

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

28.1 Due from Related Parties

As at 31 December, trade receivables from and payables to related parties comprise the following:

28.1.1 Due from associates

	2019	2018
Yüce Auto	2,919	1,920
VDF	420	2,495
Other	-	2
Total	3,339	4,417

28.1.2 Due from joint ventures

	2019	2018
TÜVTURK	8	1
Total	8	1

28.1.3 Due from other related parties

	2019	2018
VDF Faktoring Hizmetleri A.Ş. ("VDF Faktoring")	536,259	380,746
VDF Sigorta Aracılık Hizmetleri A.Ş.	1,046	1,459
VDF Filo Kiralama A.Ş.	429	135
Other	1,227	114
Total	538,961	382,454

28.1.4 Due from shareholders

	2019	2018
Doğuş Holding	3	387
Total	3	387
Grand total	542,311	387,259

As at 31 December 2019, the Group charges monthly 1% overdue interest to related parties (31 December 2018: 1% per month).

28.1.5 Other receivables due from related parties

28.1.5.1 Other current receivables due from related parties

	2019	2018
Doğuş Teknoloji	3,174	-
VDF Filo Kiralama A.Ş. (sublease receivables)	2,286	-
Total	5,460	-

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NOTE 28 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

28.1 Due from Related Parties (Continued)

28.1.5.2 Other non-current receivables due from related parties

	2019	2018
VDF Filo Kiralama A.Ş. (sublease receivables)	1,335	-
Total	1,335	-

28.2 Current prepayments due from related parties

28.2.1 Current prepaid expenses

	2019	2018
Pozitif Arena Salon İşletmeleri A.Ş.	5,587	5,032
Doğuş Spor Kompleksi Yatırım ve İşletme A.Ş.	582	467
Other	631	1,470
Total	6,800	6,969

28.2.2 Advances given to other related parties

	2019	2018
Antur Turizm A.Ş	-	92
Total	-	92
Grand total	6,800	7,061

28.3 Non-current prepayments due from related parties

28.3.1 Non-current prepaid expenses

	2019	2018
Doğuş Teknoloji	-	18
Pozitif Arena Salon İşletmeleri A.Ş.	-	94
Total	-	112
Grand total	-	112

28.4 Trade payables due to Related Parties

28.4.1 Trade payables due to associates

	2019	2018
Yüce Auto	22,213	46,947
Doğuş Teknoloji	5,224	3,072
VDF	523	65,642
Total	27,960	115,661

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NOTE 28 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

28.4 Trade payables due to Related Parties (Continued)

28.4.2 Trade payables due to other related parties

	2019	2018
Pozitif Arena Konser Salon İşletmeleri A.Ş.	7,203	-
Antur Turizm A.Ş.	3,382	724
VDF Faktoring A.Ş.	205	-
VDF Filo Kiralama A.Ş.	19	110
VDF Sigorta Aracılık Hizmetleri A.Ş.	1	13
Doğuş Yayın Grubu A.Ş.	-	184
Other	739	1,748
Total	11,549	2,779

28.4.3 Trade payables due to shareholders

	2019	2018
Doğuş Holding	8,064	1,147
Total	8,064	1,147
Grand total	47,573	119,587

28.5 Current deferred income from related parties

	2019	2018
Pozitif Arena Konser Salon İşletmeleri A.Ş.	-	83
Total	-	83

28.6 Non-current deferred income from related parties

	2019	2018
Pozitif Arena Konser Salon İşletmeleri A.Ş.	-	94
Total	-	94

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NOTE 28 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

28.7 Related Party Transactions

28.7.1 Associates

	<u>2019</u>	<u>2018</u>
Sales and other income generating transactions:		
Other income	26,193	30,328
Sale of products and returns, net	24,189	19,140
Sale of services, net	549	454
Total	<u>50,931</u>	<u>49,922</u>

