total equity	4,363,683	2,295,734
<b>Financial liabilities / equity ratio</b>	<b><u>(0.09)</u></b>	<b><u>0.75</u></b>

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.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

### NOTE 29 – FINANCIAL INSTRUMENTS (Continued)

#### Financial instruments and capital risk management (Continued)

##### Financial risk factors (Continued)

##### (a) Credit risk

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

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).

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

(\*) 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 31 December 2021 and 31 December 2020, 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 31 December 2021 and 31 December 2020, 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 31 December 2021 and 31 December 2020, maximum level of credit risk born in relation to letter of guarantees given in favor of related parties are indicated.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

### NOTE 29 – FINANCIAL INSTRUMENTS (Continued)

#### Financial instruments and capital risk management (Continued)

##### Financial risk factors (Continued)

##### (a) Credit risk (Continued)

31 December 2020	Receivables				Bank deposits	Derivative instruments	Other
	Trade receivables		Other receivables				
	Related parties	Other parties	Related parties	Other parties			
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D) (*)</b>	561,857	485,292	7,530	106,257	655,368	-	-
- Guaranteed portion of the maximum exposure	-	101,422	-	-	-	-	-
<b>A. Net carrying amount of financial assets which are neither impaired nor overdue (**)</b>	561,752	420,604	7,530	106,257	655,368	-	-
<b>B. Net carrying amount of financial assets which are overdue but not impaired (***)</b>	105	64,688	-	-	-	-	-
<b>C. Net carrying amount of impaired assets</b>	-	-	-	-	-	-	-
- Past due (gross book value)	-	5,664	-	-	-	-	-
- Impairment (-)	-	(5,664)	-	-	-	-	-
- Guaranteed portion of net values (*)	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Guaranteed portion of net values (*)	-	101,422	-	-	-	-	-
<b>D. Off financial statement items with credit risks (****)</b>	-	-	-	-	-	-	-

(\*) 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 31 December 2021 and 31 December 2020, 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 31 December 2021 and 31 December 2020, 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 31 December 2021 and 31 December 2020, maximum level of credit risk born in relation to letter of guarantees given in favor of related parties are indicated.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

### NOTE 29 – FINANCIAL INSTRUMENTS (Continued)

#### Financial instruments and capital risk management (Continued)

##### Financial risk factors (Continued)

##### (a) Credit risk (Continued)

##### Aging of past due receivables that are not impaired

As at 31 December, the aging of past due receivables that are not impaired are as follows:

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

31 December 2020	Receivables		Deposits on banks	Derivative instruments	Other
	Trade receivables	Other receivables			
Past due 1-30 days	64,793	-	-	-	-
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.	14,139	-	-	-	-

##### (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 31 December 2021, the Group have lines of credit amounting to EUR 1,034,686, USD 307,000, CHF 5,000 and TL 4,032,500 (31 December 2020: lines of credit amounting to EUR 784,000, USD 300,000, CHF 5,000 and TL 3,662,500). 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 249,735 equivalent to TL 3,767,677 (31 December 2020: EUR 243,035 equivalent to TL 2,189,235) that enables the Group to perform credit purchases from original equipment manufacturers with an option to pay in a year. The Group's credit card purchase limit amounting to EUR 51,070, amounting to TL 770,481 are utilized (31 December 2020: EUR 156,043 amounting to TL 1,405,624 is used).



# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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### NOTE 29 – 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 31 December:

Contractual maturities	2021					
	Carrying amount	Total contractual cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Loans and borrowings	2,886,540	3,063,594	1,005,991	2,057,603	-	-
Trade payables to related parties	113,323	113,323	113,323	-	-	-
Other payables to related parties	-	-	-	-	-	-
Trade payables to third parties	1,117,879	1,117,879	451,467	666,412	-	-
Employee benefit obligations	38,116	38,116	38,116	-	-	-
Lease liabilities	141,744	208,971	19,058	54,702	118,208	17,003
Other current liabilities (*)	1,088	1,088	1,088	-	-	-
<b>Total non-derivative financial liabilities</b>	<b>4,298,690</b>	<b>4,542,971</b>	<b>1,629,043</b>	<b>2,778,717</b>	<b>118,208</b>	<b>17,003</b>
	2020					
<b>Contractual maturities</b>	<b>Carrying amount</b>	<b>Total contractual cash outflows</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
<b>Non-derivative financial liabilities</b>						
Loans and borrowings	2,277,941	2,376,662	1,240,811	945,645	190,206	-
Trade payables to related parties	131,770	131,770	131,770	-	-	-
Other payables to related parties	101,594	101,594	101,594	-	-	-
Trade payables to third parties	1,722,060	1,722,060	379,892	1,342,168	-	-
Employee benefit obligations	100,027	100,027	100,027	-	-	-
Lease liabilities	108,975	173,043	15,742	40,984	88,220	28,097
Other current liabilities (*)	1,731	1,731	1,731	-	-	-
<b>Total non-derivative financial liabilities</b>	<b>4,444,098</b>	<b>4,606,887</b>	<b>1,971,567</b>	<b>2,328,797</b>	<b>278,426</b>	<b>28,097</b>

