

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS
AT 1 JANUARY - 31 DECEMBER 2020 TOGETHER
WITH INDEPENDENT AUDITOR'S REPORT**



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

INDEPENDENT AUDITOR’S REPORT

To the General Assembly of Doğan Şirketler Grubu Holding A.Ş.

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Doğan Şirketler Grubu Holding A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

2. Basis for Opinion

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

3. Key Audit Matters

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

3. Key Audit Matters (Continued)

Key audit matters	Audit procedures implemented for the key audit matters
<p>Dealer contractual assets included in intangible assets</p> <p>The Group enters into contracts related to usufruct, advance sales support premium, rent and etc. with its both existing and new dealers within the scope of its fuel retail activities. The accounting policies related to the prepaid amounts with respect to these contracts are disclosed in Note 2.2.</p> <p>As of 31 December 2020, dealer contractual assets accounted for under intangible assets in the consolidated statement of financial position amounts to TRY160,251 thousands (Note 15). Due to fact that each dealer contract contains different conditions; complete and accurate recognition of such assets in the consolidated financial statements is important for our audit and accordingly it has been evaluated as a key audit matter.</p>	<ul style="list-style-type: none"> • A detailed test was carried out on a sample basis to determine whether the payments made to the dealers are accounted for in accordance with the matters specified in the contracts in the consolidated statement of financial position as at 31 December 2020 and consolidated statement of profit or loss for the year then ended. • A detailed test was carried out on a sample basis for the payments made to the dealers regarding the new dealer contracts signed in 2020. • Budget sales data prepared for each dealer were obtained from the Group management, and they have been analyzed by comparing such data with the sales amounts realized in 2020 and applying similar analysis methods to evaluate whether there is any impairment of dealer payments. <p>As a result of our work, we had no material findings in our audit procedures related to the dealer contractual assets included in intangible assets.</p>



3. Key Audit Matters (Continued)

Key audit matters	Audit procedures implemented for the key audit matters
<p><i>Investment properties measured by using the fair value method</i></p> <p>As explained in Note 13, as of 31 December 2020, the Group's investment properties, which have a carrying value of TRY1,444,883 thousand and represent a significant share of total assets, comprise of land and buildings.</p> <p>The accounting method used by Group management for investment properties is the "fair value method", as described in Note 2.2. The fair values of these assets are determined by independent valuation institutions authorised by the Capital Markets Board (the "CMB") and are recognised in the consolidated financial statements after being assessed by Group management. Fair values of investment properties depend on the valuation method used as well as the input and assumptions used in the valuation model. Fair values are directly affected by factors such as market conditions, specific characteristics, physical condition and the geographic location of each investment property.</p> <p>The reasons for our focus on this area:</p> <ul style="list-style-type: none"> • The quantitative materiality of the investment properties on the consolidated financial statements, • When determining the fair values of the investment properties, methods such as the benchmarking analysis approach, cost approach and direct capitalisation approach are used, and these methods include variables that may lead to differences in the fair values. 	<ul style="list-style-type: none"> • Valuation reports prepared by the independent property valuation institutions assigned by the Group are obtained and the property valuation accreditations and licences of these institutions granted by the Capital Markets Board are checked based on Independent Audit Standards. • Deeds and ownership ratios of investment properties were tested on a sample basis. • We compared the consistency of the inputs which have a significant impact on the property value determined and were stated in the valuation reports, such as unit sales value, against observable market prices, and then tested whether the appraised values are within an acceptable range. • Fair values stated in the valuation reports were compared with the disclosures in the consolidated financial statements to assess if the values in the disclosures and accounting records are consistent with the valuation report and the disclosures are sufficient based on the requirements of TFRS. <p>As a result of our work, we had no material findings in our audit procedures related to the investment properties accounted for using the fair value method.</p>



4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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



B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 1 March 2021.

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

Gökhan Yüksel, SMMM
Partner

Istanbul, 1 March 2021

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

ASSETS	Notes	USD (*) Audited Current Period 31 December 2020	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
Current assets		1,114,047	8,177,654	6,988,247
Cash and cash equivalents	6	395,879	2,905,947	3,278,832
Financial investments	7	330,226	2,424,023	1,177,726
Trade receivables				
- Due from related parties	34	655	4,809	3,495
- Due from non-related parties	9	242,080	1,776,986	1,704,886
Other receivables				
- Due from non-related parties	10	4,587	33,669	25,153
Inventories	11	106,116	778,944	621,783
Prepaid expenses	21	8,807	64,647	67,006
Derivative instruments	22	3,090	22,683	18,993
Biological assets	12	1,979	14,528	13,167
Other current assets	20	20,411	149,828	58,172
Non-current assets classified as held for sale	31	217	1,590	19,034
Non-current assets		751,385	5,515,549	4,252,344
Trade receivables				
- Due from non-related parties	9	4,500	33,033	26,083
Financial investments	7	26,168	192,089	202,845
Investments accounted for by the equity method	4	32,524	238,746	128,557
Investment properties	13	196,837	1,444,883	1,357,167
Property, plant and equipment	14	237,209	1,741,232	1,102,314
Intangible assets				
- Other intangible assets	15	144,114	1,057,872	612,322
- Goodwill	15	14,318	105,101	51,552
Rights of use assets	16	35,086	257,549	236,915
Prepaid expenses	21	2,147	15,759	58,281
Deferred tax asset	32	15,192	111,516	97,796
Other non-current assets	20	43,290	317,769	378,512
Total assets		1,865,432	13,693,203	11,240,591

The consolidated financial statements as of and for the period ended 31 December 2020 have been approved by the Board of Directors on 1 March 2021. These consolidated financial statements will be finalized following their approval in the General Assembly.

The accompanying notes are an integral part of these consolidated financial statements.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

LIABILITIES	Notes	USD (*) Audited Current Period 31 December 2020	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
Short-term liabilities		393,307	2,887,079	2,831,079
Short-term borrowings				
- Short-term borrowings from non-related parties				
- Bank borrowings	8	228,843	1,679,820	1,603,847
- Issued debt instruments	8	2,938	21,570	136,713
- Lease borrowings	8	-	-	414
Short-term portion of long- term borrowings				
- Short-term portion of long term borrowings from related parties				
- Lease borrowings	8, 34	798	5,855	6,238
- Short-term portion of long- term borrowings from non-related parties				
- Bank borrowings	8	12,057	88,508	71,071
- Lease borrowings	8	5,649	41,463	36,734
Trade payables				
- Due to related parties	34	235	1,726	363
- Due to non-related parties	9	97,293	714,181	745,720
Payables related to employee benefits	23	4,226	31,019	19,267
Deferred income (Except obligations arising from customer contracts)				
- Deferred income from non-related parties				
(Except obligations arising from customer contracts)	21	5,888	43,219	39,593
Derivative instruments	22	5,621	41,263	339
Other payables				
- Due to non-related parties	10	20,715	152,061	126,831
Current income tax liability	32	3,155	23,162	7,381
Short-term provisions				
- Short-term provisions for employment benefits	23	2,991	21,959	20,395
- Other short-term provisions	18	2,292	16,826	10,083
Other short term liabilities		606	4,447	6,090
Long-term liabilities		194,521	1,427,887	778,172
Long-term borrowings				
- Long-term borrowings from related parties				
- Lease borrowings	8, 34	1,927	14,148	18,906
- Long -term borrowings from non-related parties				
- Bank borrowings	8	122,188	896,923	407,133
- Lease borrowings	8	20,431	149,974	170,416
Investments accounted for by the equity method	4	1,801	13,217	-
Other payables				
- Due to non-related parties	10	1,204	8,841	1,923
Deferred income (Except obligations arising from customer contracts)				
- Deferred income from non-related parties				
(Except obligations arising from customer contracts)	21	1,644	12,070	4,970
Long-term provisions				
- Long-term provisions for employment benefits	23	7,858	57,679	42,930
- Other long term provisions		63	460	1,531
Other long term liabilities		-	-	1,478
Deferred tax liability	32	37,405	274,575	128,885
EQUITY		1,277,603	9,378,237	7,631,340
Equity attributable to equity holders of the parent company		1,149,785	8,439,989	7,136,609
Share capital	24	356,507	2,616,938	2,616,938
Adjustments to share capital	24	19,553	143,526	143,526
Repurchased shares (-)	24	(2,184)	(16,035)	(7,073)
Share premiums (discounts)	24	4,790	35,159	35,159
Other comprehensive income (losses) that will not be reclassified in profit or loss				
- Actuarial gains (losses) on defined benefit plans	24	(1,759)	(12,913)	(11,202)
Shares not classified as profit or loss from other comprehensive income of investments accounted for by equity method		39	288	581
Other comprehensive income (losses) that will be reclassified in profit or loss				
- Change in currency translation reserves	24	97,296	714,204	461,331
- Gain (loss) on revaluation and reclassification of financial assets held for sale	24	(950)	(6,973)	45,451
Restricted reserves	24	124,388	913,068	722,081
Retained earnings or accumulated losses		362,712	2,662,487	2,513,028
Net profit or loss for the period		189,393	1,390,240	616,789
Non-controlling interests		127,818	938,248	494,731
Total liabilities		1,865,432	13,693,203	11,240,591

The accompanying notes are an integral part of these consolidated financial statements.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

		<i>USD^(*)</i> <i>Audited</i> <i>Current Period</i> 1 January - 31 December 2020	<i>Audited</i> <i>Current Period</i> 1 January - 31 December 2020	<i>Audited</i> <i>Prior Period</i> 1 January - 31 December 2019
	Notes			
Profit or Loss				
Revenue	25	1,466,888	10,767,694	13,253,580
Cost of Sales (-)	25	(1,291,686)	(9,481,624)	(12,177,709)
Gross Profit (Loss)	25	175,202	1,286,070	1,075,871
General Administrative Expenses (-)	26	(39,580)	(290,534)	(295,431)
Marketing Expenses (-)	26	(58,921)	(432,513)	(417,647)
Other Income From Operating Activities	28	112,244	823,926	830,575
Other Expenses From Operating Activities (-)	28	(21,843)	(160,338)	(188,506)
Share of Gain (Loss) on Investments Accounted for by the Equity Method	4	(1,312)	(9,630)	26,748
Operating Profit/(Loss)		165,790	1,216,981	1,031,610
Income from Investment Activities	29	114,696	841,925	192,405
Expenses from Investment Activities (-)	29	(74)	(542)	(15,010)
Operating Profit (Loss) Before Finance (Expense)/Income		280,412	2,058,364	1,209,005
Finance Expenses (-)	30	(44,465)	(326,394)	(484,976)
Profit (Loss) Before Taxation From Continued Operations		235,947	1,731,970	724,029
Tax Expense From Continued Operations	32	(39,219)	(287,889)	(131,096)
Tax Income/(Expense) for the Period		(36,650)	(269,028)	(128,656)
Deferred Tax Income/(Expense)		(2,569)	(18,861)	(2,440)
Profit/(Loss) For The Period From Continued Operations		196,728	1,444,081	592,933
Profit/(Loss) For The Period		196,728	1,444,081	592,933
Allocation of Profit/(Loss) For The Period				
Attributable to Non-Controlling Interests		7,335	53,841	(23,856)
Attributable to Equity Holders of the Parent Company		189,393	1,390,240	616,789
Gain/(Loss) Per Share Attributable to Equity Holders of the Parent Company	33	0.073	0.534	0.236

The accompanying notes are an integral part of these consolidated financial statements.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

		<i>USD (*)</i> <i>Audited</i> <i>Current Period</i> 1 January - 31 December 2020	<i>Audited</i> <i>Current Period</i> 1 January - 31 December 2020	<i>Audited</i> <i>Prior Period</i> 1 January - 31 December 2019
Profit/(Loss) For The Period		196,728	1,444,081	592,933
OTHER COMPREHENSIVE INCOME				
That will not be reclassified as profit or loss				
Defined benefit plans re-measurement gains/(losses)	23	(362)	(2,660)	(3,858)
Defined benefit plans re-measurement gains/(losses) of investments valued by equity method		(50)	(366)	1,841
Taxes on other comprehensive income that will not be reclassified in profit or loss				
- Tax effect of actuarial gains (losses) on defined benefit plans		82	605	404
That will be reclassified as profit or loss				
Currency translation differences		34,375	252,328	49,383
Gain/(Loss) on revaluation and/or reclassification of financial assets available for sale	7	(7,203)	(52,873)	56,695
Other comprehensive income (loss) related with cash flow hedges				
Taxes related to other comprehensive income that will be reclassified as profit or loss				
- Tax effect on revaluation and/or reclassification of financial assets available for sale		61	449	(11,224)
OTHER COMPREHENSIVE INCOME/(LOSS)		26,903	197,483	93,241
TOTAL COMPREHENSIVE INCOME/(LOSS)		223,631	1,641,564	686,174
Allocation of Total Comprehensive Income/(Loss)				
Attributable to Non-Controlling Interests		7,204	52,879	(21,660)
Attributable to Equity Holders of the Parent Company		216,427	1,588,685	707,834

(*) As explained in the Note 2.1.8 to the consolidated financial statements, USD amounts presented in these consolidated financial statements have been included solely for the convenience of the reader and are translated from TRY, as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TRY exchange rate. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with generally accepted accounting standards issued by the Capital Market Board ("CMB") as of 31 December 2020.

