

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2020 WITH  
AUDITOR'S REVIEW REPORT  
(Originally issued in Turkish)**



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

**REPORT ON REVIEW OF INTERIM CONDENSED  
CONSOLIDATED FINANCIAL INFORMATION**

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

*Introduction*

1. We have reviewed the accompanying condensed balance sheet of Dođuş Otomotiv Servis ve Ticaret A.Ş. (the “Company”), its subsidiaries and its joint ventures (“collectively referred as the “Group”) as at 30 June 2020, the condensed consolidated statement of income, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of changes in equity, condensed consolidated cash flows and other explanatory notes for the six-month period then ended (“interim condensed consolidated financial information”). The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 (“TAS 34”) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

*Scope of review*

2. We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.



*Conclusion*

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information of the Group is not prepared, in all material respects, in accordance with TAS 34.

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

Cihan Harman, SMMM  
Partner

İstanbul, 19 August 2020

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2020 AND 31 DECEMBER 2019

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

<b>INDEX</b>	<b>PAGE</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION .....</b>	<b>1-2</b>
<b>CONDENSED CONSOLIDATED INTERIM PROFIT OR LOSS STATEMENTS .....</b>	<b>3</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OTHER COMPREHENSIVE INCOME .....</b>	<b>4</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY .....</b>	<b>5</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS .....</b>	<b>6</b>
<b>NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS .....</b>	<b>7-64</b>
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS .....	7
NOTE 2 BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND APPLIED ACCOUNTING POLICIES .....	7-17
NOTE 3 JOINT VENTURES .....	17
NOTE 4 OPERATING SEGMENTS .....	18-20
NOTE 5 CASH AND CASH EQUIVALENTS .....	21
NOTE 6 FINANCIAL INVESTMENTS .....	21
NOTE 7 BORROWINGS .....	22-23
NOTE 8 TRADE RECEIVABLES AND PAYABLES .....	23-24
NOTE 9 OTHER RECEIVABLES .....	24
NOTE 10 INVENTORIES .....	25
NOTE 11 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD .....	25-28
NOTE 12 PROPERTY, PLANT AND EQUIPMENT .....	29-30
NOTE 13 INVESTMENT PROPERTY .....	31
NOTE 14 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES .....	32-33
NOTE 15 OTHER CURRENT LIABILITIES .....	33
NOTE 16 EQUITY .....	34-36
NOTE 17 MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES .....	36-37
NOTE 18 INVESTMENT ACTIVITY INCOME .....	38
NOTE 19 FINANCE EXPENSES .....	38
NOTE 20 TAX ASSET AND LIABILITIES .....	39-42
NOTE 21 EARNINGS PER SHARE .....	42
NOTE 22 BALANCES AND TRANSACTIONS WITH RELATED PARTIES .....	43-50
NOTE 23 FINANCIAL INSTRUMENTS .....	51-63
NOTE 24 RIGHT OF USE ASSET .....	64
NOTE 25 SUBSEQUENT EVENTS .....	64

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020 AND 31 DECEMBER 2019

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

		<u>Reviewed</u>	<u>Audited</u>
		<u>30 June</u>	<u>31 December</u>
	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	434,789	648,342
Trade receivables		1,178,213	745,346
<i>Trade receivables due from related parties</i>	22.1	585,998	542,311
<i>Trade receivables due from third parties</i>		592,215	203,035
Other receivables		85,809	135,510
<i>Other receivables due from related parties</i>	22.1	5,466	5,460
<i>Other receivables due from third parties</i>	9	80,343	130,050
Inventories	10	1,605,564	935,907
Prepayments		45,856	33,844
Current income tax assets	20	-	9,004
Other current assets		10,893	6,672
<b>Total current assets</b>		<b>3,361,124</b>	<b>2,514,625</b>
<b>NON-CURRENT ASSETS</b>			
Financial investments		561,463	561,463
<i>Financial assets measured at fair value through other comprehensive income</i>	6	561,463	561,463
Other receivables		6,995	6,771
<i>Other receivables due from related parties</i>		1,847	1,335
<i>Other receivables due from third parties</i>		5,148	5,436
Investments accounted for using equity method	11	527,874	452,264
Investment property	13	106,538	107,658
Property, plant and equipment	12	831,928	847,759
Right of use assets	24	94,352	111,005
Intangible assets		36,831	34,394
Prepayments		436	2,607
Deffered tax assets	20	5,400	26,398
<b>Total non-current assets</b>		<b>2,171,817</b>	<b>2,150,319</b>
<b>TOTAL ASSETS</b>		<b>5,532,941</b>	<b>4,664,944</b>

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

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020 AND 31 DECEMBER 2019

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

		<b>Reviewed</b>	<b>Audited</b>
		<b>30 June</b>	<b>31 December</b>
	<b>Notes</b>	<b>2020</b>	<b>2019</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Current borrowings	7	2,104,729	2,138,073
Short-term portion of long-term borrowings	7	42,472	63,860
Trade payables		1,235,354	713,263
<i>Trade payables to related parties</i>	22.5	272,005	47,573
<i>Trade payables to third parties</i>	8.2	963,349	665,690
Employee benefit obligations		33,153	18,648
Deferred income		56,960	24,098
Current tax liabilities	20	12,122	6,440
Current provisions		38,551	42,350
<i>Other current provisions</i>	14	38,551	42,350
Other current liabilities	15	190,124	86,438
<b>Total current liabilities</b>		<b>3,713,465</b>	<b>3,093,170</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	7	251,353	236,119
Deferred income		5,203	6,087
Non-current provisions		83,634	77,027
<i>Non-current provisions for employee benefits</i>		55,073	50,280
<i>Other long-term provisions</i>		28,561	26,747
<b>Total non-current liabilities</b>		<b>340,190</b>	<b>319,233</b>
<b>TOTAL LIABILITIES</b>		<b>4,053,655</b>	<b>3,412,403</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Issued capital	16	220,000	220,000
Inflation adjustment on capital	16	23,115	23,115
Treasury shares (-)		(220,318)	(220,310)
Other accumulated comprehensive income (loss) that will not be reclassified in profit or loss		(24,959)	(24,322)
<i>Gains (losses) on revaluation and remeasurement</i>		(24,959)	(24,322)
<i>Gains (losses) on remeasurements of defined benefit plans</i>		(24,959)	(24,322)
Other accumulated comprehensive income (loss) that will be reclassified in profit or loss		481,398	481,376
<i>Exchange differences on translation</i>	16	2,069	2,047
<i>Gains (losses) on revaluation and reclassification</i>		479,329	479,329
<i>Gains (losses) from financial assets measured at fair value through other comprehensive income</i>	16	479,329	479,329
Restricted reserves appropriated from profits	16	405,811	397,068
<i>Legal reserves</i>		136,236	127,493
<i>Treasury share reserves</i>		220,310	220,310
<i>Other restricted profit reserves</i>		49,265	49,265
Prior years' profit or losses	16	359,589	292,547
Profit (loss) for the period		229,403	75,777
<b>Non-controlling interests</b>		<b>5,247</b>	<b>7,290</b>
<b>TOTAL EQUITY</b>		<b>1,479,286</b>	<b>1,252,541</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,532,941</b>	<b>4,664,944</b>

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

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONDENSED CONSOLIDATED INTERIM PROFIT OR LOSS STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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

PROFIT OR LOSS	Notes	Reviewed	Reviewed	Reviewed	Reviewed
		For the six month period ended 30 June 2020	For the six month period ended 30 June 2019	For the three month period ended 30 June 2020	For the three month period ended 30 June 2019
Revenue		5,726,649	3,966,464	2,545,431	2,157,930
Cost of sales		(4,976,679)	(3,416,601)	(2,210,754)	(1,862,806)
<b>GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS</b>		<b>749,970</b>	<b>549,863</b>	<b>334,677</b>	<b>295,124</b>
<b>GROSS PROFIT (LOSS)</b>		<b>749,970</b>	<b>549,863</b>	<b>334,677</b>	<b>295,124</b>
General administrative expenses	17.2	(207,295)	(214,326)	(98,269)	(112,480)
Marketing expenses	17.1	(129,067)	(153,786)	(51,100)	(76,927)
Other income from operating activities		32,558	54,448	15,068	27,291
Other expenses from operating activities		(41,691)	(35,736)	(14,497)	(16,727)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>		<b>404,475</b>	<b>200,463</b>	<b>185,879</b>	<b>116,281</b>
Investment activity income	18	12,364	36,542	5,857	26,953
Share of profit (loss) from investments accounted for using equity method	11	86,441	20,822	34,571	29,750
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>		<b>503,280</b>	<b>257,827</b>	<b>226,307</b>	<b>172,984</b>
Financial income	19	30,925	49,292	17,821	26,594
Financial expense	19	(256,551)	(368,540)	(115,612)	(185,601)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX</b>		<b>277,654</b>	<b>(61,421)</b>	<b>128,516</b>	<b>13,977</b>
<b>Tax (expense) income, continuing operations</b>		<b>(47,251)</b>	<b>17,785</b>	<b>(23,100)</b>	<b>10,366</b>
Current period tax (expense) income	20	(26,073)	(3,273)	(14,690)	(2,659)
Deferred tax (expense) income	20	(21,178)	21,058	(8,410)	13,025
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>230,403</b>	<b>(43,636)</b>	<b>105,416</b>	<b>24,343</b>
<b>PERIOD PROFIT/ LOSS FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PROFIT (LOSS)</b>		<b>230,403</b>	<b>(43,636)</b>	<b>105,416</b>	<b>24,343</b>
<b>Profit (loss), attributable to</b>					
Non-controlling interests		<b>1,000</b>	<b>474</b>	<b>145</b>	<b>(1,023)</b>
Owners of parent		<b>229,403</b>	<b>(44,110)</b>	<b>105,271</b>	<b>25,366</b>
<b>Basic earnings per share</b>					
Basic earnings(loss) per share from continuing operations	21	<b>1.1586</b>	<b>(0.2228)</b>	<b>0.5317</b>	<b>0.1281</b>
<b>Diluted earnings per share</b>					
Diluted earnings(loss) per share from continuing operations	21	<b>1.1586</b>	<b>(0.2228)</b>	<b>0.5317</b>	<b>0.1281</b>

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

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

**CONDENSED CONSOLIDATED INTERIM OF OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE**

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

	Notes	<u>Reviewed</u> For the six month period ended 30 June 2020	<u>Reviewed</u> For the six month period ended 30 June 2019	<u>Reviewed</u> For the three month period ended 30 June 2020	<u>Reviewed</u> For the three month period ended 30 June 2019
<b>PROFIT (LOSS)</b>		<b>230,403</b>	<b>(43,636)</b>	<b>105,416</b>	<b>24,343</b>
<b>Other comprehensive income</b>					
<b>Other comprehensive income that will not be reclassified to profit or loss</b>		<b>(637)</b>	<b>(733)</b>	<b>155</b>	<b>81</b>
Gains (losses) on remeasurements of defined benefit plans		(817)	(918)	199	99
Other comprehensive income that will not be reclassified to profit or loss, tax effect		180	185	(44)	(18)
<i>Gains (losses) on remeasurements of defined benefit plans, tax effect</i>	20	180	185	(44)	(18)
<b>Other comprehensive income that will be reclassified to profit or loss</b>		<b>22</b>	<b>6,812</b>	<b>10</b>	<b>6,064</b>
Foreign currency translation differences		22	542	10	164
Gains (losses) on remeasuring and/or reclassification of available-for-sale-financial assets		-	6,227	-	5,860
<i>Gains (losses) on remeasuring available-for-sale-financial assets</i>	6	-	6,227	-	5,860
Share of other comprehensive income of associates and joint ventures accounted for equity method that will be reclassified to profit or loss	11	-	355	-	334
Other comprehensive income that will be reclassified to profit or loss, tax effect		-	(312)	-	(294)
<i>Gains (losses) on remeasuring or reclassification on available-for-sale-financial assets, tax effect</i>	20	-	(312)	-	(294)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>(615)</b>	<b>6,079</b>	<b>165</b>	<b>6,145</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>229,788</b>	<b>(37,557)</b>	<b>105,581</b>	<b>30,488</b>
<b>Total comprehensive income attributable to</b>					
Non-controlling interests		1,000	474	145	(1,023)
Owners of parent		228,788	(38,031)	105,436	31,511

Accompanying notes are an integral part of these condensed consolidated interim financial information.