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

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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### NOTE 29 – 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		
31 December 2021		
	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL		
1- Net USD asset/liability	795	(795)
2- USD risk averse portion (-)	-	-
<b>3- Net USD effect (1+2)</b>	<b>795</b>	<b>(795)</b>
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	344,786	(344,786)
5- Euro risk averse portion (-)	-	-
<b>6- Net Euro effect (4+5)</b>	<b>344,786</b>	<b>(344,786)</b>
<b>TOTAL (3+6)</b>	<b>345,581</b>	<b>(345,581)</b>

Currency sensitivity analysis		
31 December 2020		
	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	(703)	703
2- USD risk averse portion (-)	-	-
<b>3- Net USD effect (1+2)</b>	<b>(703)</b>	<b>703</b>
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	38,593	(38,593)
5- Euro risk averse portion (-)	-	-
<b>6- Net Euro effect (4+5)</b>	<b>38,593</b>	<b>(38,593)</b>
<b>TOTAL (3+6)</b>	<b>37,890</b>	<b>(37,890)</b>

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### NOTE 29 – 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 31 December are as follows:

	<u>2021</u>	<u>2020</u>
USD	13.3290	7.3405
EUR	15.0867	9.0079
CHF	14.5602	8.2841

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

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

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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### NOTE 29 – FINANCIAL INSTRUMENTS (Continued)

#### Financial instruments and capital risk management (Continued)

#### Financial risk factors (Continued)

#### (c) Currency risk (Continued)

As at 31 December 2020, net position of the Group is resulted from foreign currency assets and liabilities as shown below:

	31 December 2020				
	Total TL equivalent	Original balances			
		USD	EUR	CHF	Other
<b>Assets:</b>					
Trade receivables	171	-	19	-	-
Monetary financial assets	272,059	88	30,126	3	18
Other monetary assets	1,535,124	93	170,344	-	-
<b>Total assets</b>	<b>1,807,354</b>	<b>181</b>	<b>200,489</b>	<b>3</b>	<b>18</b>
Trade payables	1,422,490	1,055	157,055	-	1
Financial liabilities	2,747	-	305	-	-
Other monetary liabilities	2,646	12	284	-	-
<b>Current liabilities</b>	<b>1,427,883</b>	<b>1,067</b>	<b>157,644</b>	<b>-</b>	<b>1</b>
Financial liabilities	-	-	-	-	-
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,427,883</b>	<b>1,067</b>	<b>157,644</b>	<b>-</b>	<b>1</b>
<b>Net foreign currency liability position of derivative financial liabilities off statement of financial position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net foreign currency (liability)/asset position</b>	<b>379,471</b>	<b>(886)</b>	<b>42,845</b>	<b>3</b>	<b>17</b>
<b>Monetary items net foreign (liability)/asset position</b>					
Sureties and letters of guarantee taken	33,195	372	3,382	-	-
Sureties and letters of guarantee given	2,276,188	-	252,688	-	-
Import	17,142,407	-	1,903,041	-	-

As at 31 December 2021, goods-in-transit of the Group amount to EUR 53,163 equivalent to TL 802,097 (31 December 2020: EUR 162,256 equivalent to TL 1,461,583).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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#### NOTE 29 – 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 31 December 2021, all other variables held constant, the Group's equity would have been increased/decreased by TL 30,104 (31 December 2020: TL 21,645).

##### *(e) Interest rate risk*

As of 31 December 2021 and 31 December 2020, 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.