The accompanying notes are an integral part of these consolidated financial statements.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

	Notes	Share Capital	Adjustments to share capital	Repurchased shares	Accumulated other comprehensive income or loss that will not be reclassified to profit or loss	Shares not classified as profit or loss from other comprehensive income of investments accounted for by equity method	Share premiums/ discounts	Accumulated other comprehensive income or loss that will be reclassified to profit or loss	Currency translation differences	Restricted reserves	Retained earnings		Equity attributable to holders of the parent company	Non-controlling interest	Equity
					Actuarial gains/(losses) on defined benefit plans			Gain/(loss) on revaluation and/or reclassification of financial assets available for sale			Retained earnings/ accumulated losses	Net profit/(loss) for the period			
Balance at 1 January 2020	24	2,616,938	143,526	(7,073)	(11,202)	581	35,159	45,451	461,331	722,081	2,513,028	616,789	7,136,609	494,731	7,631,340
Transfers		-	-	-	-	-	-	-	-	190,987	425,802	(616,789)	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	(99,479)	-	(99,479)	(174)	(99,653)
Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	68,750	68,750
Acquisition or disposal of subsidiary		-	-	-	-	-	-	-	-	-	(215,260)	-	(215,260)	322,062	106,802
- Acquisition or disposal of a subsidiary (Note 3)		-	-	-	-	-	-	-	-	-	(215,260)	-	(215,260)	322,062	106,802
Transactions with non-controlling interest shareholders		-	-	-	-	-	-	-	-	-	38,396	-	38,396	-	38,396
Increase (decrease) due to repurchase transactions of shares		-	-	(8,962)	-	-	-	-	-	-	-	-	(8,962)	-	(8,962)
Total comprehensive income/(loss)		-	-	-	(1,711)	(293)	-	(52,424)	252,873	-	-	1,390,240	1,588,685	52,879	1,641,564
Profit (loss) for the period		-	-	-	-	-	-	-	-	-	-	1,390,240	1,390,240	53,841	1,444,081
Other comprehensive income (loss)		-	-	-	(1,711)	(293)	-	(52,424)	252,873	-	-	-	198,445	(962)	197,483
- Currency translation differences		-	-	-	-	-	-	-	252,873	-	-	-	252,873	(545)	252,328
- Defined benefit plans re-measurement gains/(losses)		-	-	-	(1,711)	(293)	-	-	-	-	-	-	(2,004)	(417)	(2,421)
- Change in financial asset revaluation fund		-	-	-	-	-	-	(52,424)	-	-	-	-	(52,424)	-	(52,424)
Balance at 31 December 2020	24	2,616,938	143,526	(16,035)	(12,913)	288	35,159	(6,973)	714,204	913,068	2,662,487	1,390,240	8,439,989	938,248	9,378,237

The accompanying notes are an integral part of these consolidated financial statements.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

		Accumulated other comprehensive income or loss that will not be reclassified to profit or loss					Accumulated other comprehensive income or loss that will be reclassified to profit or loss			Retained earnings						

The accompanying notes are an integral part of these consolidated financial statements.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

		USD ^(*) Audited Current Period 1 January - 31 December 2020	Audited Current Period 1 January - 31 December 2020	Audited Prior Period 1 January - 31 December 2019
	Notes			
A. Net Cash From Operating Activities		97,061	712,465	898,384
Profit/(loss) for the period		196,728	1,444,081	592,933
Adjustments regarding reconciliation of net profit (loss) for the period		(54,944)	(403,325)	89,915
Adjustments related to depreciation and amortization	11,14,15,16	45,752	335,843	315,958
Adjustments related to provisions				
- Adjustments related to provisions for (reversal of) employee benefits	23	2,024	14,855	15,755
- Adjustments related to provisions (reversal) for lawsuits and/or penalty	18	405	2,972	2,036
- Adjustments related to other provisions (reversals)		2,001	14,690	(9,828)
Adjustments related to interest (income) and expenses				
- Adjustments related to interest income	28,29	(22,772)	(167,161)	(213,803)
- Adjustments related to interest expenses	29,30	27,912	204,888	379,020
- Deferred financial expense due to purchases with maturity	28	3,771	27,680	50,477
- Unearned financial income due from sales with maturity	28	(5,972)	(43,841)	(102,186)
Adjustments related to changes in unrealised foreign exchange differences		(110,266)	(809,409)	(382,526)
Adjustments related to fair value (gains) losses		(17,558)	(128,883)	(65,413)
Adjustments related to losses (gains) on disposal of non-current assets		(2,833)	(20,794)	(3,923)
Adjustments related to undistributed profits of investments accounted for by the equity method	4	1,312	9,630	(26,748)
Adjustments related to tax income (expense)	32	39,219	287,889	131,096
Adjustments related to losses (gains) on disposal of subsidiaries, joint ventures and financial investments	29	(17,939)	(131,684)	-
Changes in working capital		(29,967)	(219,975)	116,187
Adjustments for decrease/(increase) in inventories		(14,902)	(109,385)	23,801
Adjustments for decrease/(increase) in trade receivables				
- (Increase)/decrease in trade receivables from related parties		(179)	(1,314)	3,305
- (Increase)/decrease in trade receivables from non-related parties		5,787	42,478	219,135
Increase (decrease) in payables due to employee benefits		1,227	9,008	2,757
Adjustments regarding decrease/(increase) in other receivables on operations				
- (Increase)/decrease in other receivables regarding operations with related parties		-	-	20,536
- (Increase)/decrease in other receivables regarding operations with non-related parties		(1,986)	(14,581)	(6,968)
Adjustments regarding increase (decrease) in trade payables				
- Increase/(decrease) in trade payables to related parties		186	1,363	55
- Increase/(decrease) in trade payables to non-related parties		(7,042)	(51,689)	(124,965)
Adjustments regarding increase (decrease) in other payables on operations				
- Increase/(decrease) in other payables to related parties		-	-	-
- Increase/(decrease) in other payables to non-related parties		2,827	20,755	(171,034)
Adjustments for other increase (decrease) in working capital				
- (Increase)/decrease in other assets regarding operations		(18,605)	(136,573)	216,556
- Increase/(decrease) in other liabilities regarding operations		2,720	19,963	(66,991)
Net Cash From Operating Activities		111,817	820,781	799,035
Employee termination benefits paid	23	(609)	(4,470)	(6,214)
Income tax refunds (payments)		(35,351)	(259,496)	(117,904)
Other cash inflows/(outflows)		139	1,019	3,136
Interest received		21,065	154,631	220,331

The accompanying notes are an integral part of these consolidated financial statements.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

		<i>USD (*)</i> <i>Audited</i> <i>Current Period</i> 1 January - 31 December 2020	<i>Audited</i> <i>Current Period</i> 1 January - 31 December 2020	<i>Audited</i> <i>Prior Period</i> 1 January - 31 December 2019
	Notes			
B. Net Cash From Investing Activities		(270,547)	(1,985,939)	(1,063,050)
Cash outflows regarding capital increase and/or share purchase of associates and/or joint ventures	3, 4	(90,712)	(665,869)	(68,193)
Cash inflow due to capital reduction or sale of shares in associates and / or joint ventures		21,411	157,171	15,221
Cash inflow due to sale of property, plant, equipment and intangible assets		10,481	76,939	28,850
Cash outflows from purchase of property, plant, equipment and intangible assets	14, 15	(94,372)	(692,741)	(171,020)
Cash outflows for the acquisition of shares of other enterprises or funds or borrowing instruments		(254,749)	(1,869,982)	(1,134,548)
Cash inflows from the sale of shares or debt instruments of other enterprises or funds		118,007	866,231	353,998
Other cash inflows/(outflows)		19,387	142,312	(87,358)
C. Net Cash from Financing Activities		10,074	73,951	(777,980)
Proceeds from borrowings				
<i>Cash inflows from borrowings</i>	8	883,344	6,484,186	10,627,971
<i>Cash inflows from issued debt instruments</i>	7	2,938	21,570	136,713
Cash outflows on debt payments				
<i>Cash outflows due to payments of bank borrowings</i>	8	(845,244)	(6,204,513)	(11,263,515)
Cash outflows on debt payments due to leasing	8	(14,559)	(106,872)	(84,522)
Interest paid		(10,917)	(80,138)	(125,950)
Dividends paid		(13,552)	(99,479)	(260,995)
Other cash inflows/(outflows)		9,285	68,159	197,311
Cash outflows from the purchase of the company's own shares and other equity instruments		(1,221)	(8,962)	(4,993)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION RESERVES (A+B+C)		(163,412)	(1,199,523)	(942,646)
D. THE EFFECT OF CURRENCY TRANSLATION RESERVES ON CASH AND CASH EQUIVALENTS		112,683	827,146	410,040
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(50,729)	(372,377)	(532,606)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	446,394	3,276,758	3,809,364
F. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	6	395,665	2,904,381	3,276,758

The accompanying notes are an integral part of these consolidated financial statements.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Doğan Şirketler Grubu Holding A.Ş. (“Doğan Holding”, “Holding” or the “Group”) was established on 22 September 1980 and is registered in Turkey. Main operating activity of the Holding is to invest in various sectors via associates, to provide all necessary support to its subsidiaries and joint ventures in order to develop their activities.

Doğan Holding is registered with the Capital Markets Board (“CMB”) and its shares have been quoted on Borsa İstanbul (“Borsa İstanbul”) since 21 June 1993. Within the frame of Resolution No, 21/655 dated 23 July 2010 of CMB with the decision on 30 October 2014 numbered 31/1059; according to the records of Central Registry Agency (“CRA”), 35.84% shares of Doğan Holding are to be considered in circulation as of 31 December 2020 (31 December 2019: 35.84%). As of 1 March 2021, circulation rate of shares are 35.85%.

The address of Holding is as follows:

Burhaniye Mahallesi Kısıklı Caddesi No: 65
Üsküdar 34676 İstanbul

As of 31 December 2020, the total number of personnel in the domestic and abroad subsidiaries and associates of the Group, that are consolidated, is 3,533 (domestic 3,225) (31 December 2019: 3,250; domestic 2,955). Holding has 42 employees (31 December 2019: 44 employees).