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

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE**

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

	Issued capital (Note 16)	Inflation adjustments on capital (Note 16)	Treasury Shares (Note 16)	Accumulated other comprehensive income and expense that will not be reclassified through profit or loss	Accumulated other comprehensive income and expense that will be reclassified through profit or loss		Restricted Reserve (Note 16)	Accumulated earnings		Equity Attributable to equity holders of the Company	Non- controlling interests (Note 16)	Total Equity
				Gains / (losses) on remeasurements of defined benefit plans (Note 16)	Foreign currency translation difference (Note 16)	Gains / (Losses) on remeasuring of available-for-sale financial assets (Note 16)		Retained Earnings / (Accumulated Losses) (Note 16)	Net Profit / loss for the period			
<b>Balance at 1 January 2019</b>	<b>220,000</b>	<b>23,115</b>	<b>(220,288)</b>	<b>(20,519)</b>	<b>1,473</b>	<b>486,690</b>	<b>460,402</b>	<b>217,534</b>	<b>133,157</b>	<b>1,301,564</b>	<b>6,308</b>	<b>1,307,872</b>
Transfers	-	-	-	-	-	-	1,429	131,728	(133,157)	-	-	-
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(733)</b>	<b>542</b>	<b>6,270</b>	<b>-</b>	<b>-</b>	<b>(44,110)</b>	<b>(38,031)</b>	<b>474</b>	<b>(37,557)</b>
Profit (loss) for the period	-	-	-	-	-	-	-	-	(44,110)	(44,110)	474	(43,636)
Other comprehensive income (loss)	-	-	-	(733)	542	6,270	-	-	-	6,079	-	6,079
<b>Balance at 30 June 2019</b>	<b>220,000</b>	<b>23,115</b>	<b>(220,288)</b>	<b>(21,252)</b>	<b>2,015</b>	<b>492,960</b>	<b>461,831</b>	<b>349,262</b>	<b>(44,110)</b>	<b>1,263,533</b>	<b>6,782</b>	<b>1,270,315</b>
<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>(637)</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>229,403</b>	<b>228,788</b>	<b>1,000</b>	<b>229,788</b>
Profit (loss) for the period	-	-	-	-	-	-	-	-	229,403	229,403	1,000	230,403
Other comprehensive income (loss)	-	-	-	(637)	22	-	-	-	-	(615)	-	(615)
<b>Dividens paid</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,043)</b>	<b>(3,043)</b>
<b>Increase due to repurchase transactions of shares</b>	<b>-</b>	<b>-</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2020</b>	<b>220,000</b>	<b>23,115</b>	<b>(220,318)</b>	<b>(24,959)</b>	<b>2,069</b>	<b>479,329</b>	<b>405,811</b>	<b>359,589</b>	<b>229,403</b>	<b>1,474,039</b>	<b>5,247</b>	<b>1,479,286</b>

Accompanying notes are an integral part of these condensed consolidated interim financial information.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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

		Reviewed 30 June 2020	Reviewed 30 June 2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		<b>30,640</b>	<b>534,714</b>
<b>Profit (loss)</b>		<b>230,403</b>	<b>(43,636)</b>
Profit (loss) from continued operations		230,403	(43,636)
Profit (loss) from discontinued operations		-	-
<b>Adjustments to for profit (loss) for the period reconciliation:</b>		<b>276,736</b>	<b>358,674</b>
Adjustments for depreciation and amortization expense	17.2	63,545	66,225
Adjustments for (reversal of) impairment		4,447	1,450
Adjustments for (reversal of) impairment loss of receivables		2,755	97
Adjustments for (reversal of) impairment loss of inventories	10	1,692	1,353
Adjustments for provisions		71,599	82,673
Adjustments for provisions for employee benefits		4,901	5,518
Adjustments for (reversal of) lawsuit and/or penalty provision expenses		1,173	4,650
Adjustments for (reversal of) warranty provisions		39,830	66,194
Adjustments for (reversal of) other provisions		25,695	6,311
Adjustments for interest (income) and expense		173,587	229,336
Adjustments for interest income	19	(30,925)	(49,292)
Adjustments for interest expense	19	204,512	278,628
Adjustments for unrealized foreign exchange losses (gains)		15,112	54,139
Adjustments for undistributed profits of investments accounted for using equity method	11	(86,441)	(20,822)
Adjustments for tax (income) expenses	20	47,251	(17,785)
Adjustments for losses (gains) on disposal of non-current assets		(12,364)	(14,376)
Adjustments for losses (gains) on disposal of property, plant and equipment	18	(12,364)	(14,376)
Adjustments for losses (gains) on disposal of associates or joint ventures		-	(22,166)
<b>Changes in working capital</b>		<b>(423,868)</b>	<b>270,883</b>
Adjustments for decrease (increase) in trade receivables		(438,287)	(126,824)
Decrease (increase) in due from related parties		(43,687)	(114,432)
Decrease (increase) in due from third parties		(394,600)	(12,392)
Adjustments for decrease (increase) in inventories		(671,349)	(178,451)
Adjustments for increase (decrease) in trade payables		496,396	393,745
Increase (decrease) in due to related parties		224,432	(27,667)
Increase (decrease) in due to third parties		271,964	421,412
Increase (decrease) in deferred income		31,978	2,907
Adjustments for other increase (decrease) in working capital		157,394	179,506
<b>Cash flows from operations</b>		<b>83,271</b>	<b>585,921</b>
Payments related with provisions for employee benefits		(923)	(2,266)
Payments related with other provisions		(40,321)	(72,991)
Income taxes refund (paid)		(11,387)	24,041
Other cash inflows (outflows)		-	9
Net cash flows on discontinuing operations		-	-
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(5,145)</b>	<b>60,473</b>
Cash inflow by proceeds from sales of property, plant and equipment and intangible assets		18,983	31,203
Cash inflow by proceeds from sales of property, plant and equipment		18,983	31,203
Cash outflow by acquisition of property, plant and equipment and intangible assets		(34,967)	(21,785)
Cash outflow by acquisition of property, plant and equipment	12	(19,580)	(11,749)
Cash outflow by acquisition of intangible assets		(15,387)	(10,036)
Cash outflows due to share purchase or capital increase of affiliates or business partners		(942)	-
Dividends received		11,781	51,055
Net Cash Flows from Discontinuing Operations		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(236,030)</b>	<b>(466,707)</b>
Proceeds from issuance of borrowings		855,316	1,549,611
Repayments of borrowings		(886,200)	(1,695,726)
Cash outflows on debt payments from leasing agreements		(21,858)	(41,842)
Dividends paid		(3,043)	-
Interest paid		(211,170)	(328,042)
Interest received		30,925	49,292
Net cash flows on discontinuing operations		-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)</b>		<b>(210,535)</b>	<b>128,480</b>
<b>D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>(3,018)</b>	<b>(1,278)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>(213,553)</b>	<b>127,202</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5	<b>648,342</b>	<b>365,892</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	5	<b>434,789</b>	<b>493,094</b>

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

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

---

#### NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS

Doğuş Otomotiv Servis ve Ticaret A.Ş. (“Doğuş Otomotiv” or the “Company”) was established on 24 November 1999 as a distributor of Volkswagen AG, and its activities include importing, marketing and selling automobiles and spare parts of Volkswagen Group brands (VW, Audi, Seat, Porsche, Bentley, Lamborghini, Bugatti and Scania, Scania Engines industrial and marine engine and, Thermoking climate control systems). The Company also operates in used car market across Turkey throughout its dealer network under the brand name “DOD”.

The shares of the Company have been publicly traded on Borsa İstanbul A.Ş. since 17 June 2004. The Company’s subsidiaries as at 30 June 2020 are as follows:

- Doğuş Oto Pazarlama ve Ticaret A.Ş. (“Doğuş Oto Pazarlama”): The authorized 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 30 June 2020 is 779 (31 December 2019: 826) whereas the average number of white-collar employees of the Group for the period ended 30 June 2020 is 1,372 (31 December 2019: 1,445).

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

##### 2.1 Basis of Presentation of Condensed Consolidated Interim Financial Statements

###### (i) *Statement of Compliance to TAS*

The accompanying consolidated financial statements are based in accordance with Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) as set out in the Communiqué serial II, No: 14.1 announcement of Capital Markets Board (“CMB”) dated 13 June 2013 related to “Capital Market Communiqué on Principles Regarding Financial Reporting” (“Communiqué”) which is published in official gazette, no 28676. TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”), appendixes and interpretations. Additionally, the accompanying consolidated financial statements are presented in accordance with TAS taxonomy issued by POA on 15 April 2019. Businesses preparing a financial statement created in line with CMB legislation are free to prepare their interim financial statements as a full set or a summary, as per the TAS 34 “Interim Financial Reporting” standard. In this framework, the Group opted to prepare summary consolidated financial statements and prepared those summary consolidated financial statements in line with the provisions of the Communiqué.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

---

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

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

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

The condensed consolidated interim financial statements of the Group as at 30 June 2020 have been approved by the Board of Directors on 19 August 2020. 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 condensed consolidated interim financial statements have been prepared based on the historical cost, except for the financial assets measured at fair value through other comprehensive income that measured at fair value.

##### (v) *Functional and Presentation Currency*

Items included in the financial statements of subsidiaries, joint ventures and associates presented in the functional currencies in their primary economic environments in which they maintain their operations. The condensed consolidated interim financial statements are presented in TL, which is Doğuş Otomotiv’s functional and presentation currency.

The Company and its affiliates registered in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira (“TL”) in accordance with the Turkish Commercial Code, tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. The affiliate in Iraq maintains its books of account and prepares its statutory financial statements in Iraqi Dinar (“IQD”) in accordance with the laws and regulations in force in Iraq.

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

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

The accounting policies adopted in preparation of the condensed consolidated interim financial statements as at 30 June 2020 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 2020. The effects of these standards and interpretations on the Group’s financial position and performance has disclosed in the related paragraphs.

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

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

---

**NOTE 2 – BASIS OF PREPARATION OF CONDENSED CONSOLIDATED 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 June 30, are as follows:*

**Amendment to IFRS 9, ‘Financial instruments’;** effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The standard did not have a material impact on the financial position or performance of the Group.

**Amendment to IAS 28, ‘Investments in associates and joint venture’;** effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

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

**IFRS 16, ‘Leases’;** effective from annual periods beginning on or after 1 January 2019. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, 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. The Group explained the affect of this change under related notes.

**IFRIC 23, ‘Uncertainty over income tax treatments’;** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRIC had clarified previously that IAS 12, not IAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

---

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

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

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

**Annual improvements 2015-2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

- IFRS 3, “Business combinations”; a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11, “Joint arrangements”; a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12, “Income taxes”; a company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23, “Borrowing costs”; a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

**Amendments to IAS 19, “Employee benefits”** on plan amendment, curtailment or settlement; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

- Use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

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

**Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, “Presentation of financial statements”, and IAS 8, “Accounting policies, changes in accounting estimates and errors”, and consequential amendments to other IFRSs:

- i) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- ii) Clarify the explanation of the definition of material; and
- iii) Incorporate some of the guidance in IAS 1 about immaterial information.

**Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

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

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

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

**Amendments to IFRS 9, IAS 39 and IFRS 7;** Interest rate benchmark reform; effective from annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

The standard did not have a material 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.

**IFRS 17, “Insurance contracts”;** effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

**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.

#### 2.3 Basis of Consolidation

##### *(i) Business Combinations*

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquire; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

---

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

#### 2.3 Basis of Consolidation (Continued)

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

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 acquiree 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.

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.



## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

##### 2.3 Basis of Consolidation (Continued)

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

The table below sets out all the subsidiaries included in the scope of consolidation and shows the Group's share of control as at 30 June 2020 and 31 December 2019:

	<u>30 June 2020</u>	<u>31 December 2019</u>
Doğuş Oto Pazarlama	96.20%	96.20%
Doğuş Oto Irak	100.00%	100.00%

###### (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.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Joint ventures are recognized as investments measured through equity method. The table below sets out all joint ventures and the Group's share of control as at 30 June 2020 and 31 December 2019.

	<u>30 June 2020</u>	<u>31 December 2019</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%

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

##### 2.3 Basis of Consolidation (Continued)

###### (iv) Associates

Associates are those enterprises in which the Group has significant influence, but does not have control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

The table below sets out all the associates included in the scope of consolidation and shows the Group's share of control as at 30 June 2020 and 31 December 2019:

	<u>30 June 2020</u>	<u>31 December 2019</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%
Volkswagen Doğuş Finansman A.Ş. ("VDF")	48.00%	48.00%
VDF Servis ve Ticaret A.Ş. ("VDF Servis")	38.22%	38.22%
Doğuş Bilgi İşlem ve Teknoloji Hizmetleri A.Ş. ("Doğuş Teknoloji")	21.756%	21.756%

(\*) 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.

###### (v) Transactions Eliminated in Consolidation

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparation of the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The carrying amount of Doğuş Otomotiv's investment in each subsidiary and dividend income from these subsidiaries are eliminated from the related equity and profit or loss statement accounts.

##### 2.4 Offsetting

Financial assets and financial liabilities should be offset and are reported net only when the entity has a legally enforceable right to offset, and it intends to settle the asset and the liability either simultaneously or on a net basis.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

---

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

#### 2.5 Comparative Information

The Group has prepared the condensed consolidated interim statement of financial position as at 30 June 2020 comparatively with the consolidated statement of financial position as at 31 December 2019, and the condensed consolidated interim profit or loss statement, the condensed consolidated interim statement of other comprehensive income, the condensed consolidated interim statements of cash flows and changes in equity in the six month period ended 30 June 2020 comparative to the six month period ended 30 June 2019.

