

DOĞUŞ OTOMOTİV SERVİS VE TİCARET A.Ş.

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

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

NOTE 28 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

28.1 Due from related parties

As at 31 December, Group's cash balances at related party banks are as follows:

28.1.1 Due from associates

	2020	2019
Yüce Auto	4,696	2,919
VDF	1,147	420
Total	5,843	3,339

28.1.2 Due from joint ventures

	2020	2019
TÜVTURK	66	8
Total	66	8

28.1.3 Due from other related parties

	2020	2019
VDF Faktoring Hizmetleri A.Ş. ("VDF Faktoring")	553,977	536,259
VDF Sigorta Aracılık Hizmetleri A.Ş.	1,168	1,046
VDF Filo Kiralama A.Ş.	728	429
Other	74	1,227
Total	555,947	538,961

28.1.4 Due from shareholders

	2020	2019
Doğuş Holding	1	3
Total	1	3
Grand total	561,857	542,311

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

28.2 Other receivables due from related parties

28.2.1 Other current receivables due from associates

	2020	2019
Doğuş Teknoloji	3,792	3,174
Total	3,792	3,174

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

28.2 Other receivables due from related parties (Continued)

28.2.2 Other current receivables due from other related parties

	2020	2019
VDF Filo Kiralama A.Ş. (sublease receivables)	2,672	2,286
Total	2,672	2,286
Grand total	6,464	5,460

28.2.3 Other non-current receivables due from related parties

	2020	2019
VDF Filo Kiralama A.Ş. (sublease receivables)	1,066	1,335
Total	1,066	1,335

28.3 Current prepayments due from related parties

28.3.1 Current prepaid expenses to related parties

28.3.1.1 Current prepaid expenses to associates

	2020	2019
Doğuş Teknoloji	228	-
Total	228	-

28.3.1.2 Current prepaid expenses to other related parties

	2020	2019
Pozitif Arena Salon İşletmeleri A.Ş.	7,271	5,587
Doğuş Spor Kompleksi Yatırım ve İşletme A.Ş.	1,023	582
Other	142	631
Total	8,436	6,800

28.3.1.3 Current prepaid expenses to associates

	2020	2019
Doğuş Holding	287	-
Total	287	-
Grand total	8,951	6,800

28.3.2 Non-current prepaid expenses

	2020	2019
Pozitif Arena Salon İşletmeleri A.Ş.	3,052	-
Total	3,052	-

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

28.4 Deferred income from related parties

28.4.1 Deferred income from joint ventures

	2020	2019
TÜVTURK	397	-
Total	397	-

28.5 Trade payables due to related parties

28.5.1 Trade payables due to associates

	2020	2019
Yüce Auto	65,227	22,213
VDF	25,238	523
Doğuş Teknoloji	19,138	5,224
Total	109,603	27,960

28.5.2 Trade payables due to other related parties

	2020	2019
Pozitif Arena Konser Salon İşletmeleri A.Ş.	9,378	7,203
VDF Faktoring A.Ş.	7,001	205
Antur Turizm A.Ş.	1,350	3,382
Nahita Restaurant İşletmeciliği ve Yatırım A.Ş.	1,230	-
VDF Filo Kiralama A.Ş.	36	19
VDF Sigorta Aracılık Hizmetleri A.Ş.	1	1
Other	2,473	739
Total	21,469	11,549

28.5.3 Trade payables due to shareholders

	2020	2019
Doğuş Holding	698	8,064
Total	698	8,064
Grand total	131,770	47,573

28.6 Other payables due to related parties

28.6.1 Other payables due to shareholders

	2020	2019
Doğuş Holding	101,594	-
Total	101,594	-

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

28.7 Related party transactions

28.7.1 Associates

	<u>2020</u>	<u>2019</u>
Sales and other income generating transactions:		
Other income	36,911	26,193
Sale of products and returns, net	30,909	24,189
Sale of services, net	422	549
Total	<u>68,242</u>	<u>50,931</u>

	<u>2020</u>	<u>2019</u>
Purchases and expenses incurring transactions:		
Inventory purchase	801,745	447,631
Other purchases	51,058	48,324
Fixed asset purchases	48,318	22,020
Incentives for consumer loans	36,994	63,059
Services rendered	21,072	17,595
Other expenses	312	389
Total	<u>959,499</u>	<u>599,018</u>

28.7.2 Joint ventures

	<u>2020</u>	<u>2019</u>
Sales and other income generating transactions:		
Sale of products and returns, net	2,408	1,070
Sale of service, net	81	47
Other income	4	2
Total	<u>2,493</u>	<u>1,119</u>

	<u>2020</u>	<u>2019</u>
Purchases and expense creating transactions:		
Services purchases	46	25
Other purchases	1	1
Total	<u>47</u>	<u>26</u>

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

28.7 Related party transactions (Continued)

28.7.3 Other related parties

a) Income generated from other related parties

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

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

b) Expenses arising from transactions with other related parties

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

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

28.7 Related party transactions (Continued)

28.7.3 Other related parties (Continued)

	2019						
	Services rendered	Purchase of fixed assets	Purchase of inventory	Finance expenses	Other purchases	Other expenses from operating activities	Total
Antur Turizm	18,676	-	-	-	227	490	19,393
Doğuş Gayrimenkul Yatırım Ortaklığı	14,956	-	-	-	-	10,468	25,424
VDF Faktoring	-	-	136	4,732	-	1,050	5,918
VDF Sigorta	72	-	-	-	-	70	142
VDF Filo	6,319	-	23,246	-	1,941	-	31,506
Other	4,657	18	338	-	12	8,369	13,394
	44,680	18	23,720	4,732	2,180	20,447	95,777

28.7.4 Transactions with shareholders

a) Income generated from shareholders

	2020			
	Sale of products	Sale of services	Income from investing activities	Total
Doğuş Holding	10	16	-	26
	10	16	-	26
	2019			
	Sale of products	Sale of services	Income from investing activities	Total
Doğuş Holding	14	4	-	18
	14	4	-	18

b) Expenses arising from transactions with shareholders

	2020				
	Services rendered	Purchase of fixed assets	Other purchases	Purchase of inventory	Total
Doğuş Holding	7,451	-	93	151	7,695
	7,451	-	93	151	7,695
	2019				
	Services rendered	Purchase of fixed assets	Other purchases	Purchase of inventory	Total
Doğuş Holding	7,563	6	5,811	-	13,380
	7,563	6	5,811	-	13,380

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

28.8 Key Management Personnel Compensation

	<u>2020</u>	<u>2019</u>
Salaries and other short-term employee benefits	138,930	43,884
Total	<u>138,930</u>	<u>43,884</u>

The Group classifies members of the Board of Directors and senior executives who have administrative responsibilities as key management personnel, since they are responsible for the planning, management and control of the Group's operations.

Remuneration of Board of Directors and senior executive who have administrative responsibilities, for the period ended 31 December 2020 and 2019 includes salaries, health insurance and employer shares of Social Security Institution.

NOTE 29 – FINANCIAL INSTRUMENTS

Financial instruments and capital risk management

Financial risk factors

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

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

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

The following table sets out the Group's financial liability to equity ratio as at 31 December:

	<u>2020</u>	<u>2019</u>
Total financial liabilities	2,386,916	2,438,052
Cash and cash equivalents	(655,599)	(648,342)
Total financial liabilities, net	<u>1,731,317</u>	<u>1,789,710</u>
Total equity	2,295,734	1,252,541
Financial liabilities / equity ratio	0.75	1.43

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.