## DOĐUŐ OTOMOTİV SERVİS VE TİCARET A.Ő.

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#### NOTE 29 – FINANCIAL INSTRUMENTS (Continued)

##### Financial instruments and capital risk management (Continued)

##### *Financial risk factors (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 DođuŐ Holding is not a publicly traded, fair value of DođuŐ Holding is determined by using current market information's for publicly traded companies under DođuŐ Holding governance. Fair value of DođuŐ Holding is also determined by using other valuation methods for non-public companies under DođuŐ Holding governance. Therefore DođuŐ 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.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

#### NOTE 29 – FINANCIAL INSTRUMENTS (Continued)

##### Financial instruments and capital risk management (Continued)

##### Financial risk factors (Continued)

##### (f) Fair value (Continued)

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

<b>31 December 2021</b>	<b>Financial assets at amortised cost</b>	<b>Financial assets measured at fair value through other comprehensive income</b>	<b>Financial liabilities at amortised cost</b>	<b>Net carrying amount</b>	<b>Note</b>
<u>Financial assets</u>					
Cash and cash equivalents	3,409,576	-	-	3,409,576	5
Financial investments	-	831,804	-	831,804	6
Trade receivables from third parties	354,791	-	-	354,791	8
Other receivables from third parties	143,802	-	-	143,802	-
Trade receivables from related parties	656,025	-	-	656,025	28.1
Other receivables from related parties	7,917	-	-	7,917	28.2
<u>Financial liabilities</u>					
Trade payables to third parties	-	-	1,117,879	1,117,879	8
Trade payables to related parties	-	-	113,323	113,323	28.4
Other payables to related parties	-	-	-	-	28.5
Borrowings	-	-	2,886,540	2,886,540	7
Lease liabilities	-	-	141,744	141,744	7

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

#### NOTE 29 – FINANCIAL INSTRUMENTS (Continued)

##### Financial instruments and capital risk management (Continued)

##### *Financial risk factors (Continued)*

##### *(f) Fair value (Continued)*

<b>31 December 2020</b>	<b>Financial assets at amortised cost</b>	<b>Financial assets measured at fair value through other comprehensive income</b>	<b>Financial liabilities at amortised cost</b>	<b>Net carrying amount</b>	<b>Note</b>
<u>Financial assets</u>					
Cash and cash equivalents	655,599	-	-	655,599	5
Financial investments	-	561,545	-	561,545	6
Trade receivables from third parties	485,292	-	-	485,292	8
Other receivables from third parties	106,257	-	-	106,257	-
Trade receivables from related parties	561,857	-	-	561,857	28.1
Other receivables from related parties	7,530	-	-	7,530	28.2
<u>Financial liabilities</u>					
Trade payables to third parties	-	-	1,722,060	1,722,060	8
Trade payables to related parties	-	-	131,770	131,770	28.4
Other payables to related parties	-	-	101,594	101,594	28.5
Borrowings	-	-	2,277,941	2,277,941	7
Lease liabilities	-	-	108,975	108,975	7



# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

### NOTE 29 – 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:

	2021			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets measured at fair value through other comprehensive income (Note 6)	-	831,804	-	831,804
<b>Total financial assets</b>	-	<b>831,804</b>	-	<b>831,804</b>
	2020			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets measured at fair value through other comprehensive income (Note 6)	-	561,545	-	561,545
<b>Total financial assets</b>	-	<b>561,545</b>	-	<b>561,545</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

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

#### NOTE 30 – RIGHT OF USE ASSET

As of 31 December 2021, the net book value of the right of use assets is TL 109,068 (31 December 2020: TL 75,855). As of 31 December 2021 and 2020, the balances of the right to use assets and the depreciation and amortization expenses during the period are as follows:

<b>31 December 2021</b>	<b>Showroom and area leases</b>	<b>Motor vehicles</b>	<b>Other</b>	<b>Total</b>
<b>Right of use asset - 1 January 2021</b>	<b>71,653</b>	<b>4,202</b>	-	<b>75,855</b>
Additions	43,684	37,465	-	81,149
Disposals	(2,617)	(641)	-	(3,258)
Depreciation expenses	(34,065)	(10,613)	-	(44,678)
<b>Right of use asset - 31 December 2021</b>	<b>78,655</b>	<b>30,413</b>	-	<b>109,068</b>

<b>31 December 2020</b>	<b>Showroom and area leases</b>	<b>Motor vehicles</b>	<b>Other</b>	<b>Total</b>
<b>Right of use asset - 1 January 2020</b>	<b>100,628</b>	<b>8,568</b>	<b>1,809</b>	<b>111,005</b>
Additions	2,624	2,014	-	4,638
Disposals	(4,039)	(748)	-	(4,787)
Depreciation expenses	(27,560)	(5,632)	(1,809)	(35,001)
<b>Right of use asset - 31 December 2020</b>	<b>71,653</b>	<b>4,202</b>	-	<b>75,855</b>

As of 31 December 2021, TL 44,678 depreciation expense arising from the usage rights is accounted under general administrative expenses (31 December 2020: TL 35,001).

#### NOTE 31 – SUBSEQUENT EVENTS

The Group gave an oral defense on 23 February 2022 within the scope of the Competition Authority investigation, which was initiated on 24 July 2020.

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