#### 2.6 Significant Accounting Policies

The significant accounting policies have been applied consistently by the Group during the preparation of the condensed consolidated interim financial statements as at and for the six months period ended 30 June 2020 with those consolidated financial statements for the year ended 31 December 2019.

#### 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 (Note 12).

The fair value of the financial assets measured at fair value through other comprehensive income that are not traded in an active market have been calculated by using other valuation methods such as nominal values, net carrying amount, acquisition price and discounted cash flows for non-public companies (Note 6).

The Group assesses whether there is any impairment indicator in investment properties and compares carrying values of the investment property with the fair value determined in the valuation report obtained by a property appraiser company licensed by CMB (Note 13).

The data in the discounted price list are used to calculate inventory impairment. If expected net realizable value is less than cost, the Group allocates provisions for inventory impairment (Note 10).

To calculate the provisions for legal claims, the probability of losing the case and the liabilities that would arise if the case is lost, is evaluated by the Group's Legal Counselor and by the Group management team taking into account the expert opinions. The management determines the amount of the provisions based on the best estimates (Note 14.1).

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

---

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

#### 2.7 Accounting Estimates (Continued)

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 14.1).

Deferred tax asset is recognized to the extent that taxable profit will be available, against which the deductible temporary differences can be utilized. When taxable profit is probable, deferred tax assets is recognized for all temporary differences.

#### 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's dealer network continued to provide services by taking all necessary precautions during the pandemic, and the showroom visits and service entrances contracted compared to pre- pandemic period. After the factories, which are the supplier of the vehicles subject to the Group's sale, resume production, new vehicle imports started in May and the supply of new vehicles continued in line with the manufacturers' production plans. The Group continued its entire sales and service organization services during this period. With the decrease in restriction practices aimed at preventing the spread of the epidemic, the activities of the Group have reached to their pre-pandemic levels as of the balance sheet date.

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 interim consolidated financial statements dated June 30, 2020, 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 interim consolidated financial statements dated 30 June 2020.

### NOTE 3 – JOINT VENTURES

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

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

### NOTE 4 – OPERATING SEGMENTS

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

Group management believes that risk and rewards of the Group is strictly related with the changes in automotive sector and determined the Group's primary segments according to product types. Group's operating activities include importing, marketing and selling passenger and commercial vehicles, spare parts of Volkswagen Group brands (VW, Audi, Seat, Porsche, Bentley, Lamborghini, Bugatti, Scania, Scania Engines industrial and marine engine 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 marine engines and central office functions.

Segment assets and liabilities are not reported since the management reports do not include such information.

Accounting policies for certain types of transactions differ for management reporting from those used in preparation of the consolidated financial statements:

Warranty expenses and provision for legal matters have been included in the operating results when they are realized. Provisions for employee termination benefits expenses represent the undiscounted estimated future obligation of the Group arising from the retirement of the employees. Inventories are carried at cost. Depreciation and amortization which are not computed on a pro-rata basis are recognized in profit or loss on a straight-line method over the estimated useful lives of tangible and intangible assets and leases are considered straight-line rent expense under the related financial statement line items.

Segment information presented to the Group management for the six and three month periods ended 30 June 2020 and 2019 are as follows:

<b>For the six month period ended 30 June 2020</b>	<b>Passenger segment</b>	<b>Commercial segment</b>	<b>Other segments</b>	<b>Total</b>
Revenue from external customers	4,273,946	821,882	630,821	5,726,649
Cost of sales	(3,816,258)	(717,878)	(440,851)	(4,974,987)
<b>Gross profit</b>	<b>457,688</b>	<b>104,004</b>	<b>189,970</b>	<b>751,662</b>
General administration expenses	(59,891)	(9,524)	(94,588)	(164,003)
Marketing expenses	(85,116)	(21,839)	(31,939)	(138,894)
Depreciation expenses	(18,455)	(2,560)	(28,997)	(50,012)
Other income from operating activities net	(4,372)	(16)	(1,076)	(5,464)
<b>Operating income</b>	<b>289,854</b>	<b>70,065</b>	<b>33,370</b>	<b>393,289</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

### NOTE 4 – OPERATING SEGMENTS (Continued)

For the six month period ended 30 June 2019	Passenger segment	Commercial segment	Other segments	Total
Revenue from external customers	2,630,103	562,578	773,783	3,966,464
Cost of sales	(2,391,847)	(495,222)	(528,181)	(3,415,250)
<b>Gross profit</b>	<b>238,256</b>	<b>67,356</b>	<b>245,602</b>	<b>551,214</b>
General administration expenses (*)	(51,900)	(10,259)	(104,854)	(167,013)
Marketing expenses	(104,458)	(28,510)	(35,662)	(168,630)
Depreciation expenses (*)	(17,567)	(2,973)	(31,682)	(52,222)
Other income from operating activities net (*)	12,392	923	3,144	16,459
<b>Operating income</b>	<b>76,723</b>	<b>26,537</b>	<b>76,548</b>	<b>179,808</b>
For the three month period ended 30 June 2020	Passenger segment	Commercial segment	Other Segments	Total
Revenue from external customers	1,943,020	349,143	253,268	2,545,431
Cost of sales	(1,728,006)	(307,016)	(175,395)	(2,210,417)
<b>Gross profit</b>	<b>215,014</b>	<b>42,127</b>	<b>77,873</b>	<b>335,014</b>
General administration expenses	(29,292)	(3,945)	(44,847)	(78,084)
Marketing expenses	(35,479)	(9,090)	(13,387)	(57,956)
Depreciation expenses	(9,694)	(1,173)	(14,950)	(25,817)
Other income from operating activities net	2,373	57	(678)	1,752
<b>Operating income</b>	<b>142,922</b>	<b>27,976</b>	<b>4,011</b>	<b>174,909</b>
For the three month period ended 30 June 2019	Passenger segment	Commercial segment	Other Segments	Total
Revenue from external customers	1,449,706	317,688	390,536	2,157,930
Cost of sales	(1,318,022)	(278,552)	(265,178)	(1,861,752)
<b>Gross profit</b>	<b>131,684</b>	<b>39,136</b>	<b>125,358</b>	<b>296,178</b>
General administration expenses (*)	(29,296)	(4,341)	(61,148)	(94,785)
Marketing expenses	(52,852)	(14,066)	(18,525)	(85,443)
Depreciation expenses (*)	(9,443)	(1,144)	(16,215)	(26,802)
Other income from operating activities net (*)	7,701	383	2,206	10,290
<b>Operating income</b>	<b>47,794</b>	<b>19,968</b>	<b>31,676</b>	<b>99,438</b>

(\*) The Group reevaluated the operating segment note presentation of the IFRS 16 lease standard that was implemented in 2019 and the depreciation expenses arising from the application of IFRS 16 is presented under the reconciliation of operating income to profit before tax.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 4 – OPERATING SEGMENTS (Continued)

The Group management assesses the performance of the operating segments based on the measure of operating income. The measurement basis excludes the effects of non-recurring expenses (i.e. restructuring expenses and one-offs) from the operating income. The measurement basis also excludes the share of profit of equity accounted investees. Finance income and costs are not allocated to segments, as this type of activity is driven by the central finance function of the Group.

The reconciliation of operating income to profit before tax is as follows:

	<b>For the six month period ended 30 June 2020</b>	<b>For the six month period ended 30 June 2019</b>
Operating profit for reportable segments	393,289	179,808
Provision for legal exposures	(452)	(2,513)
Provision for employee termination benefits	3,223	3,821
Provision for unused vacation	(672)	(1,084)
Provision for diminution in value of inventories	(1,692)	(1,352)
Warranty provision expense	(230)	4,662
Depreciation and amortization	(13,534)	(14,003)
Share of profit of equity accounted investees	86,441	20,822
Income from investment activities	12,364	36,542
Finance expense, net	(225,626)	(319,248)
Other	24,543	31,124
<b>Profit before tax</b>	<b>277,654</b>	<b>(61,421)</b>

  

	<b>For the three month period ended 30 June 2020</b>	<b>For the three month period ended 30 June 2019</b>
Operating profit for reportable segments	174,909	99,438
Provision for legal exposures	(123)	(2,870)
Provision for employee termination benefits	1,955	1,459
Provision for unused vacation	210	(849)
Provision for diminution in value of inventories	(337)	(1,055)
Warranty provision expense	1,828	3,425
Depreciation and amortization	(6,142)	(6,179)
Share of profit of equity accounted investees	34,571	29,750
Income from investment activities	5,857	26,953
Finance expense, net	(97,791)	(159,007)
Other	13,579	22,912
<b>Profit before tax</b>	<b>128,516</b>	<b>13,977</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 5 – CASH AND CASH EQUIVALENTS

As at 30 June 2020 and 31 December 2019, cash and cash equivalents comprise the following:

	<u>30 June 2020</u>	<u>31 December 2019</u>
Cash on hand	242	172
Cash at banks	434,547	648,170
- Demand deposits	50,612	121,748
- Time deposits / reverse repo	383,660	526,109
- Other cash and cash equivalents	275	313
<b>Total</b>	<b><u>434,789</u></b>	<b><u>648,342</u></b>

As at 30 June 2020, average effective interest rate on TL denominated time deposits 7.3% (31 December 2019: TL 9.19%), As at 30 June 2020, maturity of time deposits is 1 day (31 December 2019: 1 day).

There is no blocked deposit as at 30 June 2020 and 31 December 2019.

Foreign currency risk exposure of cash and cash equivalents are presented under Note 23.

#### NOTE 6 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 30 June 2020 and 31 December 2019, available-for-sale financial assets comprise of the following:

	<u>30 June 2020</u>		<u>31 December 2019</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	561,463	3.69	561,463
		<b><u>561,463</u></b>		<b><u>561,463</u></b>

As of 30 June 2020, 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>2020</u>	<u>2019</u>
<b>Balance at 1 January</b>	<b>561,463</b>	<b>567,259</b>
Change in fair value of financial assets measured at fair value through other comprehensive income	-	6,227
<b>Balance at 30 June</b>	<b><u>561,463</u></b>	<b><u>573,486</u></b>



## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 7 – BORROWINGS

As at 30 June 2020 and 31 December 2019, financial liabilities with the effective interest rates, comprise the following:

	<u>30 June 2020</u>		<u>31 December 2019</u>	
	<u>Interest rate (%)</u>	<u>Amount</u>	<u>Interest rate (%)</u>	<u>Amount</u>
<b>Short-term bank borrowings:</b>				
TL denominated interest bearing borrowings	12.98%	2,098,067	24.99%	1,997,831
TL denominated non-interest bearing borrowings (*)	-	6,662	-	36,336
EUR denominated interest bearing borrowings	-	-	7.18%	103,906
<b>Total</b>		<u><b>2,104,729</b></u>		<u><b>2,138,073</b></u>
	<u>30 June 2020</u>		<u>31 December 2019</u>	
	<u>Interest rate (%)</u>	<u>Amount</u>	<u>Interest rate (%)</u>	<u>Amount</u>
<b>Short term portion of long term borrowings:</b>				
TL denominated interest bearing borrowings	12%	19,416	17.91%	27,747
<b>Total</b>		<u><b>19,416</b></u>		<u><b>27,747</b></u>
	<u>30 June 2020</u>		<u>31 December 2019</u>	
	<u>Interest rate (%)</u>	<u>Amount</u>	<u>Interest rate (%)</u>	<u>Amount</u>
<b>Long-term bank borrowings:</b>				
TL denominated interest bearing borrowings	12%	161,761	17.91%	154,461
<b>Total</b>		<u><b>161,761</b></u>		<u><b>154,461</b></u>

(\*) As at 30 June 2020, the Group has non-interest bearing TL denominated loans from various financial institutions amounting to TL 6,662 which have been obtained to pay value added taxes, custom taxes and special consumption taxes (31 December 2019: TL 36,336).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 7 – BORROWINGS (Continued)

The repayment schedule of long-term bank borrowings including their short-term portions as at 30 June 2020 is as follows:

<b>Payment period</b>	<b>Original amount (TL)</b>	<b>TL equivalent</b>
2020	10,009	10,009
2021	18,391	18,391
2022	152,777	152,777
<b>Total</b>	<b>181,177</b>	<b>181,177</b>

The repayment schedule of long-term bank borrowings including their short-term portions as at 31 December 2019 is as follows:

<b>Payment period</b>	<b>Original amount (TL)</b>	<b>TL equivalent</b>
2020	27,747	27,747
2021	154,461	154,461
<b>Total</b>	<b>182,208</b>	<b>182,208</b>

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

Movements of financial borrowings as at 30 June 2020 and 2019 are summarized below:

<b>Bank Borrowings</b>	<b>2020</b>	<b>2019</b>
<b>Balance at 1 January</b>	<b>2,320,281</b>	<b>2,710,663</b>
Additions during the period	855,316	1,549,611
Payments during the period	(886,200)	(1,695,724)
Foreign exchange (gains) / losses	13,896	53,389
Changes in interest accrual	(17,387)	(63,243)
<b>Balance at 30 June</b>	<b>2,285,906</b>	<b>2,554,696</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 7 – BORROWINGS (Continued)