The natures of the business, segment and countries of the subsidiaries (“Subsidiaries”) and joint ventures (“Joint Ventures”) of Doğan Holding are as follows:

Fuel Retail

Subsidiaries	Nature of business	Country
Aytemiz Akaryakıt Dağıtım A.Ş. (“Aytemiz Akaryakıt”)	Energy	Turkey
Aytemiz Petrolcülük Ticaret Limited Şirketi (“Aytemiz Petrolcülük”)	Energy	Turkey
İstasyon Petrol Ticaret Limited Şirketi (“İstasyon Petrolcülük”)	Energy	Turkey

Joint Ventures	Nature of business	Country
Gas Plus Erbil Ltd. (“Gas Plus Erbil”)	Energy	Jersey

Electricity Production and Trade

Subsidiaries	Nature of business	Country
Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. (“Doğan Enerji”) ⁽¹⁾	Energy	Turkey
Galata Wind Enerji A.Ş. (“Galata Wind”)	Energy	Turkey
Sunflower Solar Güneş Enerjisi Sistemleri Ticaret A.Ş. (“Sunflower”)	Energy	Turkey

Joint Ventures	Nature of business	Country
Boyabat Elektrik Üretim ve Ticaret A.Ş. (“Boyabat Elektrik”)	Energy	Turkey
Aslancık Elektrik Üretim A.Ş. (“Aslancık Elektrik”)	Energy	Turkey

⁽¹⁾ The merger transaction of the related subsidiaries of Doğan Holding through the acquisition in a simplified procedure was approved by the Capital Markets Board (“CMB”) on 31 December 2020, and the registration process continues.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Industry and Trade

Subsidiaries	Nature of business	Country
Çelik Halat ve Tel Sanayii A.Ş. ("Çelik Halat")	Production	Turkey
Celik Halat Netherlands B.V. ("Celik Halat Netherlands")	Trade	Holland
Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş. ("Ditaş Doğan")	Production	Turkey
Ditas America LLC ("Ditas America") ⁽²⁾	Trade	USA
D Stroy Limited ("D Stroy") ⁽³⁾	Trade	Russia
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	Foreign Trade	Turkey
Falcon Purchasing Services Ltd. ("Falcon")	Foreign Trade	England
Neta Yönetim Danışmanlık Havacılık Hizmetleri A.Ş. ("Neta Yönetim")	Aviation	Turkey
Kelkit Doğan Besi İşletmeleri A.Ş. ("Kelkit Doğan Besi")	Husbandry	Turkey
Sesa Ambalaj ve Plastik Sanayi Ticaret A.Ş. ("Sesa Ambalaj") ⁽⁴⁾	Production	Turkey
Sesa Üretim Yatırımları ve Yönetim Hizmetleri A.Ş. ("Sesa Yatırım") ⁽⁵⁾	Production	Turkey

Automotive Trade and Marketing

Subsidiaries	Nature of business	Country
Suzuki Motorlu Araçlar Pazarlama A.Ş. ("Suzuki")	Trade	Turkey
Doğan Trend Otomotiv Ticaret Hizmet ve Teknoloji A.Ş. ("Doğan Trend Otomotiv") ⁽⁶⁾	Trade	Turkey

Financing and Investment

Subsidiaries	Nature of business	Country
Öncü Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("Öncü Girişim")	Investment	Turkey
Doruk Faktoring A.Ş. ("Doruk Faktoring")	Factoring	Turkey
Doruk Finansman A.Ş. ("Doruk Finansman")	Finance	Turkey
İlke Turistik Yatırımları A.Ş. ("İlke Turistik") ⁽⁷⁾	Investment	Turkey
DHI Investment B.V. ("DHI Investment")	Investment	Holland
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. ("Değer Merkezi")	Administrative Consultancy	Turkey
D Yatırım Bankası A.Ş. ("D Yatırım Bankası") ⁽⁸⁾	Investment Banking	Turkey

(2) As of 7 July 2020, it was decided to start the liquidation process.

(3) As of 21 May 2020, it was decided to start the liquidation process.

(4) Purchase of related subsidiary was completed on 14 September 2020.

(5) The establishment of the related subsidiary was registered on 28 July 2020.

(6) The trademark of the related subsidiary was registered to "Doğan Trend Otomotiv Ticaret Hizmet ve Teknoloji A.Ş." on 17 July 2020.

(7) The merger transaction of the related subsidiaries of Doğan Holding through the acquisition in a simplified procedure was approved by the Capital Markets Board ("CMB") on 31 December 2020, and the registration process continues.

(8) The establishment of the related subsidiary was registered on 22 June 2020 and the process of operating authorization continues.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Internet and Entertainment

Subsidiaries	Nature of business	Country
Dogan Media International S.A. ("Kanal D Romanya")	Tv publishing	Romania
Rapsodi Radyo ve Televizyon Yayıncılık A.Ş. ("Rapsodi Radyo")	Radio publishing	Turkey
Glokal Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Glokal")	Internet services	Turkey
DMC Invest B.V. ("DMC Invest")	Investment	Holland
Dogan Media Invest B.V. ("Dogan Media Invest")	Investment	Holland
Glocal Invest B.V. ("Glocal Invest")	Investment	Holland
DG Invest B.V. ("DG Invest") ⁽⁹⁾	Investment	Holland
İnnobil Bilişim Teknolojileri ve Danışmanlık Ltd.Şti. ("İnnobil")	Technology and informatics	Turkey

Joint Ventures	Nature of business	Country
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	Magazine Publishing	Turkey
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("DPP")	Planning	Turkey
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont") ⁽¹⁰⁾	Magazine Publishing	Turkey
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. ("Ultra Kablolu") ⁽¹¹⁾	Telecommunication	Turkey
NetD Müzik Video Dijital Platform ve Ticaret A.Ş. ("NetD Müzik") ⁽¹²⁾	Internet services	Turkey
Doğan Müzik Yapım ve Ticaret A.Ş. ("DMC") ⁽¹²⁾	Music and entertainment	Turkey

Real Estate Investments

Subsidiaries	Nature of business	Country
Milpa Ticari ve Sınai Ürünler Pazarlama Sanayi ve Ticaret A.Ş. ("Milpa")	Real estate/Trade	Turkey
D Gayrimenkul Yatırımları ve Ticaret A.Ş. ("D Gayrimenkul")	Real estate management	Turkey
SC D-Yapı Real Estate, Investment and Construction S.A. ("D Yapı Romanya")	Real estate management	Romania
Milta Turizm İşletmeleri A.Ş. ("Milta Turizm")	Real estate management	Turkey
Marlin Otelcilik ve Turizm A.Ş. ("Marlin Otelcilik")	Real estate management	Turkey
M Investment 1 LLC ("M Investment")	Real estate management	USA

Joint Ventures	Nature of business	Country
Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş. ("Kandilli Gayrimenkul")	Real estate management	Turkey

By considering the natures of business of subsidiaries and joint ventures, "Other" segment was closed and the segment structure of the Group was updated.

(9) The establishment of the related subsidiary was registered on 26 May 2020.

(10) It was decided that 50% of the shares of relevant subsidiary to be taken over and controlled by the Group as of 16 February 2021 (Note 38).

(11) The related joint venture has ceased its operations as of November 2006.

(12) It was decided that 60% of the shares of the subsidiaries was decided to be sold to Believe International Company with the Board of Directors decision dated 16 April 2020 and the sales process was completed on 21 July 2020. With this transaction, the related subsidiaries started to be disclosed under joint ventures.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation and Presentation of Financial Statements

Adopted Financial Reporting Standards

The accompanying consolidated financial statements are prepared in accordance with 2019 TAS Taxonomy based on the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets” and Turkish Financial Reporting Standards (“TFRS”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”), which is developed by POA and announced to the public by the decision of the POA on 15 April 2019 in accordance with paragraph 9(b) of Decree Law No. 660.

The Group maintains their legal books of accounts in Turkish Lira in accordance with the Tax Legislation, and the Uniform Chart of Accounts (General Communiqué on Accounting System Implementation) issued by the Ministry of Finance.

These consolidated financial statements, except for the financial assets and investment properties that are presented at fair value, are prepared on the basis of historical cost.

Adjustment to the financial statements in hyperinflationary periods

In accordance with the decision of CMB dated as 17 March 2005 and numbered 11/367, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with TFRS. Accordingly, No: 29, “Financial Reporting in Hyperinflationary Economies” (“TAS 29”), has not been applied commencing from 1 January 2005.

Functional and Presentation Currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Turkish Lira, which is the functional and presentation currency of Doğan Holding.

2.1.2 Financial statements of subsidiaries and joint ventures operating in foreign countries

Financial statements of subsidiaries and joint ventures operating in foreign countries are prepared in accordance with the laws and regulations in force in the countries in which they are registered and required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Group’s accounting policies.

If the group entities’ functional currency is different from the presentation currency; it is translated into the presentation currency as below:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of profit or loss are translated at average exchange rates in the accounting period; and all resulting exchange differences are recognised as a separate component of equity and statements of other comprehensive income (currency translation differences).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation (Continued)

2.1.2 Financial statements of subsidiaries and joint ventures operating in foreign countries (Continued)

When a foreign operation is partially disposed of or sold, exchange differences recorded in equity are recognised in the consolidated statement of profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.1.3 Consolidation and equity method accounting principles

The consolidated financial statements include the accounts of the parent company, Doğan Holding, its Subsidiaries and its Joint Ventures (collectively referred as the "Group") on the basis set out in sections (a) to (c) below. The financial statements of the companies included in the consolidation are based on historical cost of the statutory records and for the purpose of fair presentation in accordance with the accounting policies described in Note 2.1.1 and Note 2.1.2 and application of uniform accounting policies and presentations; adjustments and reclassifications. Financial statements of consolidated entities are restated in accordance with the TAS considering the accounting policies and presentation requirements applied by the Group.

(a) *Subsidiaries*

Subsidiaries comprise of the companies directly or indirectly controlled by Doğan Holding.

Control is achieved when the Group:

- Has power over the company/asset;
- Is exposed, or has rights, to variable returns from its involvement with the company/asset; and
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are indicators of a situation or an event that may cause any changes to at least one of the elements of control listed above.

When the Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in the relevant investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities (including voting patterns at previous shareholders' meetings).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

Subsidiaries are consolidated by the date the Group takes the control and from the date the control is over, subsidiaries are excluded from the consolidation scope. Proportion of ownership interest represents the effective shareholding of the Group through the shares held by Doğan Holding and/or indirectly by its subsidiaries. In the consolidated financial statements, interests owned by Doğan family members are treated as non-controlling interests and excluded from net asset and profit of the Group.

Intercompany transactions and balances are eliminated on consolidation. The dividends arising from shares held by Doğan Holding in its subsidiaries are eliminated from equity and income for the period.

Subsidiaries acquired or disposed of during the accounting period are included in the consolidation from the date at which the control of operations are transferred to the Group and excluded from the consolidation when the control is lost. Even if non-controlling interests result in a deficit balance, total comprehensive income is attributed to the owners and to the non-controlling interests.

Income and expenses of a subsidiary, acquired or disposed of the during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Changes in ownership interests

The group assesses transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their indirect interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity of Doğan Holding.

The table below sets out the proportion of voting power held by Doğan Holding, Doğan Family and its subsidiaries and effective ownership interests as of 31 December 2020 and 31 December 2019:

Fuel Retail

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Aytemiz Akaryakıt	50.00	50.00	-	-	50.00	50.00	50.00	50.00
Aytemiz Petrolcülük	100.00	100.00	-	-	100.00	100.00	50.00	50.00
İstasyon Petrolcülük	100.00	100.00	-	-	100.00	100.00	50.00	50.00
D&A Energy ⁽¹⁾	-	100.00	-	-	-	100.00	-	50.00
Doel Elektrik ⁽²⁾	-	100.00	-	-	-	100.00	-	100.00

(1) The related subsidiary was liquidated on 7 January 2020.