	<u>2019</u>	<u>2018</u>
Purchases and expenses incurring transactions:		
Inventory purchase	447,631	393,799
Incentives for consumer loans	63,059	157,347
Other purchases	48,324	44,009
Fixed asset purchases	22,020	23,696
Services rendered	17,595	13,648
Other expenses	389	288
Total	<u>599,018</u>	<u>632,787</u>

28.7.2 Joint ventures

	<u>2019</u>	<u>2018</u>
Sales and other income generating transactions:		
Sale of products and returns, net	1,070	1,127
Sale of service, net	47	37
Other income	2	-
Finance income	-	4
Total	<u>1,119</u>	<u>1,168</u>

	<u>2019</u>	<u>2018</u>
Purchases and expense creating transactions:		
Other purchases	1	-
Services purchases	25	32
Total	<u>26</u>	<u>32</u>

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NOTE 28 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

28.7 Related Party Transactions (Continued)

28.7.3 Other related parties

a) Income generated from other related parties

	2019			
	Sale of products	Sale of Services	Other income from operating activities	Total
VDF Filo	146,001	3,091	199	149,291
VDF Sigorta	20	55	6,629	6,704
VDF Faktoring	5	3	-	8
Other	654	44	334	1,032
	146,680	3,193	7,162	157,035

	2018			
	Sale of products	Sale of Services	Other income from operating activities	Total
VDF Filo	141,509	1,209	430	143,148
VDF Sigorta	26	7	7,334	7,367
VDF Faktoring	1	-	-	1
Other	1,322	75	1,636	3,033
	142,858	1,291	9,400	153,549

b) Expenses arising from transactions with other related parties

	2019						
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance Expenses	Other purchases	Other expenses from operating activities	Total
Antur Turizm	18,676	-	-	-	227	490	19,393
Doğuş Gayrimenkul Yatırım Ortaklığı	14,956	-	-	-	-	10,468	25,424
VDF Sigorta	72	-	-	-	-	70	142
Other	10,976	18	23,720	4,732	1,953	9,419	50,818
	44,680	18	23,720	4,732	2,180	20,447	95,777

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NOTE 28 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

28.7 Related Party Transactions (Continued)

28.7.3 Other related parties (Continued)

	2018						
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
Antur Turizm	14,254	-	-	-	607	188	15,049
Doğuş Gayrimenkul Yatırım Ortaklığı	22,479	-	-	-	-	-	22,479
Doğuş Enerji	4,635	-	-	-	-	-	4,635
VDF Sigorta	6	-	-	-	48	320	374
Other	15,033	164	12,769	38,527	1,551	25,287	93,331
	56,407	164	12,769	38,527	2,206	25,795	135,868

28.7.4 Transactions with shareholders

a) Income generated from shareholders

	2019			
	Sale of Products	Sale of services	Income from investing activities	Total
Doğuş Holding	14	4	-	18
	14	4	-	18

	2018			
	Sale of Products	Sale of services	Income from investing activities	Total
Doğuş Holding	208	67	-	275
	208	67	-	275

b) Expenses arising from transactions with shareholders

	2019				
	Services rendered	Purchase of fixed assets	Other purchases	Other expense from operating activities	Total
Doğuş Holding	7,563	6	5,811	-	13,380
	7,563	6	5,811	-	13,380

	2018				
	Services rendered	Purchase of fixed assets	Other purchases	Other expense from operating activities	Total
Doğuş Holding	14,251	2	728	102	15,083
	14,251	2	728	102	15,083

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NOTE 28 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

28.8 Key Management Personnel Compensation

	<u>2019</u>	<u>2018</u>
Salaries and other short-term employee benefits	43,884	37,539
Total	<u>43,884</u>	<u>37,539</u>

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 years ended 31 December 2019 and 2018 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>2019</u>	<u>2018</u>
Total financial liabilities	2,438,052	2,710,665
Cash and cash equivalents	(648,342)	(365,892)
Total financial liabilities, net	<u>1,789,710</u>	<u>2,344,773</u>
Total equity	1,252,541	1,307,872
Financial liabilities/equity ratio	1.43	1.79

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.