As of 30 June 2020 and 31 December 2019, the details of the financial lease liabilities are as follows:

	30 June 2020		31 December 2019	
	Interest rate (%)	Amount	Interest rate (%)	Amount
<b>Short term portion of long term leases:</b>				
TL leases	25.68%	16,696	25.68%	28,645
EUR leases	5.57%	6,360	5.57%	7,468
<b>Total</b>		<b>23,056</b>		<b>36,113</b>
	30 June 2020		31 December 2019	
	Interest rate (%)	Amount	Interest rate (%)	Amount
<b>Long term leases:</b>				
TL leases	25.68%	89,361	25.68%	79,625
EUR leases	5.57%	231	5.57%	2,033
<b>Total</b>		<b>89,592</b>		<b>81,658</b>

Movement of financial lease liabilities is as follows:

	2020	2019
<b>Balance at 1 January</b>	<b>117,771</b>	<b>148,094</b>
Additions	4,790	2,656
Prepayments	-	(10,468)
Payments	(21,858)	(31,374)
Interest expenses	10,729	13,824
Foreign exchange gain/loss	1,216	751
<b>Balance at 30 June</b>	<b>112,648</b>	<b>123,483</b>

#### NOTE 8 – TRADE RECEIVABLES AND PAYABLES

##### 8.1 Trade Receivables

###### Guarantees received for trade receivables due from non-related parties

Significant portion of the other trade receivables due from third parties is comprised of receivables from the dealers and fleet customers, The Group's management established an effective control system over the dealers and monitors the credit risk of the dealers arising from the transactions, The Group requests letters of guarantee for vehicle and spare parts sales from customers, TL 77,018 of trade receivables due from third parties are covered via letters of guarantee (31 December 2019: TL 78,892).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

As at 30 June 2020, overdue trade receivables due from non-related parties that are not impaired amount to TL 73,851 (31 December 2019: TL 34,643), TL 4,198 of such overdue receivables are covered via guarantee letters (31 December 2019: TL 1,388).

As at 30 June 2020, the Group's average maturity of trade receivables due from third parties is 38 days (31 December 2019: 28 days).

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

#### 8.2 Trade Payables

As at 30 June 2020 and 31 December 2019, trade payables to third parties consist of the following:

	<u>30 June 2020</u>	<u>31 December 2019</u>
Payables to OEM companies	864,519	531,324
Other trade payables (**)	53,330	49,201
Dealer premium accrual (*)	25,695	-
Payables to dealers (*)	18,630	83,108
Other expense accruals	1,175	2,057
<b>Total</b>	<b><u>963,349</u></b>	<b><u>665,690</u></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 1% per annum for trade payables not settled within 10 days (31 December 2019: 1% per annum).

(\*) Group's payables to dealers consisted of bonus payables paid on periodical basis.

(\*\*) Other trade payables include Group's payables to service and material suppliers.

Foreign currency and liquidity risk exposure of trade payables are presented under Note 23.

#### NOTE 9 – OTHER RECEIVABLES

As at 30 June 2020 and 31 December 2019, other receivables due from third parties comprise of the following:

	<u>30 June 2020</u>	<u>31 December 2019</u>
Warranty claims and price difference receivables (*)	59,221	107,235
Receivables due to insurance claims	11,508	14,893
Other	9,614	7,922
<b>Total</b>	<b><u>80,343</u></b>	<b><u>130,050</u></b>

(\*) Warranty receivables represent the receivable of the warranty expenses related to the vehicles imported by the Group. As at 30 June 2020, the other receivables that has not been billed are TL 14,076 (31 December 2019: TL 38,965).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 10 – INVENTORIES

As at 30 June 2020 and 31 December 2019, inventories comprise of the following:

	<u>30 June 2020</u>	<u>31 December 2019</u>
Goods in transit (*)	1,025,870	551,631
Merchandise stocks – vehicles	388,623	239,894
Merchandise stocks – spare parts	199,195	150,814
	<b>1,613,688</b>	<b>942,339</b>
Provision for diminution in the value of inventories, net (-)	(8,124)	(6,432)
<b>Total</b>	<b>1,605,564</b>	<b>935,907</b>

(\*) 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 4,922,375 for the six month period ended 30 June 2020 (30 June 2019: TL 3,362,941).

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>2020</u>	<u>2019</u>
<b>Balance at 1 January</b>	<b>6,432</b>	<b>4,932</b>
Additions in the current period	1,692	1,353
<b>Balance at 30 June</b>	<b>8,124</b>	<b>6,285</b>

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

As at 30 June 2020 and 31 December 2019, investment in associates, joint ventures and the Group’s share of control are as follows:

	<u>30 June 2020</u>		<u>31 December 2019</u>	
	<u>Ownership (%)</u>	<u>Carrying amount</u>	<u>Ownership (%)</u>	<u>Carrying amount</u>
<b><u>Associates</u></b>				
VDF	48%	123,285	48%	107,127
Doğuş Sigorta	42%	38,108	42%	37,138
Yüce Auto	50%	29,803	50%	29,681
VDF Servis	38.22%	115,781	38.22%	111,551
Doğuş Teknoloji	21.76%	34,347	21.76%	35,486
<b>Total</b>		<b>341,324</b>		<b>320,983</b>
<b><u>Joint ventures</u></b>				
TÜVTURK Kuzey - Güney	33.33%	186,550	33.33%	131,281
<b>Total</b>		<b>186,550</b>		<b>131,281</b>
<b>Grand total</b>		<b>527,874</b>		<b>452,264</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

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

	<u>2020</u>	<u>2019</u>
<b>Balance at 1 January</b>	<b>452,264</b>	<b>374,659</b>
Shares in profits of associates, net	31,171	(32,782)
Shares in profits of joint ventures, net	55,270	53,604
Change in fair value of available-for-sale financial assets held by associates	-	373
Dividend income from associates	(11,773)	(51,055)
Participation in capital increase of associates and joint ventures	942	-
Cash inflows caused by share sales or capital decrease of associates and/or joint ventures	-	22,166
Deferred tax effect in relation to change in fair value of available-for-sale financial assets held by associates	-	(18)
<b>Balance at 30 June</b>	<b><u>527,874</u></b>	<b><u>366,947</u></b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

As at 30 June 2020, 31 December 2019 and 30 June 2019, total assets, liabilities and results of the periods of the Group's associates and joint ventures are presented below:

	30 June 2020						30 June 2020		
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses (-)	Net profit/(loss)
Investment in associates	6,316,853	2,046,052	8,362,905	6,748,482	759,792	7,508,274	1,956,095	(1,876,209)	79,886
Joint ventures	549,104	865,853	1,414,957	460,963	394,347	855,310	1,344,410	(1,178,942)	165,468
	31 December 2019						30 June 2019		
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses (-)	Net profit/(loss)
Investment in associates	6,300,779	1,361,244	7,662,023	6,335,346	570,136	6,905,482	1,395,930	(1,489,908)	(93,978)
Joint ventures	323,854	866,422	1,190,276	391,295	411,143	802,438	1,215,706	(1,057,435)	158,271

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

As at 30 June 2020, 31 December 2019 and 30 June 2019, cash and cash equivalents, current and non-current liabilities, amortization and depreciation expenses, interest income and expenses are presented below:

	30 June 2020			30 June 2020				
	Cash and cash equivalents	Short-term financial liabilities	Long-term financial liabilities	Revenues	Amortization and depreciation expenses	Interest Income	Interest expense	Tax expense
Subsidiaries	310,237	5,651,795	739,526	1,676,265	(17,167)	9,833	(78,631)	(11,822)
Joint Ventures	339,208	5,634	25,541	1,329,797	(15,138)	11,834	(3,300)	(51,919)
	31 December 2019			30 June 2019				
	Cash and cash equivalents	Short-term financial liabilities	Long-term financial liabilities	Revenues	Amortization and depreciation expenses	Interest Income	Interest expense	Tax expense
Subsidiaries	360,902	5,438,317	561,892	1,267,296	(13,070)	16,845	(36,529)	32,673
Joint Ventures	194,183	5,297	24,146	1,196,610	(14,167)	17,598	(4,320)	(47,896)



## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

The movements in property and equipment and related accumulated depreciation for the six month period ended 30 June 2020 are as follows:

	1 January 2020	Additions	Disposals	Transfers	Foreign currency translation difference	30 June 2020
<i>Cost:</i>						
Land	285,839	-	-	-	-	285,839
Land improvements	18,549	-	-	-	-	18,549
Buildings	395,842	34	-	-	-	395,876
Machinery and equipments	69,368	1,205	(39)	-	387	70,921
Motor vehicles	161,814	15,808	(14,883)	-	20	162,759
Furniture and fixtures	69,809	1,500	(25)	98	296	71,678
Leasehold improvements	128,209	55	-	1,054	4,371	133,689
Constructions in progress	3,157	978	-	(1,152)	-	2,983
	<b>1,132,587</b>	<b>19,580</b>	<b>(14,947)</b>	<b>-</b>	<b>5,074</b>	<b>1,142,294</b>
<i>Accumulated depreciation:</i>						
Land improvements	(13,690)	(365)	-	-	-	(14,055)
Buildings	(57,053)	(4,150)	-	-	-	(61,203)
Machinery and equipments	(38,483)	(2,749)	37	-	(236)	(41,431)
Motor vehicles	(60,816)	(16,864)	8,266	-	(20)	(69,434)
Furniture and fixtures	(50,272)	(3,738)	25	-	(283)	(54,268)
Leasehold improvements	(64,514)	(3,953)	-	-	(1,508)	(69,975)
	<b>(284,828)</b>	<b>(31,819)</b>	<b>8,328</b>	<b>-</b>	<b>(2,047)</b>	<b>(310,366)</b>
<b>Carrying amount</b>	<b>847,759</b>					<b>831,928</b>

Total depreciation expense amounting to TL 31,819 has been allocated to general administrative expenses in the condensed consolidated profit or loss statement for the six month period ended 30 June 2020 (30 June 2019: TL 32,389).

As at 30 June 2020, Lien on land owned by the Group has been discharged to TL 440,000 (31 December 2019: TL 745,928).

As at 30 June 2020, borrowing cost amounting to TL 54,089 is capitalized on property and equipments (31 December 2019: TL 54,089).

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

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

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

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

The movements in property and equipment and related accumulated depreciation for the six month period ended 30 June 2019 are as follows:

	<b>1 January 2019</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Foreign currency translation difference</b>	<b>30 June 2019</b>
<i>Cost:</i>						
Land	285,839	-	-	-	-	285,839
Land improvements	18,562	-	-	-	-	18,562
Buildings	484,370	705	-	-	-	485,075
Machinery and equipments	67,238	788	(639)	11	212	67,610
Motor vehicles	174,432	8,476	(30,303)	-	11	152,616
Furniture and fixtures	73,976	111	(5,056)	41	162	69,234
Leasehold improvements	123,930	-	(251)	-	2,395	126,074
Constructions in progress	879	1,669	-	(52)	-	2,496
	<b>1,229,226</b>	<b>11,749</b>	<b>(36,249)</b>	<b>-</b>	<b>2,780</b>	<b>1,207,506</b>
<i>Accumulated depreciation:</i>						
Land improvements	(12,960)	(367)	-	-	-	(13,327)
Buildings	(48,954)	(4,991)	-	-	-	(53,945)
Machinery and equipments	(33,382)	(2,851)	627	-	(114)	(35,720)
Motor vehicles	(48,401)	(16,300)	13,623	-	(11)	(51,089)
Furniture and fixtures	(47,015)	(4,062)	4,921	-	(153)	(46,309)
Leasehold improvements	(56,136)	(3,818)	251	-	(683)	(60,386)
	<b>(246,848)</b>	<b>(32,389)</b>	<b>19,422</b>	<b>-</b>	<b>(961)</b>	<b>(260,776)</b>
<b>Carrying amount</b>	<b>982,378</b>					<b>946,730</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 13 – INVESTMENT PROPERTY

The movements in investment property and related accumulated depreciation for the six months period ended 30 June 2020 and 2019 are as follows:

	2020	2019
<b>Cost:</b>		
Balance at 1 January	111,773	22,540
<b>Balance at 30 June</b>	<b>111,773</b>	<b>22,540</b>
<b>Accumulated depreciation</b>		
Balance at 1 January	(4,115)	(1,687)
Additions	(1,120)	(268)
<b>Balance at 30 June</b>	<b>(5,235)</b>	<b>(1,955)</b>
<b>Net book value as of 1 January</b>	<b>107,658</b>	<b>20,853</b>
<b>Net book value as of 30 June</b>	<b>106,538</b>	<b>20,585</b>

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

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 March and June 2019 and the fair value of the Doğuş Teknoloji building amounts to TL 32,290 and TL 100,200 for Kartal Tower respectively (Level 2).