(2) The shares of the related subsidiary were decided to be taken over by Aytemiz Akaryakıt with the decision of the Board of Directors dated 19 February 2020, and on 22 May 2020, the merger with Aytemiz Akaryakıt was registered and the subsidiary was liquidated.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

Electricity Production and Trade

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Doğan Enerji ⁽³⁾	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Galata Wind	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Sunflower	100.00	100.00	-	-	100.00	100.00	100.00	100.00

Industry and Trade

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Çelik Halat ⁽⁴⁾	70.35	77.65	-	-	70.35	77.65	70.35	77.65
Celik Halat Netherlands ⁽⁴⁾	100.00	100.00	-	-	100.00	100.00	70.35	77.65
Ditaş Doğan ⁽⁴⁾	68.90	72.62	-	-	68.90	72.62	68.90	72.62
Ditas America ⁽⁴⁾	100.00	100.00	-	-	100.00	100.00	68.90	72.62
D Stroy ⁽⁴⁾	100.00	100.00	-	-	100.00	100.00	68.90	72.62
Doğan Dış Ticaret	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Falcon	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Neta Yönetim	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Kelkit Doğan Besi	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Sesa Yatırım ⁽⁵⁾	70.00	-	-	-	70.00	-	70.00	-
Sesa Ambalaj ⁽⁶⁾	100.00	-	-	-	100.00	-	70.00	-

Automotive Trade and Marketing

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Suzuki	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Doğan Trend Otomotiv	100.00	100.00	-	-	100.00	100.00	100.00	100.00

(3) The merger transaction of the related subsidiaries of Doğan Holding through the acquisition in a simplified procedure was approved by the Capital Markets Board ("CMB") on 31 December 2020, and the registration process continues.

(4) Proportion of effective ownership interest of the related subsidiaries changed due to the sale of public shares directly owned by Doğan Holding.

(5) The establishment of the related subsidiary was registered on 28 July 2020.

(6) Purchase process of the related subsidiary was completed on 14 September 2020.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(a) Subsidiaries (Continued)

Financing and Investment

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Öncü Girişim	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Doruk Faktoring	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Doruk Finansman	97.02	97.02	2.98	2.98	100.00	100.00	97.02	97.02
İlke Turistik ⁽⁷⁾	100.00	100.00	-	-	100.00	100.00	100.00	100.00
DHI Investment	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Değer Merkezi	100.00	100.00	-	-	100.00	100.00	100.00	100.00
D Yatırım Bankası ⁽⁸⁾	100.00	-	-	-	100.00	-	100.00	-

Internet and Entertainment

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Glokal	100.00	100.00	-	-	100.00	100.00	79.22	79.22
Proje Land ⁽⁹⁾	-	86.00	-	-	-	86.00	-	68.13
Kanal D Romanya	99.99	99.99	-	-	99.99	99.99	99.99	99.99
Rapsodi Radyo	100.00	100.00	-	-	100.00	100.00	100.00	100.00
DMC Invest	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Dogan Media Invest	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Glocal Invest	79.22	79.22	-	-	79.22	79.22	79.22	79.22
DG Invest ⁽¹⁰⁾	100.00	-	-	-	100.00	-	100.00	-
İnnobil	85.00	85.00	-	-	85.00	85.00	67.34	67.34

Real Estate Investments

Subsidiaries	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Milpa ⁽¹¹⁾	82.29	83.09	0.16	0.16	82.45	83.25	82.29	83.09
D Gayrimenkul	100.00	100.00	-	-	100.00	100.00	100.00	100.00
D-Yapı Romanya	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Milta Turizm	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Marlin Otelcilik	100.00	100.00	-	-	100.00	100.00	100.00	100.00
M Investment	100.00	100.00	-	-	100.00	100.00	100.00	100.00

(7) The merger transaction of the related subsidiaries of Doğan Holding through the acquisition in a simplified procedure was approved by the Capital Markets Board ("CMB") on

31 December 2020, and the registration process continues.

(8) The establishment of the related subsidiary was registered on 22 June 2020 and the process of operating authorization continues.

(9) The shares of the related subsidiary were decided to be taken over by Glokal with the decision of the Board of Directors dated 24 November 2020, and on 26 November 2020, the merger with Glokal was registered and the subsidiary was liquidated.

(10) The establishment of the related subsidiary was registered on 26 May 2020.

(11) Proportion of effective ownership interest of the related subsidiary changed due to the sale of public shares directly owned by Doğan Holding.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.3 Consolidation and equity method accounting principles (Continued)

(b) *Non-Controlling Interests*

Non-controlling interests of shareholders over the net assets and operational results of subsidiaries are classified as non-controlling interest and non-controlling profit/loss in the consolidated statement of financial position and consolidated statement of income.

(c) *Joint Ventures*

According to TFRS-11 Joint Agreements, investments under joint agreements are classified as joint activities or joint ventures. The classification is based on contractual rights and obligations of all investors, rather than the legal structure of the joint agreement. An investment is accounted for by equity method from the date at which invested company qualified as an associate or joint venture. In acquisition of the investment, all differences between the acquisition value of the investment and the company's share of the net fair value of identifiable net assets, liabilities and contingent liabilities of the affiliate or the joint venture, are included in the book value of affiliate investment. The portion of the amount that the company's share from the net fair value of the identifiable assets and liabilities of the affiliate or the joint venture, and that exceeds the acquisition value of the investment, is added to the income in determining the amount of the company's share from the profit or loss of the affiliate or joint venture in the period that the investment is obtained.

Joint Ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

2.1.4 Offsetting

Financial assets and liabilities are offset and the net amount is reported when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.1.5 Comparative information and restatement of prior period financial statements

The consolidated financial statements of the Group are prepared comparatively with the previous period to identify the financial position and performance trends. The Group presents comparatively its consolidated statement of financial position as of 31 December 2020 with 31 December 2019. Consolidated statement of profit or loss and consolidated other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in equity for the period ended 1 January - 31 December 2020, are presented comparatively with the consolidated financial statements as of the period 1 January - 31 December 2019.

In the current period, in case of a necessity, prior period financial statements are reclassified in order to comply with the presentation of its current period consolidated financial statements and significant changes are explained.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.5 Comparative information and restatement of prior period financial statements (Continued)

"Financial Income" which was amounting to TRY9,479 in the consolidated statement of profit or loss for the period ended 1 January-31 December 2019 have been netted with the "Financial Expenses" in the related period in order to comply with the consolidated statement of profit or loss prepared as of 1 January-31 December 2020.

"Trade Receivables from Non-Related Parties" which was amounting to TRY7,137 in the consolidated statement of financial position for the period ended 31 December 2019 have been reclassified to "Other Receivables from Non-Related Parties" in the related period in order to comply with the consolidated statement of financial position prepared as of 31 December 2020.

"Goodwill" which was amounting to TRY12,418 in the consolidated statement of financial position for the period ended 31 December 2019 have been reclassified to "Other Intangible Assets" in the related period in order to comply with the consolidated statement of financial position prepared as of 31 December 2020. "Revenue" and "Cost of Sales" which was amounting to TRY23,021 in the consolidated statement of profit or loss for the period ended 31 December 2019 have been netted in the related period in order to comply with the consolidated statement of profit or loss prepared as of 31 December 2020.

2.1.6 Significant accounting policies and changes in accounting estimates and errors and restatement of prior period financial statements

Changes of accounting policies resulting from the first time implementation of the TAS are implemented retrospectively or prospectively in accordance with the transition provisions. Major accounting mistakes detected are applied retrospectively and the financial statements of previous period are revised. If the changes in accounting estimates only apply to one period, then they are applied in the current period when the change occurs; if the changes apply also to the future periods, they are applied in both the period of change and in the future period.

2.1.7 New and revised Turkish Financial Reporting Standards ("TFRS")

In the current period there is no such standard or interpretation affecting the Group's financial performance, statement of financial position, presentation or note disclosures. However, the details of standards and interpretations effective in the current period but have no effect on the consolidated financial statements and standards and interpretations not yet effective and have not been early adopted by the Group are set out below.

a) New standards applicable as of 31 December 2020 and amendments to existing previous standards and interpretations:

- Amendments to TAS 1 and TAS 8 on the definition of materiality; effective from periods beginning on or after 1 January 2020. These amendments to TAS 1, 'Presentation of financial statements'; and TAS 8, "Accounting policies, changes in accounting estimates and errors", and consequential amendments to other TFRSs are as follows:

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 New and revised Turkish Financial Reporting Standards ("TFRS") (Continued)

a) New standards applicable as of 31 December 2020 and amendments to existing previous standards and interpretations: (Continued)

- i) Use a consistent definition of materiality throughout TFRSs and the Financial Reporting framework,
 - ii) Clarify the explanation of the definition of materiality and
 - iii) Incorporate some of the guidance in TAS 1 about immaterial information.
 - Amendments to TFRS 3 - definition of a business; effective from 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.
 - Amendments to TFRS 9, TAS 39 and TFRS 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.
 - Amendment to TFRS 16, 'Leases' - Covid-19 related rent concessions; effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to TFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment does not have a significant impact on the financial status and performance of the Group.
- b) Standards and amendments that are issued but not effective as at 31 December 2020:
- TFRS 17, "Insurance contracts"; effective from periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 New and revised Turkish Financial Reporting Standards ("TFRS") (Continued)

b) Standards and amendments that are issued but not effective as at 31 December 2020: (Continued)

- Amendments to TAS 1, 'Presentation of financial statements' on classification of liabilities; effective from 1 January 2022. These narrow-scope amendments to TAS 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 TAS 1 means when it refers to the 'settlement' of a liability.
- A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16; effective from Annual periods beginning on or after 1 January 2022.
 - Amendments to TFRS 3, 'Business combinations' update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. .
 - Amendments to TAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - Amendments to TAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
 - Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.
- Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The impact of the amendment is evaluated on the financial status and performance of the Group.
- Amendments to TFRS 17 and TFRS 4, 'Insurance contracts', deferral of TFRS 9; effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of TFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in TFRS 4 from applying TFRS 9, Financial Instruments until 1 January 2023.

The Group has not determined the effects that may occur in the consolidated financial statements as a result of the application of the aforementioned standards but has not anticipated that these differences will have a significant impact on the consolidated financial statements.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.8 US Dollar convenience translation

US Dollar ("USD") amounts presented in the consolidated financial statements have been included solely for the convenience of the reader and are translated from Turkish Lira ("TRY"), as a matter of arithmetic computation only, at the Central Bank of the Republic of Turkey official TRY exchange rate of TRY 7.3405 = USD 1.00 as of 31 December 2020. Thus, USD amounts do not form a part of the consolidated financial statements prepared in accordance with the generally accepted accounting standards issued by the CMB. Such translations should not be construed as a representation that the TRY amounts have been or could be converted into USD at this or any other rate.

2.2 Summary of Significant Accounting Policies

Related parties

Related parties are people or entities that are related to the entity (reporting entity) that is preparing its financial statements.

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) Has control or joint control over the reporting entity,
 - (ii) Has significant influence over the reporting entity; or,
 - (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions apply:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Related parties (continued)

Under the guidance of the explanations mentioned above and also in compliance with TAS 24, Doğan Şirketler Grubu Holding A.Ş. directly or indirectly has participation, including any entities under common control; real persons and/or legal entities that have direct or indirect individual or joint control over the company and their close family members (relatives up to second-degree) and legal entities having direct or indirect individual or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company’s subsidiaries and members of the Board of Directors, key management personnel and their close family members (relatives up to second-degree) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly (Note 34).

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments without a significant risk over the change in their value, whose maturity at the time of purchase is three months or less (Note 6).