The useful life of the building that is classified as investment property is 50 years. The Group has recognized TL 369 rent income from the related investment property (30 June 2019: TL 829).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### 14.1 Short-Term Provisions

The breakdown of short-term provisions as at 30 June 2020 and 31 December 2019 is presented below:

	<u>30 June 2020</u>	<u>31 December 2019</u>
Legal provisions	31,470	31,019
Warranty provisions	7,081	8,665
Other provisions	-	2,666
<b>Total</b>	<b><u>38,551</u></b>	<b><u>42,350</u></b>

The breakdown of other long-term provisions as at 30 June 2020 and 31 December 2019 is presented below:

	<u>30 June 2020</u>	<u>31 December 2019</u>
Warranty provisions	28,561	26,747
<b>Total</b>	<b><u>28,561</u></b>	<b><u>26,747</u></b>

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

As at 30 June 2020, the Group's position related to letters of collaterals / pledges / mortgages / bill of guarantees guarantee given, pledges and mortgages ("CPMB") are as follows:

	<u>30 June 2020</u>				
	<u>Total TL equivalent</u>	<u>Full TL</u>	<u>Full USD</u>	<u>Original balances Full Euro</u>	<u>Full CHF</u>
A. Total amount of CPMB given on behalf of own legal personality	2,362,212	509,370,383	-	240,372,860	-
B. Total amount of CPMB given in favor of partnerships which is consolidated	35,441	35,441,467	-	-	-
C. Total amount of CPMB given for assurance of third parties debts in order to conduct of usual business activities	82,812	25,000,000	-	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><u>2,480,465</u></b>	<b><u>569,811,850</u></b>	<b><u>-</u></b>	<b><u>247,872,860</u></b>	<b><u>-</u></b>

Other CPMBs given by the Group as at 30 June 2020 are equivalent to 0% of the Company's equity (31 December 2019: 0%).

As at 30 June 2020, CPMB amounting to TL 26,000 (31 December 2019: 0) was given in favor of partnerships within the scope of consolidation is related to general loan agreements.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### 14.2 Collaterals / Pledges / Mortgages / Bill of Guarantees Given (Continued)

As at 31 December 2019, the Group's position related to letters of collaterals / pledges / mortgages / bill of guarantees guarantee given, pledges and mortgages ("CPMB") are as follows:

	31 December 2019				
	Total TL equivalent	Full TL	Full USD	Full Euro	Full CHF
A. Total amount of CPMB given on behalf of own legal personality	2,645,688	509,120,551	-	321,259,400	-
B. Total amount of CPMB given in favor of partnerships which is consolidated	9,273	9,273,177	-	-	-
C. Total amount of CPMB given for assurance of third parties debts in order to conduct of usual business activities	74,880	25,000,000	-	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>2,729,841</b>	<b>543,393,728</b>	<b>-</b>	<b>328,759,400</b>	<b>-</b>

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

As at 30 June 2020 and 31 December 2019, the Group's position related to letter of guarantees received are as follows:

	30 June 2020	31 December 2019
Letters of guarantees received from dealers	78,046	80,133
Letters of guarantees received from fixed asset and service suppliers	33,334	31,963
Letter of guarantees received from fleet customers	30,204	14,000
Mortgages received from dealers	25,000	-
<b>Total</b>	<b>166,584</b>	<b>126,096</b>

#### NOTE 15 – OTHER CURRENT LIABILITIES

As at 30 June 2020 and 31 December 2019, other current liabilities comprise of the following:

	30 June 2020	31 December 2019
VAT payable	189,920	77,850
Other current liabilities	204	8,588
<b>Total</b>	<b>190,124</b>	<b>86,438</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 16 – EQUITY

##### Issued Capital

As at 30 June 2020, the registered capital of the Company is TL 220,000 (31 December 2019: 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 30 June 2020 and 31 December 2019, the composition of the Company's shareholding structure is as follows:

Shareholders	30 June 2020		31 December 2019	
	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>243,115</b>		<b>243,115</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:

	30 June 2020	31 December 2019
Treasury share reserves	220,310	220,310
Legal reserves	136,236	127,493
Special reserves	49,265	49,265
<b>Total</b>	<b>405,811</b>	<b>397,068</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. First and second level legal reserves cannot 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 30 June 2020, the legal reserves of the Group amounted to TL 136,236 (31 December 2019: TL 127,493).

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

---

### NOTE 16 – EQUITY (Continued)

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

The 75% portion of gains amounting to TL 49,265 arising from the sale of participation share on joint venture and associates on 6 September 2013 and 16 February 2015 respectively recognized in statutory financial statements has been reclassified as “special reserves”, As at 30 June 2020, the special reserves of the Group amounted to TL 49,265 (31 December 2019: TL 49,265).

#### Treasury shares

The Group reacquired its own shares that are traded on Borsa Istanbul A.Ş in accordance with the Communiqué on Buy Backed Shares (II-22.1) announced by CMB. In this context, as of 31 December 2016, the Group reacquired its own 22,000,000 units of registered shares that are equivalent to 10% portion of its issued capital at an amount of TL 220,274 and accounted as “Treasury shares” under the equity. Additionally, the Group classified “Treasury share reserve” in the amount of the value of the reacquired shares under “Restricted reserves appropriated from profits” in accordance with the relevant communiqué.

#### Gains (Losses) on remeasurements of defined benefit plans

According to the transition rules of TAS 19, accumulated actuarial losses on employee benefits are started to be recognized within these accounts by the beginning of 1 January 2012 in accordance with the announcement made by CMB regarding financial statements and disclosure templates stated at “Principles of Financial Reporting in Capital Market” which is dated 13 June 2013 and published in the Official Gazette numbered 28676 Series: II, No.14.1.

#### Retained earnings / (Accumulated losses)

Accumulated profits other than net current year profit and extraordinary reserves are classified under retained earnings. As at 30 June 2020, retained earnings are TL 359,589 (31 December 2019: TL 292,547).

#### Gains (Losses) on remeasuring of financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are recognized in consolidated financial statements at their fair values. The valuation differences realized at the reporting date in carrying amount of the financial assets is recognized in “gains (losses) on remeasuring and/or reclassification of financial assets measured at fair value through other comprehensive income” account under equity in the consolidated financial statements. As at 30 June 2020, gains (losses) on remeasuring and/or reclassification of financial assets measured at fair value through other comprehensive income of the Group amounted to TL 479,329 (31 December 2019: TL 479,329).

#### Foreign currency translation differences

Foreign currency translation differences comprise the foreign currency exchange rate differences arising from the translation of the financial statements on foreign currencies from functional currency to the presentation currency of the Group. As at 30 June 2020, the foreign currency translation differences of the Group amounted to TL 2,069 (31 December 2019: TL 2,047).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 16 – EQUITY (Continued)

##### Dividend

Publicly traded companies shall perform dividend distribution in accordance with the Communiqué on Dividends II-19.1 of the Capital Market Board effective as of 1 February 2014.

Companies shall distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the related regulation. Within the scope of this Communiqué, no minimum distribution rate has been determined. Companies shall pay dividends as set out in their profit distribution policies or their articles of association.

Additionally, dividends can be paid via equal or different installments and companies can distribute dividend advances based on profits at financial statements.

In the General Assembly Meeting which was held on 30 March 2020, it has been decided to retain the previous year's distributable profit within the Company.

##### Non-controlling interests

Equity in a subsidiary that is not attributable, directly or indirectly, to a parent is classified under the “non-controlling interests” in the consolidated financial statements. As at 30 June 2020 and 31 December 2019, the related amounts in the “non-controlling interests” in the consolidated financial statements are TL 5,247 and TL 7,290 respectively. In addition, net profit or loss in a subsidiary that is not attributable, directly or indirectly, to a parent is also classified under the “non-controlling interests” in the consolidated profit or loss statement.

#### NOTE 17 – MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

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

	For the six month period ended 30 June 2020	For the six month period ended 30 June 2019	For the three month period ended 30 June 2020	For the three month period ended 30 June 2019
General administrative expenses	207,295	214,326	98,269	112,480
Marketing expenses	129,067	153,786	51,100	76,927
<b>Total</b>	<b>336,362</b>	<b>368,112</b>	<b>149,369</b>	<b>189,407</b>



# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

### NOTE 17 – MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES (Continued)

#### 17.1 Marketing Expenses

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

	For the six month period ended 30 June 2020	For the six month period ended 30 June 2019	For the three month period ended 30 June 2020	For the three month period ended 30 June 2019
Warranty expenses, net	39,830	66,194	11,375	28,589
Personnel expenses	33,149	32,532	16,636	17,871
Distribution expenses	30,388	27,619	11,960	13,831
Advertising expenses	19,741	22,410	8,981	13,096
Customer service expenses	4,168	3,255	2,010	2,668
Support expenses	1,791	1,776	138	872
<b>Total</b>	<b>129,067</b>	<b>153,786</b>	<b>51,100</b>	<b>76,927</b>

#### 17.2 General Administrative Expenses

The breakdown of general administration expenses for the six and three month periods ended 30 June is presented below:

	For the six month period ended 30 June 2020	For the six month period ended 30 June 2019	For the three month period ended 30 June 2020	For the three month period ended 30 June 2019
Personnel expenses	73,025	82,554	34,432	44,962
Depreciation and amortization expenses	63,545	66,225	31,958	32,981
Building expenses	21,435	19,227	9,794	9,117
Maintenance expenses	15,234	13,137	7,594	6,748
Consultancy expenses	5,403	5,431	1,969	2,700
Insurance expenses	4,868	5,185	2,059	2,469
Vehicle expenses	2,778	4,507	891	2,279
Travelling expenses	1,929	2,828	-	1,011
Communication expenses	1,050	1,128	505	545
Corporate governance expenses	575	1,196	-	695
Other	17,453	12,908	9,067	8,973
<b>Total</b>	<b>207,295</b>	<b>214,326</b>	<b>98,269</b>	<b>112,480</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 18 – INVESTMENT ACTIVITY INCOME

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

	For the six month period ended 30 June 2020	For the six month period ended 30 June 2019	For the three month period ended 30 June 2020	For the three month period ended 30 June 2019
Gain on sale of property and equipment	12,364	14,376	5,857	4,787
Gain on disposal of associate or joint ventures (Note 11)	-	22,166	-	22,166
<b>Total</b>	<b>12,364</b>	<b>36,542</b>	<b>5,857</b>	<b>26,953</b>

#### NOTE 19 – FINANCE EXPENSES

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

	For the six month period ended 30 June 2020	For the six month period ended 30 June 2019	For the three month period ended 30 June 2020	For the three month period ended 30 June 2019
Interest expense on borrowings	193,783	264,804	85,648	132,149
Commission expenses on letters of guarantee	31,149	20,947	15,165	12,126
Foreign exchange losses on borrowings net	15,112	59,016	5,900	28,999
Interest expense on lease liabilities (Note 2.6 and Note 7)	10,729	13,824	6,858	5,968
Other	5,778	9,949	2,041	6,359
<b>Total</b>	<b>256,551</b>	<b>368,540</b>	<b>115,612</b>	<b>185,601</b>

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

	For the six month period ended 30 June 2020	For the six month period ended 30 June 2019	For the three month period ended 30 June 2020	For the three month period ended 30 June 2019
Interest income	30,925	49,292	17,821	30,838
Gains on derivative instruments	-	-	-	(4,244)
<b>Total</b>	<b>30,925</b>	<b>49,292</b>	<b>17,821</b>	<b>26,594</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

---

#### NOTE 20 – TAX ASSET AND LIABILITIES

Turkish tax legislation does not allow for the submission of tax returns over consolidated financial statements prepared by the parent company, which include its subsidiaries and affiliates. According to 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 22% for 2020 (will be applied as 22% 2020 tax period) on the total income of the Company and its subsidiaries registered in Turkey after adjusting for certain disallowable expenses, exempt income and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed (except for withholding tax at the rate of 19.8%, calculated on an exemption amount if an investment allowance is granted in the scope of Income Tax Law temporary article 61).

As at 30 June 2020, enacted corporation tax rate is 15% for the subsidiary registered in Iraq according to local tax law (31 December 2019: 15%). According to Iraq tax laws, losses can be carried forward for offsetting against future taxable income for up to 5 years unless if it is not exceeded by the half of the income for each year.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is do not considered as a profit distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income (will be applied as 22% for 2019 and 2020 tax periods). 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.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

### NOTE 20 – TAX ASSET AND LIABILITIES (Continued)

75% 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 six and three month periods ended 30 June, taxation charge comprise of the following:

	For the six month period ended 30 June 2020	For the six month period ended 30 June 2019	For the three month period ended 30 June 2020	For the three month period ended 30 June 2019
Deferred tax income/(expense)	(21,178)	21,058	(8,410)	13,025
Current tax expense	(26,073)	(3,273)	(14,690)	(2,659)
<b>Total tax expense</b>	<b>(47,251)</b>	<b>17,785</b>	<b>(23,100)</b>	<b>10,366</b>

For the period ended 30 June, the tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

	For the six month period ended 30 June 2020	For the six month period ended 30 June 2019
Profit before tax	277,654	(61,421)
Income tax using the Company's domestic tax rate	(61,084)	13,513
Disallowable expenses	(6,094)	(3,639)
Share of profit in equity accounted investees exempt from deferred tax calculation	19,017	9,457
Other	910	(1,546)
<b>Total tax expense</b>	<b>(47,251)</b>	<b>17,785</b>
	For the three month period ended 30 June 2020	For the three month period ended 30 June 2019
Profit before tax	128,516	13,977
Income tax using the Company's domestic tax rate	(28,274)	(3,075)
Disallowable expenses	(3,834)	(856)
Share of profit in equity accounted investees exempt from deferred tax calculation	7,606	11,421
Tax losses which have not considered under deferred tax calculation	-	5,642
Other	1,402	(2,766)
<b>Total tax expense</b>	<b>(23,100)</b>	<b>10,366</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

### NOTE 20 – 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. Tax rate is 22% for deferred tax assets and liabilities on temporary differences. Since the applicable tax rate has changed to 22% for the 3 years beginning from 1 January 2018, 22% tax rate is used in the deferred tax calculation of 30 June 2020 for the temporary differences expected to be realized within the year. However, since the corporate tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized after 2020. (31 December 2019: 22%).

#### Deferred taxes

As at 30 June 2020 and 31 December 2019, deferred tax assets and liabilities are attributable to the items detailed in the table below:

	Deferred tax asset		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Fair value change of available-for sale financial assets	-	-	(23,725)	(23,725)	(23,725)	(23,725)
Land	-	-	(1,393)	(1,393)	(1,393)	(1,393)
Other tangible and intangible assets	-	-	(6,477)	(5,570)	(6,477)	(5,570)
Warranty provision, net	7,841	7,790	-	-	7,841	7,790
Legal provision	6,924	6,824	-	-	6,924	6,824
Provision for diminution in value of inventories	1,787	1,415	-	-	1,787	1,415
Employee termination benefit	9,005	8,099	-	-	9,005	8,099
Unused vacation liability	3,110	2,962	-	-	3,110	2,962
Dealer premium accrual	5,653	-	-	-	5,653	-
Carry forward tax losses	-	29,841	-	-	-	29,841
Other	2,675	155	-	-	2,675	155
Total deferred tax asset/(liabilities)	36,995	57,086	(31,595)	(30,688)	5,400	26,398
Net off tax	(31,595)	(30,688)	31,595	30,688	-	-
<b>Total deferred tax assets/(liabilities)</b>	<b>5,400</b>	<b>26,398</b>	<b>-</b>	<b>-</b>	<b>5,400</b>	<b>26,398</b>

The movements in temporary differences as at 30 June 2020 are as follows:

	1 January 2020	Recognized in the profit or loss	Recognized in other comprehensive income	30 June 2020
Fair value change of available for sale financial assets	(23,725)	-	-	(23,725)
Land	(1,393)	-	-	(1,393)
Other tangible and intangible assets	(5,570)	(907)	-	(6,477)
Warranty provision, net	7,790	51	-	7,841
Legal provision	6,824	100	-	6,924
Provision for diminution in value of inventories	1,415	372	-	1,787
Employee termination benefit	8,099	726	180	9,005
Unused vacation liability	2,962	148	-	3,110
Dealer premium accrual	-	5,653	-	5,653
Carry forward tax losses	29,841	(29,841)	-	-
Other	155	2,520	-	2,675
	<b>26,398</b>	<b>(21,178)</b>	<b>180</b>	<b>5,400</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 20 – TAX ASSET AND LIABILITIES (Continued)

##### Deferred taxes (Continued)

The movements in temporary differences as at 30 June 2019 are as follows:

	<u>1 January 2019</u>	<u>Recognized in the profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>30 June 2019</u>
Fair value change of available-for-sale financial assets	(21,858)	-	(312)	(22,170)
Land	(1,393)	-	-	(1,393)
Other tangible and intangible assets	(1,290)	(1,393)	-	(2,683)
Warranty provision, net	8,880	(1,026)	-	7,854
Legal provision	5,741	503	-	6,244
Provision for diminution in value of inventories	1,085	297	-	1,382
Employee termination benefit	5,989	225	185	6,399
Unused vacation liability	2,200	210	-	2,410
Dealer premium accrual	-	1,388	-	1,388
Carry forward tax loss	-	18,039	-	18,039
Other	(1,352)	2,815	-	1,463
	<u>(1,998)</u>	<u>21,058</u>	<u>(127)</u>	<u>18,933</u>

Deferred tax assets arising from carry-forward tax losses are accounted when the Group forecasts taxable profits in foreseeable future. The Group has recognized deferred tax assets amounting to TL 149,206, from the carried-forward tax losses amounting to TL 29,841 as a 31 December 2019, and used these deferred tax assets as at 30 June 2020.

As at 30 June 2020, current income tax liabilities amounting to TL 12,122 (31 December 2019: TL 6,440) is comprised by tax provision for the year ended 30 June 2020.

As at 30 June 2020, the Group does not have any current period tax assets (31 December 2019: 9,004 TL).

#### NOTE 21 – EARNINGS PER SHARE

Earnings per share is calculated by dividing net income attributable to equity holders of the Company for the period by the weighted average number of shares of the Company available during the period. For the period ended 30 June, earnings per share are calculated as follows:

	<u>For the six month period ended 30 June 2020</u>	<u>For the six month period ended 30 June 2019</u>	<u>For the three month period ended 30 June 2020</u>	<u>For the three month period ended 30 June 2019</u>
Net profit attributable to the equity holders of the Company	229,403	(44,110)	105,271	25,366
Number of basic shares	198,000,000	198,000,000	198,000,000	198,000,000
<b>Basic/diluted earnings per share (in full TL)</b>	<b>1.1586</b>	<b>(0.2228)</b>	<b>0.5317</b>	<b>0.1281</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 22 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

##### 22.1 Due from Related Parties

As at 30 June 2020 and 31 December 2019, Group's cash balances at related party banks are as follows:

##### 22.1.1 Due from associates

	<u>30 June 2020</u>	<u>31 December 2019</u>
Yüce Auto	3,470	2,919
VDF	16	420
<b>Total</b>	<b><u>3,486</u></b>	<b><u>3,339</u></b>

##### 22.1.2 Due from joint ventures

	<u>30 June 2020</u>	<u>31 December 2019</u>
TÜVTURK	31	8
<b>Total</b>	<b><u>31</u></b>	<b><u>8</u></b>

##### 22.1.3 Due from other related parties

	<u>30 June 2020</u>	<u>31 December 2019</u>
VDF Faktoring Hizmetleri A.Ş. ("VDF Faktoring")	579,954	536,259
VDF Sigorta Aracılık Hizmetleri A.Ş.	751	1,046
VDF Filo Kiralama A.Ş.	732	429
Other	1,038	1,227
<b>Total</b>	<b><u>582,475</u></b>	<b><u>538,961</u></b>

##### 22.1.4 Due from shareholders

	<u>30 June 2020</u>	<u>31 December 2019</u>
Doğuş Holding	6	3
<b>Total</b>	<b><u>6</u></b>	<b><u>3</u></b>
<b>Grand Total</b>	<b><u>585,998</u></b>	<b><u>542,311</u></b>

As of 30 June 2020, the Group imposes 1% interest charge on the receivables from related parties (31 December 2019: 1% per month).

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

#### 22.2 Other Receivables due from Related Parties

##### 22.2.1 Other current receivables due from subsidiaries

	<u>30 June 2020</u>	<u>31 December 2019</u>
Doğuş Teknoloji	3,505	3,174
<b>Total</b>	<b>3,505</b>	<b>3,174</b>

##### 22.2.2 Other current receivables due from related parties

	<u>30 June 2020</u>	<u>31 December 2019</u>
VDF Filo Kiralama A.Ş. (sublease receivables)	1,961	2,286
<b>Total</b>	<b>1,961</b>	<b>2,286</b>
<b>Grand total</b>	<b>5,466</b>	<b>5,460</b>

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

	<u>30 June 2020</u>	<u>31 December 2019</u>
VDF Filo Kiralama A.Ş. (sublease receivables)	1,847	1,335
<b>Total</b>	<b>1,847</b>	<b>1,335</b>

#### 22.3 Current prepayments due from related parties

##### 22.3.1 Current prepaid expenses

	<u>30 June 2020</u>	<u>31 December 2019</u>
Pozitif Arena Salon İşletmeleri A.Ş.	2,552	5,587
Doğuş Spor Kompleksi Yatırım ve İşletme A.Ş.	-	582
Other	374	631
<b>Total</b>	<b>2,926</b>	<b>6,800</b>

#### 22.4 Current deferred income from related parties

##### 22.4.1 Current deferred income from associates

	<u>30 June 2020</u>	<u>31 December 2019</u>
VDF	2	-
<b>Total</b>	<b>2</b>	<b>-</b>

##### 22.4.2 Current deferred income from joint ventures

	<u>30 June 2020</u>	<u>31 December 2019</u>
TÜVTURK	397	-
<b>Total</b>	<b>397</b>	<b>-</b>
<b>Grand total</b>	<b>399</b>	<b>-</b>



## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

##### 22.5 Trade Payables to Related Parties

###### 22.5.1 Trade payables to associates

	<u>30 June 2020</u>	<u>31 December 2019</u>
Yüce Auto	262,638	22,213
Doğuş Teknoloji	5,957	5,224
VDF	476	523
<b>Total</b>	<b><u>269,071</u></b>	<b><u>27,960</u></b>

###### 22.5.2 Trade payables to joint ventures

	<u>30 June 2020</u>	<u>31 December 2019</u>
TÜVTÜRK	5	-
<b>Total</b>	<b><u>5</u></b>	<b><u>-</u></b>

###### 22.5.3 Trade payables to other related parties

	<u>30 June 2020</u>	<u>31 December 2019</u>
VDF Filo Kiralama A.Ş.	1,066	19
VDF Faktoring A.Ş.	266	205
Antur Turizm A.Ş.	43	3,382
VDF Sigorta Aracılık Hizmetleri A.Ş.	1	1
Pozitif Arena Konser Salon İşletmeleri A.Ş.	-	7,203
Other	699	739
<b>Total</b>	<b><u>2,075</u></b>	<b><u>11,549</u></b>

###### 22.5.4 Trade payables to shareholders

	<u>30 June 2020</u>	<u>31 December 2019</u>
Doğuş Holding	854	8,064
<b>Total</b>	<b><u>854</u></b>	<b><u>8,064</u></b>
<b>Grand total</b>	<b><u>272,005</u></b>	<b><u>47,573</u></b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

#### 22.6 Related Party Transactions

Related party transactions for the six and three month periods ended 30 June are as follows:

##### 22.6.1 Associates

	For the six month period ended 30 June 2020	For the six month period ended 30 June 2019	For the three month period ended 30 June 2020	For the three month period ended 30 June 2019
<b>Sales and other income generating transactions:</b>				
Other income	11,545	9,472	5,644	7,069
Sale of products and returns, net	7,848	8,047	3,512	3,747
Sale of services, net	183	272	51	121
<b>Total</b>	<b>19,576</b>	<b>17,791</b>	<b>9,207</b>	<b>10,937</b>
<b>Purchases and expense incurring transactions:</b>				
Inventory purchases	332,627	179,890	266,283	111,867
Other purchases	19,117	21,330	7,533	10,300
Fixed asset purchases	14,763	9,226	7,407	4,507
Services rendered	9,851	8,741	4,879	4,472
Incentives for consumer loans	3,197	27,262	917	16,975
Other expenses	86	231	70	151
<b>Total</b>	<b>379,641</b>	<b>246,680</b>	<b>287,089</b>	<b>148,272</b>

##### 22.6.2 Joint ventures

	For the six month period ended 30 June 2020	For the six month period ended 30 June 2019	For the three month period ended 30 June 2020	For the three month period ended 30 June 2019
<b>Sales and other income generating transactions:</b>				
Sale of products and returns, net	67	615	28	14
Sale of services, net	30	15	10	3
Other incomes	-	-	-	2
<b>Total</b>	<b>97</b>	<b>630</b>	<b>38</b>	<b>19</b>
<b>Purchases and expense incurring transactions:</b>				
Services rendered	18	18	5	10
Other purchases	1	-	-	-
<b>Total</b>	<b>19</b>	<b>18</b>	<b>5</b>	<b>10</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

#### 22.6 Related Party Transactions (Continued)

##### 22.6.3 Other related parties

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

	For the six month period ended 30 June 2020			Total
	Sale of products	Sale of services	Other income from operating activities	
VDF Filo	96,239	1,505	237	97,981
VDF Sigorta	6	1	2,620	2,627
VDF Faktoring	1	-	-	1
Other	66	20	73	159
	<b>96,312</b>	<b>1,526</b>	<b>2,930</b>	<b>100,768</b>

  

	For the six month period ended 30 June 2019			Total
	Sale of products	Sale of services	Other income from operating activities	
VDF Filo	31,001	1,311	62	32,374
VDF Sigorta	10	5	2,863	2,878
VDF Faktoring	1	2	-	3
Other	139	20	299	458
	<b>31,151</b>	<b>1,338</b>	<b>3,224</b>	<b>35,713</b>