Sales and repurchase agreements

Funds given in return for financial assets purchase with the requirement of selling back (“Reverse repo”) are recognized as reverse repurchase agreements at consolidated financial statements (Note 6). Income discount is calculated for the difference between the buying and selling prices, determined with aforementioned reverse repo agreements, accrued for the period according to internal discount rate method and recognized by the adding to the cost of reverse repos. Funds provided in return for financial assets reverse repurchase are recognized under cash and cash equivalents in the consolidated financial statements.

Trade receivables and provision for doubtful receivables

The Group’s trade receivables from providing goods or services to customers are carried at net of unrealized finance income (“unearned financial income due to sales with maturity”). Trade receivables, net of unrealized finance income, are calculated by discounting future cash inflows of receivables carried at the original invoice amount using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Effective interest method is calculating the present value in accordance with the compound interest basis. The rate determined by compound interest basis and applied in this method is named “effective interest rate”. Short term receivables with indefinite interest rate are carried at cost unless the effect of imputing interest is significant (Note 9).

When calculating the impairment of trade receivables, which are recognised based on the cost amortised in financial statements and do not include an important financing component, Group preferred to adopt “simplified approach” in TFRS 9 standard.

According to “simplified approach” of TFRS 9 Standard, loss provisions concerning trade receivables are calculated equal to “lifetime expected credit loss” if trade receivables are not impaired due to valid reasons as stated in TFRS 9.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Trade receivables and provision for doubtful receivables (Continued)

TAS 39, "Financial Instruments" valid before 1 January 2018: Instead of "realised credit losses model" in Accounting and Measurement Standard, "expected credit loss model" was defined in TFRS 9 "Financial Instruments" Standard. Expected credit loss is estimated by weighting credit losses, expected to occur throughout the expected life of financial instruments, based on previous statistics. When calculating the expected credit losses, credit losses in the previous years and forecasts of the Group are considered.

The Group decides to allocate provision for doubtful receivables, whose payment was not made within the ordinary commercial activity cycle of the Group, considering whether the trade receivable is subject to administrative and/or legal proceeding, whether or not they have a guarantee and there is an objective finding. The amount of such provision is the difference between the book value of the receivable and the collectible amount. The collectible amount is the current value of the expected cash flow, including the amounts to be collected from guarantees and collaterals, which is discounted based on the original effective interest rate of the initial receivable.

When trade receivables are not impaired for certain reasons along with realised impairment losses, Group recognises expected credit loss provision equal to lifetime expected credit loss for trade receivables as per TFRS 9. Expected credit loss is calculated by expected credit loss rates determined based on previous credit loss experiences of the Group and prospective macroeconomic indicators. Changes in expected credit loss provisions are recognised under other income and expenses from operating activities (Note 28).

If there is a partial or whole collection over the doubtful receivable amount subsequent to the allocation of provision for doubtful receivables, the collected portion is recognized as other income from operating activities following the write-down of the total provision amount (Note 9, 28).

Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs necessary to make a sale (net realizable value). Cost elements included in inventory are purchasing costs and other costs necessary to prepare the asset for its intended use. Cost elements included in inventories are materials, labor and production overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 11).

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in the consolidated statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of the changing economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the initial impairment.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Financial Assets

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) *Financial assets carried at amortized cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables", "other receivables" and "cash and cash equivalents" in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision is not provided to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectation based on the macroeconomic indications.

(b) *Financial assets carried at fair value*

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the statement of consolidated financial position, they are classified as non-current assets. Group makes a choice that cannot be changed later for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

(b) *Financial assets carried at fair value (Continued)*

i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss consist of "derivative instruments" in consolidated statement of financial position and "financial asset", which are acquired to benefit from short-term price or other fluctuations in the market or which are a part of a portfolio aiming to earn profit in the short-run, irrespective of the reason of acquisition, and kept for trading purposes. Derivative instruments are recognised as asset if their fair value is positive and as liability if their fair value is negative. Group's derivative instruments consist of transactions concerning future contracts. Financial assets that are measured by their fair value and associated with the profit or loss statement are initially reflected on the consolidated statement of financial position with their costs including the transaction cost. These financial assets are valued based on their fair value after they are recognised. Realised or unrealised profit and losses are recognised under "financing income/(expense)". Dividends are recognised as dividend income in consolidated profit or loss statement. Financial assets including the derivative products not determined as hedging instruments are classified as financial assets whose fair value difference is reflected as profit or loss (Note 22).

ii) *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income consist of equities and certain debt securities held by the Group and listed in a stock exchange of an active market and they are recognised under "financial investments" in consolidated statement of financial position. Impairment in these assets, which are recognised with their fair value, and unrealised profit or loss, which arise from changes other than changes in profit or loss concerning exchange rate differences in interest and monetary assets calculated by efficient interest method are tracked under consolidated other comprehensive income statement and under financial asset shall be recognized in equity, through the investment revaluation reserve until the financial asset is removed from consolidated financial statements. If the assets whose fair value difference is recognised under consolidated other comprehensive income statement are sold, valuation differences classified under consolidated other comprehensive income statement are classified under "Retained Earnings/(Losses)".

Derivative financial instruments and hedge accounting

Derivative financial instruments, predominantly foreign currency and interest swap agreements, commodity exchange contracts and foreign currency forward agreements are comprised. Derivative financial instruments are subsequently remeasured at their fair value. Fair values of derivative financial instruments are obtained from quoted market prices or discounted cash flow models as appropriate. Based on positive or negative fair value, derivative financial instruments are carried as assets or liabilities in the statement of financial position respectively (Note 22).

In the case of future cash flows being subject to cash flow hedges and related transactions being effective, the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in equity directly whereas the ineffective portion is recognized immediately in the statement of profit or loss.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Derivative financial instruments and hedge accounting (Continued)

If the cash flow hedge of a firm commitment or an expected forward transaction result in the recognition of an asset or liability, at the initial recognition of this asset or liability the gain or loss previously recognized under equity related to derivatives is included in the measurement of the initial amount of the asset or liability. In a hedge accounting that does not result in the recognition of an asset or a liability, the amounts previously recognized under equity are transferred to statement of profit or loss in the period in which the hedged item has an effect on profit or loss. The changes in the fair value of derivatives that do not meet the criteria for hedge accounting are recognized in the statement of profit or loss.

The Group utilizes foreign exchange derivatives to protect future significant transactions and cash flows from financial risk. Group has signed various forward exchange contracts regarding the management of fluctuations in exchange rates and fuel prices. The derivative instruments purchased are mainly denominated in foreign currencies in which the Group operates.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in equity remains in equity until the forecast transaction or firm commitment affects profit or loss. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognized in equity are transferred to the profit/(loss) statement.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. As of the date of the report, the properties held for a currently undetermined future use by the Group management, have been classified as investment properties.

Subsequent to initial recognition, at the end of each year when there is an indication of impairment, in accordance with the appraisal reports obtained from licensed real estate appraisal organizations under the Capital Market Legislation, investment properties are stated at fair value which reflects the market conditions as of the statement of financial position date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated profit or loss in the period in which they arise. Deferred tax (liability)/asset has been calculated from all the temporary differences from investment properties.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Investment properties (Continued)

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in consolidated profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The difference between cost value and fair value at the date of the change is recognized as revaluation fund in consolidated statement of other comprehensive income (Note 13).

Property, plant and equipment

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses (Note 14). Depreciation is provided on property, plant and equipment on a straight-line basis (except land). Lands are not subject to depreciation due to their unlimited useful life. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	<u>Years</u>
Land improvements	5 - 50
Buildings	10 - 50
Machinery and equipment	2 - 30
Motor vehicles	2 - 20
Furniture and fixtures	2 - 15
Development costs of leased tangible assets	2 - 39
Other tangible assets	2 - 50
Leasehold improvements	2 - 25

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

Expected useful life, residual value and depreciation method are reviewed annually for possible effects of changes in estimates and are recognized prospectively if there is a change in estimates.

An item of property, plant and equipment is derecognized in the consolidated statement of financial position upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized as income or expenses from investing activities in consolidated profit or loss.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount provided to allocate provision. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets as of the consolidated statement of financial position date.

Repair and maintenance expenses are charged to the consolidated statement of profit or loss as they are incurred. Capital expenditures that increase the present value of the future cash flows expected to be derived from property, plant and equipment by increasing its capacity is added to the cost of tangible fixed asset.

Gain and losses regarding sale of property, plant and equipment are accounted as other income and expenses from investing activities.

Intangible assets and related amortization

Intangible assets excluding goodwill and assets with infinite useful lives comprise of terrestrial broadcasting permissions and licenses (frequency rights), brand, customer relations, other identified rights and computer software.

Prepaid dealer agreement amounts have been recognized under intangible assets within the context of dealer agreements made with certain fuel oil and LPG dealers to guarantee product sales by Aytemiz Akaryakıt and the duration of these dealer agreements is 5 years.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Intangible assets and related amortization (Continued)

Intangible assets with estimated useful life are accounted for at acquisition costs and amortized on a straight-line method (Note 15).

Estimated useful lives of intangible assets are as follows:

	<u>Years</u>
Electricity production licences	45 - 47
Trade names	15 - 25
Computer software and rights	3 - 15
Dealer agreements	5
Customer relations	15
Other intangible rights	5 - 49

Intangible assets with estimated useful lives are tested to determine whether there is an indication that the intangible assets may be impaired and if the carrying value of the intangible asset is higher than the recoverable amount, the carrying value of the intangible asset is written down to its recoverable amount provided to allocate provision. The amount recoverable from an intangible asset is either the discounted net cash flows generated from the use of that intangible asset or the net sales value of that intangible asset depending whether the former or the latter being higher. Provision for impairment is recognised under the statement of profit or loss in the related period.

Marina utilization right which is held by the Group's subsidiary Milta Turizm and classified in other intangible rights, is being amortized for a period of 49 years regarding the transfer agreement on 13 November 1997 with the Privatization Administration (Note 15)

Development costs

Development costs for the design and testing of detectable and unique products controlled by the Group are recognized as intangible assets when the following conditions are met:

- It is technically possible to complete the product to be ready for use,
- Management intends to complete and use or sell the product,
- Possibility to use and sell the product,
- Certainty on how the product is likely to provide future economic benefits,
- Availability of sufficient technical, financial and other resources to complete the development phase and to use or sell the product and
- Reliable measurement of expenses related to the product during the development process.

Capitalized development costs are recognized as intangible assets and are amortized beginning from the date the asset is ready for use.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Broadcasting programme rights

Television programme rights are initially recognised at acquisition cost of the license when the Group controls, in substance, the respective assets and the risks and rewards attached to them. Television programme rights are evaluated to determine if expected revenue is sufficient to cover the unconsumed portion of the program. To the extent that expected revenue is insufficient, the programme rights are written down to their net realizable value. (Note 15).

Impairment of assets excluding goodwill and intangible assets with infinite useful lives

At each statement of financial position date, the Group evaluates whether there are any indications that an asset other than goodwill or infinite life intangible assets may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment exists if the carrying value of an asset or a cash generating unit including that asset is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Impairment losses are recognized in the consolidated statement of profit or loss (Note 15).

Taxation

Taxation on income includes current period income taxes and deferred taxes. Current year tax liability consists of tax liability on period income calculated according to currently enacted tax rates and tax legislation in force as of statement of financial position date and includes adjustments related to the previous year's tax liabilities. Turkish tax legislation does not permit a parent company to file a consolidated tax return for its subsidiary and its joint venture. Therefore, tax provisions, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Deferred income tax is provided, using the liability method, on temporary differences arising between the statutory tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities (Note 32).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they are related to income taxes levied by the same taxation authority (Note 32).