  

	For the three month period ended 30 June 2020			Total
	Sale of Products	Sale of services	Other income from operating activities	
VDF Filo	54,480	494	207	55,181
VDF Sigorta	3	1	1,274	1,278
VDF Faktoring	-	-	-	-
Other	14	4	28	46
	<b>54,497</b>	<b>499</b>	<b>1,509</b>	<b>56,505</b>

  

	For the three month period ended 30 June 2019			Total
	Sale of products	Sale of services	Other income from operating activities	
VDF Filo	16,825	727	36	17,588
VDF Sigorta	8	4	1,573	1,585
VDF Faktoring	-	2	-	2
Other	40	11	4	55
	<b>16,873</b>	<b>744</b>	<b>1,613</b>	<b>19,230</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

#### 22.6 Related Party Transactions (Continued)

##### 22.6.3 Other related parties (Continued)

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

	For the six month period ended 30 June 2020						
	Services Rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
VDF Filo	5,561	-	25,873	-	1	-	31,435
Doğuş Gayrimenkul Yatırım Ortaklığı	2,358	-	-	-	-	9,024	11,382
Antur Turizm	3,040	-	-	-	83	662	3,785
VDF Faktoring	-	-	113	1,956	-	34	2,103
VDF Sigorta	3	-	238	-	1	1	243
Other	1,907	-	-	-	-	3,676	5,583
	<b>12,869</b>	<b>-</b>	<b>26,224</b>	<b>1,956</b>	<b>85</b>	<b>13,397</b>	<b>54,531</b>

  

	For the six month period ended 30 June 2019						
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
Doğuş Gayrimenkul Yatırım Ortaklığı	13,264	-	-	-	-	-	13,264
VDF Filo	3,186	-	2,476	-	1,017	-	6,679
Antur Turizm	5,581	-	-	-	156	-	5,737
VDF Faktoring	-	-	-	2,289	-	-	2,289
VDF Sigorta	84	-	-	-	-	-	84
Other	4,727	12	21	-	1	409	5,170
	<b>26,842</b>	<b>12</b>	<b>2,497</b>	<b>2,289</b>	<b>1,174</b>	<b>409</b>	<b>33,223</b>

  

	For the three month period ended 30 June 2020						
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
VDF Filo	2,846	-	14,285	-	1	-	17,132
Doğuş Gayrimenkul Yatırım Ortaklığı	1,338	-	-	-	-	4,512	5,850
VDF Faktoring	-	-	-	565	-	34	599
Antur Turizm	-	-	-	-	18	3	21
VDF Sigorta	-	-	-	-	-	-	-
Other	536	-	-	-	-	1,710	2,246
	<b>4,720</b>	<b>-</b>	<b>14,285</b>	<b>565</b>	<b>19</b>	<b>6,259</b>	<b>25,848</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

#### 22.6 Related Party Transactions (Continued)

##### 22.6.3 Other related parties (Continued)

	For the three month period ended 30 June 2019						
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
Doğuş Gayrimenkul Yatırım Ortaklığı	6,678	-	-	-	-	-	6,678
Antur Turizm	3,129	-	-	-	30	(279)	2,880
VDF Filo	1,636	-	-	-	529	-	2,165
VDF Faktoring	-	-	-	734	-	-	734
VDF Sigorta	39	-	-	-	-	(53)	(14)
Other	3,382	12	8	-	1	(2,352)	1,051
	<b>14,864</b>	<b>12</b>	<b>8</b>	<b>734</b>	<b>560</b>	<b>(2,684)</b>	<b>13,494</b>

##### 22.6.4 Transactions with shareholders

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

	For the six month period ended 30 June 2020			
	Sale of products	Sale of services	Income from investing activities	Total
Doğuş Holding	5	2	-	7
	<b>5</b>	<b>2</b>	<b>-</b>	<b>7</b>

  

	For the six month period ended 30 June 2019			
	Sale of products	Sale of services	Income from investing activities	Total
Doğuş Holding	4	2	-	6
	<b>4</b>	<b>2</b>	<b>-</b>	<b>6</b>

  

	For the three month period ended 30 June 2020			
	Sale of Products	Sale of services	Income from investing activities	Total
Doğuş Holding	4	2	-	6
	<b>4</b>	<b>2</b>	<b>-</b>	<b>6</b>

  

	For the three month period ended 30 June 2019			
	Sale of Products	Sale of services	Income from investing activities	Total
Doğuş Holding	2	1	-	3
	<b>2</b>	<b>1</b>	<b>-</b>	<b>3</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

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

##### 22.6 Related Party Transactions (Continued)

##### 22.6.4 Transactions with shareholders (Continued)

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

For the six month period ended 30 June 2020					
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other expenses from operating activities	Total
Doğuş Holding	8,503	-	-	-	8,503
	<b>8,503</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,503</b>
For the six month period ended 30 June 2019					
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other expenses from operating activities	Total
Doğuş Holding	3,656	6	-	2,810	6,472
	<b>3,656</b>	<b>6</b>	<b>-</b>	<b>2,810</b>	<b>6,472</b>
For the three month period ended 30 June 2020					
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other expenses from operating activities	Total
Doğuş Holding	6,290	-	-	-	6,290
	<b>6,290</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,290</b>
For the three month period ended 30 June 2019					
	Services rendered	Purchase of fixed assets	Purchase of inventory	Other expenses from operating activities	Total
Doğuş Holding	1,855	-	-	2,810	4,665
	<b>1,855</b>	<b>-</b>	<b>-</b>	<b>2,810</b>	<b>4,665</b>

##### 22.7 Key Management Personnel Compensation

	For the six month period ended 30 June 2020	For the six month period ended 30 June 2019	For the three month period ended 30 June 2020	For the three month period ended 30 June 2019
Salaries and other short-term employee benefits	11,163	19,003	5,209	14,366
<b>Total</b>	<b>11,163</b>	<b>19,003</b>	<b>5,209</b>	<b>14,366</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 30 June 2020 and 2019 includes salaries, health insurance and employer shares of Social Security Institution.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

### NOTE 23 – FINANCIAL INSTRUMENTS

#### Financial instruments and capital risk management

##### *Financial risk factors*

The Group's objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's capital structure includes payables including loans and respectively cash and cash equivalents, paid-in capital, reserves and retained earnings.

The board of directors monitors the return on capital and the level of dividends to ordinary shareholders.

The Group monitors its share capital by using financial liability to equity ratio. The ratio is calculated by dividing financial liabilities deducting to cash and cash equivalents to equity. Total of financial liabilities comprises entire current and non-current financial liabilities whereas total equity comprises each equity item on the statement of financial position.

The following table sets out the Group's financial liability to equity ratio as at 30 June 2020 and 31 December 2019:

	<b>30 June 2020</b>	<b>31 December 2019</b>
Total financial liabilities	2,398,554	2,438,052
Cash and cash equivalents	(434,789)	(648,342)
<b>Total financial liabilities, net</b>	<b>1,963,765</b>	<b>1,789,710</b>
Total equity	1,479,286	1,252,541
<b>Financial liabilities / equity ratio</b>	<b>1.33</b>	<b>1.43</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.

##### *(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.

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

### NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

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

##### Financial risk factors (Continued)

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

The credit risk arising from dealers' and other customers' transactions are followed by the management and these risks are limited for each debtor. These risks arising from relevant receivables are guaranteed with proper instruments (Note 8).

30 June 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>	585,998	592,215	7,313	85,491	434,547	-	-
- Guaranteed portion of the maximum exposure	-	77,018	-	-	-	-	-
<b>A. Net carrying amount of financial assets which are neither impaired nor overdue (**)</b>	585,664	518,364	7,313	85,491	434,547	-	-
<b>B. Net carrying amount of financial assets which are overdue but not impaired (***)</b>	334	73,851	-	-	-	-	-
<b>C. Net carrying amount of impaired assets</b>	-	-	-	-	-	-	-
- Past due (gross book value)	-	5,456	-	-	-	-	-
- Impairment (-)	-	(5,456)	-	-	-	-	-
- Guaranteed portion of net values (*)	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Guaranteed portion of net values (*)	-	77,018	-	-	-	-	-
<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 30 June 2020 and 31 December 2019, information regarding to credit quality of trade receivables which are not past due or not impaired and restructured are indicated in Note 8.

(\*\*\*) As at 30 June 2020 and 31 December 2019, information regarding to aging of receivables which are past due but not impaired are indicated in the table of aging analysis of receivables which are past due but not impaired.

(\*\*\*\*) As at 30 June 2020 and 31 December 2019, 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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

### NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

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

#### Financial risk factors (Continued)

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

31 December 2019	Receivables				Bank deposits	Derivative instruments	Other
	Trade receivables		Other receivables				
	Related parties	Other parties	Related parties	Other parties			
Exposure to maximum credit risk as at reporting date (A+B+C+D) (*)	542,311	203,035	6,795	135,486	648,170	-	-
- Guaranteed portion of the maximum exposure	-	78,892	-	-	-	-	-
A, Net carrying amount of financial assets which are neither impaired nor overdue (**)	542,311	168,392	6,795	135,486	648,170	-	-
B, Net carrying amount of financial assets which are overdue but not impaired (***)	-	34,643	-	-	-	-	-
C, Net carrying amount of impaired assets	-	-	-	-	-	-	-
- Past due (gross book value)	-	2,701	-	-	-	-	-
- Impairment (-)	-	(2,701)	-	-	-	-	-
- Guaranteed portion of net values (*)	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Guaranteed portion of net values (*)	-	78,892	-	-	-	-	-
D, Off financial statement items with credit risks (****)	-	-	-	-	-	-	-

(\*) This area indicates the total of the figures placed in A, B, C and D lines. In determination of aforementioned figures, items increasing credit reliability such as guarantees received are not considered.

(\*\*) As at 30 June 2020 and 31 December 2019, information regarding to credit quality of trade receivables which are not past due or not impaired and restructured are indicated in Note 8.

(\*\*\*) As at 30 June 2020 and 31 December 2019, information regarding to aging of receivables which are past due but not impaired are indicated in the table of aging analysis of receivables which are past due but not impaired.

(\*\*\*\*) As at 30 June 2020 and 31 December 2019, 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE

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

### NOTE 23 – 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 30 June 2020 and 31 December 2019, the aging of past due receivables that are not impaired are as follows:

30 June 2020	Receivables		Deposits on banks	Derivative instruments	Other
	Trade receivables	Other receivables			
Past due 1-30 days	74,185	-	-	-	-
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,	4,198	-	-	-	-

31 December 2019	Receivables		Deposits on banks	Derivative instruments	Other
	Trade receivables	Other receivables			
Past due 1-30 days	34,643	-	-	-	-
Past due 1-3 months	-	-	-	-	-
Past due 3-12 months	-	-	-	-	-
Past due 1-5 years	-	-	-	-	-
More than 5 years	-	-	-	-	-
Portion of assets overdue secured by guarantee etc,	1,388	-	-	-	-

##### *(b) Liquidity risk*

Liquidity risk management refers to capacity of holding adequate amount of cash and marketable securities, adequate credit lines and ability to close out market position.

Risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties, The Group, in order to minimize liquidity risk, holds adequate cash and available line of credit (including factoring capacity), In this regard, as at 30 June 2020, the Group have lines of credit amounting to EUR 784,000, USD 360,000, CHF 5,000 and TL 3,662,500 (31 December 2019: lines of credit amounting to EUR 870,500, USD 360,000, 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 238,035 equivalent to TL 1,834,821 (31 December 2019: EUR 273,035 equivalent to TL 1,815,847) that enables the Group to perform credit purchases from original equipment manufacturers with an option to pay in 12 months, The Group's credit card purchase limit amounting to EUR 111,225, amounting to TL 857,343 are utilized (31 December 2019: EUR 194,112 equivalent to TL 1,290,960 is used).

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

### NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

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

##### Financial risk factors (Continued)

##### (b) Liquidity risk (Continued)

The below tables show the financial liabilities of the Group according to their remaining maturities as at 30 June 2020 and 31 December 2019:

	30 June 2020					
	Carrying amount	Total contractual cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
<b>Contractual maturities</b>						
<b>Non-derivative financial liabilities</b>						
Loans and borrowings	2,285,906	2,807,462	377,435	2,229,388	200,639	-
Trade payables to related parties	272,005	272,005	272,005	-	-	-
Trade payables to third parties	963,349	963,349	158,972	804,377	-	-
Employee benefit obligations	33,153	33,153	33,153	-	-	-
Lease liabilities	112,648	204,737	16,489	35,891	136,907	15,450
Other current liabilities (*)	204	204	204	-	-	-
<b>Total non-derivative financial liabilities</b>	<b>3,667,265</b>	<b>4,280,910</b>	<b>858,258</b>	<b>3,069,656</b>	<b>337,546</b>	<b>15,450</b>
	31 December 2019					
	Carrying amount	Total contractual cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
<b>Contractual maturities</b>						
<b>Non-derivative financial liabilities</b>						
Loans and borrowings	2,320,281	2,589,249	540,929	1,838,126	210,194	-
Trade payables to related parties	47,573	47,573	47,573	-	-	-
Trade payables to third parties	665,690	665,690	153,526	512,164	-	-
Employee benefit obligations	18,648	18,648	18,648	-	-	-
Lease liabilities	117,771	205,899	10,259	29,691	149,147	16,802
Other current liabilities (*)	8,588	8,588	8,588	-	-	-
<b>Total non-derivative financial liabilities</b>	<b>3,178,551</b>	<b>3,535,647</b>	<b>779,523</b>	<b>2,379,981</b>	<b>359,341</b>	<b>16,802</b>

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

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

### NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

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

##### Financial risk factors (Continued)

##### (c) Currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency denominated payables to original equipment manufacturers and borrowings from financial institutions. This risk is monitored by the board of directors through periodic meetings. The Group's foreign currency position is managed through taking limited positions within limits recommended by executive board and approved by board of directors as well using derivative instruments where necessary.

To minimize the risk arising from foreign currency denominated balance sheet items, the Group utilizes derivative instruments as well as keeping part of its idle cash in foreign currencies. In addition, translation of cost of goods-in-transit until completion of the customs transactions, in accordance with the customs law provides a natural hedge.

Currency sensitivity analysis		
30 June 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	(84)	84
2- USD risk averse portion (-)	-	-
<b>3- Net USD effect (1+2)</b>	<b>(84)</b>	<b>84</b>
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	22,096	(22,096)
5- Euro risk averse portion (-)	-	-
<b>6- Net Euro effect (4+5)</b>	<b>22,096</b>	<b>(22,096)</b>
<b>TOTAL (3+6)</b>	<b>22,012</b>	<b>(22,012)</b>

Currency sensitivity analysis		
31 December 2019		
	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	(195)	195
2- USD risk averse portion (-)	-	-
<b>3- Net USD effect (1+2)</b>	<b>(195)</b>	<b>195</b>
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	2,517	(2,517)
5- Euro risk averse portion (-)	-	-
<b>6- Net Euro effect (4+5)</b>	<b>2,517</b>	<b>(2,517)</b>
<b>TOTAL (3+6)</b>	<b>2,322</b>	<b>(2,322)</b>

Currency sensitivity analysis		
30 June 2019		
	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	(22)	22
2- USD risk averse portion (-)	-	-
<b>3- Net USD effect (1+2)</b>	<b>(22)</b>	<b>22</b>
Assumption of devaluation/appreciation by 10% of EUR against TL		
4- Net Euro asset/liability	(33,262)	33,262
5- Euro risk averse portion (-)	-	-
<b>6- Net Euro effect (4+5)</b>	<b>(33,262)</b>	<b>33,262</b>
<b>TOTAL (3+6)</b>	<b>(33,284)</b>	<b>33,284</b>

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

### NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

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

##### Financial risk factors (Continued)

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

Foreign exchange rates for USD, EUR and Swiss Franc as at 30 June 2020, 31 December 2019 and 30 June 2019 are as follows:

	30 June 2020	31 December 2019	30 June 2019
USD	6.8422	5.9402	5.7551
EUR	7.7082	6.6506	6.5507
CHF	7.2161	6.0932	5.8894

As at 30 June 2020, net position of the Group is resulted from foreign currency assets and liabilities as shown below:

	30 June 2020				
	Total TL equivalent	Original balances			
		USD	EUR	CHF	Other
<b>Assets:</b>					
Trade receivables	173	-	22	-	-
Monetary financial assets	1,623	8	199	3	20
Other monetary assets	1,093,142	14	141,803	-	-
<b>Total assets</b>	<b>1,094,938</b>	<b>22</b>	<b>142,024</b>	<b>3</b>	<b>20</b>
Trade payables	868,171	143	112,502	-	-
Financial liabilities	6,359	-	825	-	-
Other monetary liabilities	-	-	-	-	-
<b>Current liabilities</b>	<b>874,530</b>	<b>143</b>	<b>113,327</b>	<b>-</b>	<b>-</b>
Financial liabilities	231	-	30	-	-
<b>Non-current liabilities</b>	<b>231</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>874,761</b>	<b>143</b>	<b>113,357</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>220,177</b>	<b>(121)</b>	<b>28,667</b>	<b>3</b>	<b>20</b>
<b>Monetary items net foreign (liability)/asset position</b>					
Sureties and letters of guarantee taken	22,057	378	2,526	-	-
Sureties and letters of guarantee given	1,910,655	-	247,873	-	-
Import	5,040,145	-	653,868	-	-

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

### NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

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

##### Financial risk factors (Continued)

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

As at 31 December 2019, net position of the Group is resulted from foreign currency assets and liabilities as shown below:

	31 December 2019				
	Total TL equivalent	Original balances			
		USD	EUR	CHF	Other
<b>Assets:</b>					
Trade receivables	173	-	26	-	-
Monetary financial assets	8,315	78	1,176	3	19
Other monetary assets	661,288	78	99,362	-	1
<b>Total assets</b>	<b>669,776</b>	<b>156</b>	<b>100,564</b>	<b>3</b>	<b>20</b>
Trade payables	532,742	446	79,706	-	-
Financial liabilities	111,371	-	16,746	-	-
Other monetary liabilities	192	10	20	-	-
<b>Current liabilities</b>	<b>644,305</b>	<b>456</b>	<b>96,472</b>	<b>-</b>	<b>-</b>
Financial liabilities	2,035	-	306	-	-
<b>Non-current liabilities</b>	<b>2,035</b>	<b>-</b>	<b>306</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>646,340</b>	<b>456</b>	<b>96,778</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>23,436</b>	<b>(300)</b>	<b>3,786</b>	<b>3</b>	<b>20</b>
<b>Monetary items net foreign (liability)/asset position</b>					
Sureties and letters of guarantee taken	21,271	380	2,859	-	-
Sureties and letters of guarantee given	2,186,445	-	328,759	-	-
Import	7,292,354	-	1,096,496	-	-

As at 30 June 2020, goods-in-transit of the Group amount to Euro 133,088 equivalent to TL 1,025,870 (31 December 2019: Euro 82,945 equivalent to TL 551,631).

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

---

#### NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

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

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

###### *(d) Market risk*

The Group is exposed to market risk through holding shares of Doğuş Holding.

Even though the shares of Doğuş Holding are not quoted in the capital market, fair value of the Doğuş Holding's shares is determined by using market information of publicly held Doğuş Holding group companies and other valuation methodologies are used for remaining Doğuş Holding group companies. Therefore, value of Doğuş Holding recognized in the financial statements is affected by price fluctuations in the shares of publicly held Doğuş Holding group companies.

Under the assumption of 10% increase/decrease in share prices as at 30 June 2020, all other variables held constant, the Group's equity would have been increased/decreased by TL 5,657 (31 December 2019: TL 5,657).

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

As of 30 June 2020 and 31 December 2019, 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.

As of 30 June 2020, within the scope of fair value sensitivity test performed by Group, under the assumption of 10% increase/decrease in Doğuş Holding shares value which belongs the the Group, the total assets and equity of the Group would increase/decrease by TL 59,261 and TL 58,611 respectively.

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

---

#### NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

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

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

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

##### *Financial assets*

The principles used in determining the fair values of financial assets and liabilities are as follows:

Cash and cash equivalents are presented on cost basis and are assumed to reflect their fair values as they are liquid and classified as current assets.

Trade receivables are presented netted off related doubtful portion of the receivable and are assumed to reflect their fair value.

Since Doğuş Holding is not a publicly traded, fair value of Doğuş Holding is determined by using current market information's for publicly traded companies under Doğuş Holding governance. Fair value of Doğuş Holding is also determined by using other valuation methods for non-public companies under Doğuş Holding governance. Therefore Doğuş Holding presented under financial assets is assumed to reflect its fair value.

##### *Financial liabilities*

Short-term TL denominated bank borrowings are assumed to converge to its fair value. Some of long-term borrowings, denominated in foreign currency and TL are assumed to reflect their fair value due to their floating rates. Long-term and fixed rate borrowings are considered to converge to its fair value, when it is valued with fixed interest rate valid as of the balance sheet date.

Since trade payables are short-term and foreign currency denominated, they are assumed to reflect their fair values. Estimated fair value of financial instruments is determined by the Group whom using the existing market information or appropriate valuation methods, if possible.

However, market value may not reflect the fair value as contentment is used in finding out the expected fair value. Therefore, except for mentioned assumptions, inputs for the financial asset or liabilities that are not based on observable market data (unobservable inputs) and the Group utilize for their contentment regarding fair value analysis, are considered as level 3 in relation to valuation method for comparable fair value analysis of long-term financial liabilities under the classifications defined.



## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

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

##### Financial risk factors (Continued)

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

As 30 June 2020 and 31 December 2019, net carrying amounts and fair values of assets and liabilities as shown below:

<b>30 June 2020</b>	<b>Loans and receivables</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>Fair value</b>	<b>Note</b>
<u>Financial assets</u>						
Cash and cash equivalents	434,789	-	-	434,789	434,789	5
Financial investments	-	561,463	-	561,463	561,463	6
Trade receivables from third parties	592,215	-	-	592,215	592,215	-
Other receivables from third parties	85,491	-	-	85,491	85,491	-
Trade receivables from related parties	585,998	-	-	585,998	585,998	22.1
Other receivables from related parties	7,313	-	-	7,313	7,313	22.2
<u>Financial liabilities</u>						
Trade payables to third parties	-	-	963,349	963,349	963,349	8.2
Trade payables to related parties	-	-	272,005	272,005	272,005	22.5
Borrowings	-	-	2,285,906	2,285,906	2,285,906	7
Lease liabilities	-	-	112,648	112,648	112,648	7

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

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

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

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

<b>31 December 2019</b>	<b>Loans and receivables</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>Fair value</b>	<b>Note</b>
<u>Financial assets</u>						
Cash and cash equivalents	648,342	-	-	648,342	648,342	5
Financial investments	-	561,463	-	561,463	561,463	6
Trade receivables from third parties	203,035	-	-	203,035	203,035	-
Other receivables from third parties	135,486	-	-	135,486	135,486	-
Trade receivables from related parties	542,311	-	-	542,311	542,311	22.1
Other receivables from related parties	6,795	-	-	6,795	6,795	22.2
<u>Financial liabilities</u>						
Trade payables to third parties	-	-	665,690	665,690	665,690	8.2
Trade payables to related parties	-	-	47,573	47,573	47,573	22.5
Borrowings	-	-	2,320,281	2,320,281	2,320,281	7
Lease liabilities	-	-	117,771	117,771	117,771	7

# DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

### NOTE 23 – FINANCIAL INSTRUMENTS (Continued)

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

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

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

##### *Classification regarding fair value measurement*

“TFRS 7 – Financial Instruments: Disclosure” requires the companies to disclose the classification and hierarchy of the data used in determining the fair values of the financial instruments. The basis for the hierarchy is dependent on whether the data used in fair value calculation is observable or not. Observable inputs mean that the Group using market inputs derived from independent sources and unobservable inputs mean that the Group using market expectation and assumptions. This distinction leads to classifications presented as below:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market. (unobservable inputs).

Classification requires use observable market inputs where available. In this respect, fair value classifications of financial assets which are valued with their fair values are as follows:

	30 June 2020			
	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Available-for-sale financial assets (Note 6)	-	561,463	-	561,463
<b>Total financial assets</b>	-	<b>561,463</b>	-	<b>561,463</b>
	31 December 2019			
	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Available-for-sale financial assets (Note 6)	-	561,463	-	561,463
<b>Total financial assets</b>	-	<b>561,463</b>	-	<b>561,463</b>

## DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

#### NOTE 24 – RIGHT OF USE ASSET

As of 30 June 2020, the net book value of the right of use assets is TL 94,352 (30 June 2019: TL 129,265). As of 30 June 2020 and 2019, the balances of the right to use assets and the depreciation and amortization expenses during the period are as follows:

<b>30 June 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	716	287	-	1,003
Depreciation expenses	(13,911)	(2,840)	(905)	(17,656)
<b>Right of use asset - 30 June 2020</b>	<b>87,433</b>	<b>6,015</b>	<b>904</b>	<b>94,352</b>

  

<b>30 June 2019</b>	<b>Showroom and area leases</b>	<b>Motor vehicles</b>	<b>Other</b>	<b>Total</b>
<b>Right of use asset - 1 January 2019</b>	<b>131,803</b>	<b>16,291</b>	<b>-</b>	<b>148,094</b>
Additions	2,656	-	-	2,656
Depreciation expenses	(16,601)	(4,884)	-	(21,485)
<b>Right of use asset - 30 June 2019</b>	<b>117,858</b>	<b>11,407</b>	<b>-</b>	<b>129,265</b>

As of 30 June 2020, TL 17,656 depreciation expense arising from the usage rights is accounted under general administrative expenses (30 June 2019: TL 21,485).

#### NOTE 25 – SUBSEQUENT EVENTS

None.