Current and deferred tax

Tax is included in the statement of profit or loss, unless it is related to an operation that is accounted directly under equity. Otherwise, tax is accounted under equity as well as the related transaction (Note 32).

Repurchased shares

The Group's redeemed shares (repurchased own shares) are not considered as a separate financial asset as a financial instrument based on the Group's equity, regardless of any reason. In the case of repurchase of financial instruments based on equity, the Company recognizes such instruments by deducting them from equity, in accordance with the related legal regulations, legal reserves are allocated over the acquisition cost equal to the share amount received and the legal reserves are accounted under "restricted reserves" account under shareholders' equity (Note 24).

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Financial borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the profit or loss as finance expense over the period of the borrowings (Note 8). The borrowing costs which are directly related with the acquisition, manufacturing or production of a specialty good (means that a long period of time is required to make available for sale and use as purposed) are capitalized as a part of the related asset.

Employment termination benefits

The provision for employment termination benefit represents the present value of the estimated total reserves of the future probable liability of the Group arising from the retirement of the employees measured in accordance with the Turkish Labour and Press Labour Laws (Note 23).

According to the amendment in TAS 19, the Group calculated employment benefit in accordance with the report prepared by the actuarial firm and recognised all actuarial loss and gains in the other comprehensive statement of profit or loss as of the statement of financial position date.

Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present legal or constructive obligation or a result of past events, it is probable that on outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are assessed continually to determine whether an outflow of resources comprising economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously treated as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised by the Group in the financial statements of the period in which the change occurs.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Provisions, contingent assets and liabilities (Continued)

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities. A contingent asset is disclosed where an inflow of economic benefit is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 18).

Share capital and dividends

Ordinary shares are classified as equity. Dividend income is recognized as income by the Group when right to obtain of dividend is generated in the consolidated financial statements. Dividend distribution to the Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the General Assembly (Note 24).

Revenue recognition

When the Group meets its performance obligation by transferring a product or service that is committed before, the revenue is recognised in consolidated financial statements. When the client takes over the control of an asset, the asset is deemed transferred.

The Company transfers the revenue to the financial statements based on the following five principles:

- Determining client agreements,
- Determining performance obligations in agreements,
- Determining transaction price in agreements,
- Distributing transaction price to performance obligations in agreements,
- Recognising the revenue as each performance obligation is met.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

If all the below-mentioned conditions are met, Group recognises an agreement made with the client as revenue:

- Parties to the agreement approved the agreement (in writing, orally or in other means in line with commercial practices) and committed to meet their respective obligations,
- Group can define the rights of each party concerning the goods or services to be transferred,
- Group can define payment conditions concerning the goods or services to be transferred,
- The agreement is commercial in essence,
- It is possible that the Group will collect money in return for goods and services to be transferred to the client.

When determining whether the money can be collected, Group only considers its client's ability and intention to pay the money in time.

At the beginning of the agreement, Group evaluates the goods or services committed to the client in the agreement and defines each commitment to transfer goods or services as performance obligation.

At the beginning of the agreement, Group evaluates the goods or services committed to the client in the agreement and defines each commitment to transfer goods or services as performance obligation as follows:

- a) Different goods or service (goods or service packages) or
- b) A group of different goods or services which are similar in a great extent and transferred to the client with the same method.

A group of different goods or services are subject to the same transfer method if the below conditions are met:

- a) Each different product or service that the Group committed to transfer to the client must meet required conditions and constitute a performance obligation to be met in time and
- b) As per the relevant paragraph of the standard, using the same method to measure the progress of the Group in meeting its obligation to transfer each product or service included in the group to the client.

Group sells different products and services as a package and also can sell them separately. Each product and service which are determined through agreement and Group transferred to its clients in a package are described as different goods and services. Additionally, because clients can benefit from these services separately, these services can be described independently from other commitments in the agreement. Based on this, each service in a package is recognised as a separate performance.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

If a third party is involved in the process where goods or services are provided to client, when the Group determines its performance liability it assess whether its commitment is about providing (primary) the good or service by itself or mediating (agent) the sale of the goods or services provided by other parties. According to this, if the Group checks the goods or services before delivering them to client, the Group is in the primary position related to sale of good or services. When (or as long as) the Group meets its performance liability, it recognises the revenue equal to gross amount of price, which it expects to earn in return for transferred goods or services, in the consolidated financial statements. If the Group mediates the process where other parties provide the goods and services, it is in the agent position and cannot include the revenue for the performance liability in the consolidated financial statements.

Group takes into account agreement provisions and commercial customs in order to determine transaction price. Transaction price is the price, which the Group expects to deserve in return for goods and services Group committed to provide to client, excluding amounts (e.g. some sales taxes) collected on behalf of third parties. A committed price in an agreement with a client can include both the fixed amounts and variable amounts. There are variable amounts because the agreements Group made with clients have scores from turnover-based discounts, returns and customer loyalty programs. If the price the Group commits in the agreement is variable, the Group determines the price it deserves in return for goods and services committed to client through estimation. For the Group to include some or all of cancellation in cumulative revenue in the financial statements when the uncertainty about variable price is eliminated. When assessing whether or not there will be an important cancellation in cumulative revenue in the financial statements when the uncertainty about variable price is eliminated, the Group must take into account both realisation possibility and impact of revenue cancellation.

In assessing whether it is highly probable that there will be no significant cancellation in the amount of cumulative revenue recognized in the consolidated financial statements when the uncertainty regarding the variable price disappears later, the Group considers both the likelihood and the magnitude of the revenue reversal.

If a company offers its client in an agreement a choice to receive additional good or services, this choice leads to a performance liability if the choice gives the client a tangible right that client cannot use as long as the client does not sign the agreement as a party. If the choice gives client a tangible right, the client makes prepayment to the company for the goods and service it will receive in the future. The company includes this revenue in the financial statements when these future goods and services are transferred or this choice expires.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

If independent sale price related to client's choice to receive additional good or service cannot be observed, the company determines this through estimation. If client chooses to receive good or service, this estimation reflects the discount the client will get based on the followings:

- (a) Discount if the client does not choose to receive good or service,
- (b) Possibility of using the choice.

After receiving pre-payment from client, the company includes an agreement liability equal to pre-payment in return for performance liability related to transferring goods or services in the future or making them ready to be transferred. When the company completes transfer of goods or services and therefore meets its performance liability, it removes this agreement liability from financial statements (and the revenue is included in the financial statements).

Because the awards related to "Vendor Loyalty Project", which the Group applies for sales transactions with vendors and end-sellers, and card loyalty programs (Aytemiz card etc.) the Group provides to its clients give clients a tangible right that client cannot use as long as it does not sign the agreement as a party, the amounts the relevant client earns are recognised as agreement liability in the consolidated financial statements. When these awards from "Vendor Loyalty Project" are used, they are recognised by deducting from gross revenue in the financial statement by deducting from agreement liability.

When the Group expects to collect a price and accepts to pay some or all of this price back to client, it includes the return liability in the financial statements. Return liability is measured based on the collected (or receivable) price (in other words, amounts which are not included in the transaction price) the company does not expect to deserve. Return liability (change in the transaction price and agreement liability) is updated at the end of every reporting period by considering the changes in the conditions.

The Group includes the following things in the financial statement in order to recognise the transfer transaction of products which can be returned (along with some delivered services, on condition with being subject to return):

- (a) Revenue in return for products transferred at the value which the company expects to deserve (therefore the revenue related to product that are expected to be returned is not included in the financial statements),
- (b) A return liability and
- (c) An asset in return for a right to get the products back from client after the company meets its return liability (based on this, an adjustment in sales cost).

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

An asset, recorded in financial statements in scope of the right to take the products back from the client to carry out refund liability, should be evaluated considering the resulting amount after the costs (including the potential decrease of value of the returned product from the perspective of the business) to be made in scope of taking back these products at previous book value (if available). The group updates its refund liability measure in a manner that it reflects the changes in the expected refund amounts and reflects the necessary adjustments in consolidated financial statements as revenue (or discounts from revenue).

A good or service's contractually specified price is its independent sale price. If there is more than one good or service to transfer in the contract, the Group allocates the transaction price to each performance liability (or different good or service) in an amount that shows the amount which the client expects to have a right to in return for transfer of the goods or services committed to the client. To reach its distribution target, the Group allocates the transaction price to each performance liability specified in the contract at a proportional independent sale price. To allocate the transaction price to each performance liability on a basis of a proportionate individual sale price, the Group determines the individual sale price of different goods or services that make up the basis of each performance liability in the contract at the beginning date of the contract and allocates transaction price in proportion to these individual sale prices.

When a party carries out the contract, the Group reflects the contract as a contract asset or contractual liability in the statement of financial position, depending on the relationship between the business performance and client payment. The Group records its unconditional rights related to the price as a receivable.

If the sum of sale prices of the individual goods and services committed in the contract exceeds the amount committed for them in the contract, it means that the client received a discount in return for purchasing goods or a service package. Except for the cases where there are observable indications that the discount is related to one or a few of the performance liabilities regulated in the contract and not all of them, the Group allocates the discount directly proportional to all performance liabilities.

Advertisement revenue

The Group's advertisement income is made up of income gained from the advertisements that were published on written, visual and digital media. If the client simultaneously gets the benefits of performance as the advertisement is published and consumes it, that means the Group has transferred the service's control over time. Therefore, as performance liability is carried out (as the advertisement is published), revenue is recognised over time and depending on the output method. The unpublished portion of the ads are recognised in the financial statement as contractual liability.

Revenues from circulation and magazine sales

Circulation revenues consist of revenues from mass sales. Revenues generated within the scope of this service are accounted "at a certain moment of time" on the date of the shipping of the magazines.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Subscription and membership income

Subscription and membership income includes revenues from real estate site, digital platform and internet subscriptions. The Group monitors the membership of real estate sites individually and institutionally

The Group may sell subscriptions and memberships by combining sold products and services in packages. (Example: Publishing a listing through a real estate site, highlighting service and mobile phone may be sold as a package.) Each product and service included in the package is recognised as a separate performance. For each performance, independent sale price is determined considering observable prices. When the control of the performance is passed over to the client, it is recorded as income. The clients can benefit from publishing listings and highlighting service simultaneously, so it is recognised “over time” and through “output” method. When the physical ownership of packaged products is transferred to the client, the income is recognised.

Fuel sale income

Fuel sale income is the amount remaining when the Group has deducted estimated client refunds, discounts and provisions from fuel sales that it has carried out through dealerships or from its own stations. The revenue gained through fuel sales is recognised at a specific point in time in case control concerning the property is transferred to the client, the income amount is reliably calculated, it is possible that economic benefits concerning the transaction flows to the business and the costs arising out of the transaction may be reliably calculated.

Electricity sale revenues

The group earns electric sales income through generating electricity from hydroelectric plants, solar electricity plants and wind energy plants and selling it. Since electricity is a service provided as a series that the client gets and consumes simultaneously, it is recognised as one performance, over time and through output method.

Industry, trade and packaging income

The Group’s industrial income is made up of income that the Group gets through the activities of its subsidiaries Çelik Halat and Ditaş Doğan. This income gained through product sales is recognised when the client takes over the control of the committed asset, “at a specific point in time”. Trade incomes of the Group are defined as merchandise sales and brokerage and commission income. The Group records the merchandise sales income at a specific time, when it transfers the control of the merchandise to the other party. Foreign trade incomes of the Group are recognized over time, at the time the service is completed. The Group’s packaging income is made up of income through the sale of food and cosmetic packages of Sesa Ambalaj. This income gained through product sales is recognised when the client takes over the control of the committed asset, “at a specific point in time”.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Real estate sales income

The revenue gained from Milpa’s (a subsidiary of the group) residence construction projects is realized “at a specific point in time” after the Group carries out all duties specified in the contract fully and the buyer confirms the delivery report and control arising from owning legally an asset are transferred to the buyer of the property.

In addition to this the related income consists of Group’s subsidiary Milta’s Marina income. Marina income is consisted of accommodation of sea vehicles and store rent incomes. The said rent income is recorded during the rent contracts over time and based on the output method.

Rent income

The rent income gained from real estates is recognised throughout the relevant rent agreement, over time and with output method.

Factoring income

Interest and commissions arising from factoring transactions are reflected to the statement of profit or loss on an accrual basis depending on the duration of the factoring contracts.

Financial income

Interest income and expenses are recognized on an accrual basis. Interest income is deducted from the records as soon as the management decides that the loans and advances given to customers cannot be repaid, and the accruals recorded until that date are cancelled and not recorded as revenue until the collection is made.

Administration consultancy income

The related income is made up of consultancy. Throughout the related consultancy projects, the accounting is performed according to the “over time” and “output” method.

Vehicle sales income

The control after paying special consumption tax and issuing a registration for the sold vehicles is accepted to have been transferred to the client. It is recognised as income “at a specified moment in time” through reliable calculation of income amount.

Before the group transfers a good or a service to the client, if the said client pays the price or the business has an unconditional receivable on the price, it reflects the contract as a contractual liability on the date the payment is made or when the payment is due (whichever is earlier). Contract liability is the liability of the business to transfer goods or services to the client in return for the amount it has collected (or earned the right to collect). In cases where the customer does not pay the cost or the performance obligation is met by transferring the goods or services to the customer before the due date, the Group presents the contract as a contract asset except the amounts presented as receivable.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Leases

If a contract regulates the right to control the use of an asset that is defined in the contract for a certain period and for a specific price, this contract is considered as a lease in its nature or includes a lease transaction. At the beginning of a contract, the Group assesses whether the contract is a lease or include a lease transaction. The Group considers the following conditions when assessing whether or not a contract transfers the right to control the use of a defined asset for a specified period of time:

- a) The existence of a clearly or implicitly identifiable asset that constitutes the subject of the lease,
- b) The lessee has the right to obtain almost all of the economic benefits from the use of the defined asset that constitutes the subject of the lease,
- c) The lessee has the right to manage the use of the defined asset that constitutes the subject of the lease. According to circumstances listed below, the tenant is deemed to have the right to manage the defined asset constituting the subject of the lease;
 - i. The lessee has the right to operate the property for the duration of its use (or to direct others to operate the property in its own way) and the lessor does not have the right to change these operating instructions or
 - ii. Designing the asset (or certain features of the asset) in advance in a manner of how and for what purpose the asset will be used during its occupancy by the lessee.

In case that the contract fulfills these conditions, the Group reflects a right of use asset and a lease liability to the consolidated financial statements at the date of the lease's actual start.

The right of use assets

The right-of-use asset is initially recognized by the cost method and includes the followings:

- a) The first measurement amount of the lease liability to be recognized as the right of use asset,
- b) Deduction of all leasing incentives related to the lease, from the first measurement amount of the lease liability recorded as a right of use asset,
- c) All direct costs, that are related to the lease, incurred by the Group to be added to the first measurement amount of the lease liability, which will be recognized as a right of use asset and
- d) Estimated costs to be incurred by the Group shall be added to the initial measurement amount in relation to the dismantling and transporting of the defined asset constituting the subject of the lease, the restoration of the area in which it is placed, or the restoration of the defined asset as required by the terms and conditions of the lease.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The right of use assets (Continued)

In applying the cost method, the Group measures the right of use asset by:

- a) Deducting the accumulated depreciation and accumulated impairment losses and
- b) Measuring the cost of the lease in accordance with the re-measurement of the lease liability.

The Group applies depreciation provisions in "TAS 16 Property, Plant and Equipment" while depreciating the right of use asset. In order to determine whether the right of use asset has been impaired or not and to recognize any impairment losses the "TAS 36 Impairment of Assets" standard is implemented.

Lease liability

At the effective date of the lease, the Company measures its leasing liability at the present value of the lease payments not realized at that date. If the interest rate on the lease can be easily determined, this rate is used in discount; if the implied interest rate cannot be easily determined, the payments are discounted by using the alternative borrowing interest rate of the lessee.

Lease payments that are included in the measurement of the lease liability of the Group and the payments that have not occurred on the date when the lease is actually started consist of the following:

- a) Amount deducted from all types of rental incentive receivables from fixed payments,
- b) Lease payments based on an index or a rate, lease payments made using an index or a rate at the time the initial measurement was actually started,
- c) The penalty for termination of the lease in cases the lessee shows a sign of it will use an option to terminate the lease.

After the effective date of the lease, the Group measures its lease liability as follows:

- a) Increasing the book value by reflecting interest on lease liability,
- b) Reducing the book value by reflecting the lease payments made,
- c) Re-measures the book value to reflect any re-evaluations and reconfigurations, if any. The Group reflects the remeasured amount of the lease obligation to the consolidated financial statements as adjustment in the use of right.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Extension and early termination options

A lease obligation is determined by considering the extension of the contracts and early termination options. Most of the extension and early termination options included in the contracts consist of options that are jointly applicable by the Company and the lessor. However, if such extension and early termination options are at the Company's discretion in accordance with the contract and the use of the options is reasonably certain, the lease term shall be determined by taking this issue into account. If there is a significant change in the conditions, the evaluation is reviewed by the Company.

Facilitative applications

Contracts related to IT equipment leases (mainly printer, laptop, mobile phone, etc.), which are determined by the Company as low value, short-term lease agreements with a period of 12 months and less, have been assessed under the exemption granted by the TFRS 16 Leases Standard, and payments for these contracts are recognized as an expense in the period in which they are incurred.

Business combinations

The acquisition of businesses is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity interests issued by the Group in exchange for control of the acquire. Acquisition-related costs are generally recognised as cost as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with TAS 12 *Income Taxes* and TAS 19 *Employee Benefits* respectively,
- Liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with TFRS 2 *Share-based Payment* at the acquisition date,
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after revaluation, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TAS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with if it is found to be within the standard of TFRS 9 Financial Instruments: Recognition and Measurement, the mentioned conditional price is measured at its fair value and the gain or loss arising out of the change is recognised under profits, losses or other comprehensive income. Those not covered under the scope of TFRS 9, is recognized in profit or loss as per TAS 37 Provisions or other suitable "TAS".

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Business combinations (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date (Note 3).

Legal mergers between entities controlled by the Group are not considered within the scope of TFRS 3 "Business Combinations". Therefore, goodwill is not calculated in such mergers. Besides, transactions occurring between the parties in legal mergers are subject to amendments during the preparation of the consolidated financial statements. In the accounting of share transfers under common control, assets and liabilities subject to business combination are included in the consolidated financial statements with their carrying values. Mergers between entities under common control are recognized by "Pooling of Interests" method. In applying the "Pooling of Interests" method, the consolidated financial statements are adjusted as if the acquisition was performed as of the beginning at the relevant reporting period in which the common control is carried out and they are presented comparatively as of the beginning of the relevant reporting period. As a result of these transactions, no goodwill or negotiable purchase effect is calculated (Note 3). Business combinations subject under common control are not within the scope of TFRS 3 "Business Combinations" and the Group does not recognize any goodwill with respect to such transactions. If the carrying amount of the acquired net assets on the date of the merger exceeds the transferred value, the difference is considered as the additional capital contributions of the shareholders and reflected to the Share Premiums. On the contrary, namely as a difference that occurs when the net value of the transferred assets exceeds the carrying amount of the net assets of the Company, on the date of the merger, the difference is reflected in the section "Effects of Mergers of Entities Under Common Control".

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

The cash-generating unit, where the goodwill is allocated, is tested for impairment annually. If there is any indication that the unit is impaired, the impairment test is performed more frequently.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated financial statements. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Goodwill (Continued)

Gains or losses resulting from the sale or purchase of subsidiaries under the control of Doğan Holding (transactions that do not result in a change in control) are recognised under equity. TAS 27 (Revised) requires ownership decreases or increases which do not result in a change in control to be recorded under equity for accounting periods beginning on or after 1 July 2009. For accounting periods beginning prior to 1 July 2009, the difference resulted in favor of acquisition value in connection with sale or purchase of subsidiaries under the control of the Group which does not result in a change in control was recognised as goodwill.

Foreign currency transactions

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, under finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis under other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised under other comprehensive income.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Foreign currency transactions (Continued)

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency (none of which has the currency of a hyperinflationary economy) are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- Income and expenses for each income statement are translated at average exchange rates unless this average is not reasonable approximate of the cumulative effect of the prevailing on the transaction dates in which case income and expenses are translated at the rate on the dates of the transactions, and
- All resulting exchange differences are recognized in other comprehensive income.

A significant portion of the Group's foreign operations is performed in Europe, Romania and the United States. Foreign currencies and exchange rates at 31 December 2020 and 31 December 2019 are summarized below:

Country	Currency	31 December 2020	31 December 2019
Eurozone	Euro	9.0079	6.6506
USA	USD	7.3405	5.9402
Romania	Romanian Leu	1.8373	1.3832

Assets Held for Sale

Fixed assets (or groups of assets to be disposed of) are classified as held for sale because their book values can be regained through sale rather than ongoing use, and when it's accepted that the possibility for sale is high. Deferred tax assets, assets gained as a result of employee benefits, financial assets, investment properties moved at their fair value and those rights other than the rights arising out of the contracts on insurance policies have been specifically excluded. Assets such as these held for sale are measured with whatever is lower, the book value or the sales-cost-deducted fair value.

If the value of an impairment of an asset (or group of assets to be disposed of) is lowered to its sales-cost-deducted fair value at the beginning or later, the impairment loss is recognised. If it does not exceed the accumulated impairment losses recognised beforehand, any increase to the sales-cost-deducted value of an asset (or group of assets to be disposed of) is recognised as income. Income or loss of an asset (or group of assets to be disposed of) that was not recognised before the day it was sold is recognised as of the day when the said asset is left out of the statement of financial position.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Assets Held for Sale (Continued)

Fixed assets classified as held for sale (a fixed asset which is part of an asset group to be disposed of) cannot be depreciated or amortised. Interest or other expenses of debts related to the asset group classified as held for sale or to be disposed of continue to be recognised.

A fixed asset recognised as held for sale, and assets in a group of assets to be disposed of classified as held for sale, are shown separately from other assets in the statement of financial position. Debts related to an asset group classified as held for sale are shown separately from other debts in the statement of financial position.

Segment Reporting

Industrial segment which is an asset and operation group producing goods and services is exposed to different risks and rewards from other industrial segments. The Group operations were monitored and reported as seven main segments, "Fuel Retail", "Electricity Production and Trade", "Industry and Trade", "Automotive Sales and Marketing", "Financing and Investment", "Internet and Entertainment", "Real Estate Investment" by the management. The Group management may change the structure of segment reporting, if they reach the conclusion that new structure may affect financial statement users' decisions and/or it will be useful during the review of financial statements. As the sales and the purchases of the Group are made and the assets of the Group are located mainly in Turkey, no geographic segmental information is considered necessary (Note 5).

In segment reporting, intra-segmental operations are recognised at segment level and inter-segmental operations are recognised as eliminations at consolidation level.

Earnings/(loss) per share

Earnings/(loss) per share is determined by dividing net income/(loss) by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their issued capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus share issuances are regarded as issued shares for all of the periods presented in the financial statements. Therefore, the weighted average number of shares used in earnings per share computations are made with regards to the distribution of shares occurred in the prior years (Note 33).

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Government grants

Government grants are not recognized in the financial statements until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants which are financial assets, should be recognized as deferred revenue in the consolidated statement of financial position rather than recognised in the statement of profit or loss to clarify the expenditure item that is financed and transferred to profit or loss on a systematic and rational basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates (Note 17).

Subsequent events

In the case that events requiring a correction to be made occur subsequent, the Group makes the necessary corrections to the consolidated financial statements.

In the case that events not requiring a correction to be made occur subsequent, those events are disclosed in the notes of consolidated financial statements (Note 38).

Statement of cash flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Group's activities.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid with three months or less to maturity and do not have a significant risk of value change.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Critical Accounting Estimates, Assumptions and Decisions

2.3.1 Critical accounting estimates and assumptions

a) Value added tax carried forward

Value added tax (VAT) carried forward classified as non-current under other non-current assets, is calculated by considering VAT amounts that will arise as the result of cash flows predicted by the Group to have a duration longer than one year. In case of a 10% increase or decrease of prospective sales income used in calculations related to the current or non-current classification of VAT amounts, VAT amounts classified as non-current as of 31 December 2020 would have increased or decreased by TRY7,450 (Note 20).

b) Deferred tax assets

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TAS published by POAASA and their statutory financial statements. The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations. The Group has recognized deferred tax assets amounting to TRY59,543 (31 December 2019: TRY69,865) arising from unused tax losses amounting to TRY297,715 (31 December 2019: TRY317,568) as of 31 December 2020, considering the future profit projections (Note 32).

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

2.3.1 Critical accounting estimates and assumptions (Continued)

c) Provision for doubtful trade receivables

When there is an indicator that the collection of receivables will be impossible, provision is provided for the receivables. The amount of the provision is determined based on the assessment of the Group based on the aging of receivables and the payment performance of the customers. The provision for doubtful receivables is an accounting estimate determined based on the past payment performance and financial situations of the customers. Considering the ordinary course of trade cycle of the Group, provision for doubtful receivables for the trade receivables is considered for the trade receivables for which the collection period is over the ordinary course of trade cycle considering the fact that trade receivable is in the administrative and/or legal proceedings, with or without guarantee, objective evidence etc. When trade receivables are not impaired along with realised impairment losses for certain reasons, the Group recognises an expected credit loss provision equal to the expected lifetime credit loss for these trade receivables as per TFRS 9. Expected credit loss is calculated using expected credit loss rates determined based on previous credit loss experiences of the Group and prospective macroeconomic indicators. Changes in expected credit loss provisions are recognised under other income and expenses from main activities. As of 31 December 2020, doubtful provision is TRY115,951 (31 December 2019: TRY99,648) (Note 9).

d) Investment properties

Important assumptions of the Group Management regarding investment properties are disclosed in Note 13.

e) Impairment of subsidiaries

The Group decided to end up its prospective investments in Gas Plus Erbil and book a provision for already existing investments based on the "prudence" principle of accounting, considering the following facts: there is a strong expectation of the Group management that the planned productivity from Gas Plus Erbil's fields will not be sustained and the only way of producing oil from the wells is using "heavy oil" production technology which leads to a high level of production cost; accordingly, neither a commercial benefit nor another gain is expected. On the other hand, the political uncertainties at that area were also considered by the Group management. In this context, the Group has decided to terminate the related contracts and leave the sites it operates and no provision has been set as the amount of expenses to be incurred cannot be measured reliably yet (Note 4).

f) Impact of the Covid-19 Epidemic on Group Operations

In December 2019, COVID-19 (Coronavirus) appeared in China. In the first months of 2020, COVID-19 spreads rapidly around the world. It was declared a global epidemic by the World Health Organization on 11 March 2020.

In this context, our group companies benefit from government aid such as the short-term working allowance, VAT, withholding tax and SSI postponements. This situation is continuing to exist as of the date the consolidated financial statements were approved. According to our evaluations we did not find any material impact on the consolidated financial results prepared as of 31 December 2020. In this respect;

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NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

2.3.1 Critical accounting estimates and assumptions (Continued)

f) Impact of the Covid-19 Epidemic on Group Operations (Continued)

Aytemiz Akaryakıt

Aytemiz, a subsidiary of the Group, recognised a decrease in its fuel sales due to the increasing number of COVID-19 cases. Especially due to intercity travel restrictions and lockdown measures imposed in April-May and November-December, fuel sales in the accounting period between 1 January - 31 December 2020 shrank by 4% compared to the previous year. With the use of a short-term working allowance as well as expense optimisation studies, the Company tried to even out the decrease in sales. Also, the Group took action to minimise investment expenses and operational costs, and reviewed the cash management strategy to strengthen liquidity position. There were no delays in payments to suppliers or collection of receivables in this process.

The Group continues its evaluation of the content and scope of the impact of the circumstances on general operations, operational results and financial position, and plans to take additional actions if necessary.

D Gayrimenkul

The Trump Offices and Shopping Mall property, where shopping mall activities are performed on parcel No 3, on block 2524 in the Mecidiyeköy neighbourhood in the Şişli District of Istanbul, and which is owned by the group's subsidiary, D Gayrimenkul, temporarily suspended its activities to prevent the spread of the epidemic. Office operations on the other hand, continued without interruption. Trump Shopping Mall restarted its operations on 1 June 2020. In April, May, June, July and August when the pandemic had the most impact, various discounts on rent were implemented in good faith, and necessary measures to reduce operational costs were taken. The Company follows the COVID-19 developments closely and struggles to manage the processes as efficiently and as effectively as possible with stakeholders.

Hürriyet Emlak

The revenues of Hürriyet Emlak, the real estate e-commerce platform of the Group, were negatively affected at the beginning of the pandemic. However, in the second half of the year, as a result of the decrease in interest rates, the improvement in housing loan opportunities and the rapid increase in housing sales, there were improvements in their activities. During the period, Hürriyet Emlak adopted a strategy focused on reducing costs, and continued to work on improving customer relations and improving the information technology structure.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

2.3.1 Critical accounting estimates and assumptions (Continued)

f) *Impact of the Covid-19 Epidemic on Group Operations (Continued)*

Çelik Halat

Çelik Halat, a subsidiary of the Group, stopped production temporarily between 1 April 2020 and 4 May 2020 to protect its employees' health and ensure work safety to help fight the further spread of COVID-19, this process had a negative impact on the consolidated financial statements due to high fixed expenses.

After the COVID-19 outbreak, as a result of developments/slowing both in overall financial activity and in the sector in which Çelik Halat operates, sales processes slowed in the countries where Çelik Halat operates. Because of reduced demand due to the negative impact of the outbreak on the US economy and the increase of EUR/USD parity, sales prices of exports to the USA declined. Due to shrinkage in the market and slowing demand, capacity cannot be fully utilized. Despite decreasing raw material costs, the pressure of further decreases in sales prices also had a negative impact on the consolidated financial statements.

In the meantime, Çelik Halat took action to minimise investment expenses, operational costs and inventories, and reviewed the cash management strategy to strengthen liquidity position.

With this process, company management took the necessary actions to minimise as much as possible the potential impact of COVID-19 on Çelik Halat's operations and financial status. There were no delays in payments to suppliers or collection of receivables.

It is still unclear, both in Turkey and around the world, how long the impact of COVID-19 will last and to what extent the virus will continue to spread. It will be possible to make a more clear and accurate estimation for the medium and long-term when the severity and duration of the impact become more evident. The potential impact of the COVID-19 outbreak was taken into account when preparing the consolidated financial statements dated 31 December 2020, and the estimations and assumptions used when preparing the financial statements were reviewed. In this context, the company tested potential impairments in the value of financial assets, inventories and property, plant and equipment in the financial statements dated 31 December 2020, and did not determine any impairment-related findings of any significant amount.

Ditaş Doğan

Ditaş Doğan, a subsidiary of the Group, suspended its production activities temporarily between 2 April - 9 April 2020 in order to protect its employees' health and ensure work safety to help fight the further spread of the pandemic, also the group benefited from the short-term work allowance in April, May and June.

After the COVID-19 outbreak, as a result of developments and slowing both in overall financial activity and in the sector in which Ditaş Doğan operates, the automotive supply industry line of business in which Ditaş operates was affected negatively by COVID-19 processes. In March, April and May, when the COVID-19 outbreak was in effect, the domestic and foreign original equipment manufacturers that are supplied by Ditaş Doğan ceased production, then restarted production at a slower rate on different days in May. In addition, production is suspended from time to time. Due to shrinkage in the market and slowing demand, capacity cannot be fully utilized. Despite decreasing raw material costs, the pressure of further decreases in sales prices also had a negative impact on the consolidated financial statements.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

2.3.1 Critical accounting estimates and assumptions (Continued)

f) Impact of the Covid-19 Epidemic on Group Operations (Continued)

Ditaş Doğan (Continued)

In the meantime, Ditaş Doğan took action to minimise investment expenses, operational costs and inventories, and reviewed the cash management strategy to strengthen liquidity position.

With this process, company management took the necessary actions to minimise as much as possible the potential impact of COVID-19 on Ditaş Doğan's operations and financial status. There were no delays in payments to suppliers or collection of receivables in this process.

The potential impact of the COVID-19 outbreak was taken into account when preparing the consolidated financial statements dated 31 December 2020, and the estimations and assumptions used when preparing the consolidated financial statements were reviewed. In this context, the company tested potential impairments in the value of financial assets, inventories and property, plant and equipment in the consolidated financial statements dated 31 December 2020 based on the available information, and did not determine any impairment-related findings of any significant amount.

Galata Wind

The normal course of business continued in Galata Wind, a subsidiary of the Group. Measures such as remote work for personnel, social distancing in the workplace, preventative hygiene practices and online trainings for the staff were taken. Due to the fact that the Group sold electricity at a fixed rate in the scope of YEKDEM in 2020, Covid-19 did not have a critical impact on the Group's operations, electricity generation or liquidity.

g) The determination of the impairment loss for goodwill

Goodwill and its carrying value are tested for impairment annually, or more frequently if events or changes in circumstances indicate there may be impairment.

Sesa Ambalaj

The determination of the impairment loss for goodwill of TRY51,202 arising from of the Group's business combination of Sesa Ambalaj is based on long-term plans prepared by the Group management.

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NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Critical Accounting Estimates, Assumptions and Decisions (Continued)

2.3.1 Critical accounting estimates and assumptions (Continued)

g) The determination of the impairment loss for goodwill (Continued)

Sesa Ambalaj (Continued)

The following basic assumptions were utilised in the scope of this valuation method:

- TRY weighted capital cost rate: 14.60%
- Risk-free investment income rate: 5.34%
- Risk premium: 7.00%

In the above fair value calculations resulting from sensitivity analysis, no impairment was detected in case of a 10% increase or decrease in prospective costs, sales volume or weighted capital cost rates used to calculate discounted cash flows, assuming all other variables are constant.

Galata Wind

Fair value calculations include cash flow projections during the life of the fixed asset, and projections in USD are based on the long-term plans prepared by the Group.

The following basic assumptions were utilised in the scope of this valuation method:

- USD weighted capital cost rate: 7.17%
- Risk-free investment income rate: 6.00%
- Risk premium: 5.50%

In the above fair value calculations resulting from sensitivity analysis, no impairment was detected in case of a 10% increase or decrease in prospective electricity prices, costs, sales volume or weighted capital cost rates used to calculate discounted cash flows, assuming all other variables are constant.

NOTE 3 - BUSINESS COMBINATIONS

Business combinations as of 31 December 2020:

Acquisition of Sesa Ambalaj ve Plastik Sanayi Ticaret A.Ş.

The Group decided to acquire and take over whole of the shares (100%) representing the fully paid-in TRY850,000 (exact) capital of Sesa Ambalaj ve Plastik Sanayi Ticaret A.Ş. ("Sesa Ambalaj") via Sesa Üretim Yatırımları ve Yönetim Hizmetleri A.Ş.'s ("Sesa Yatırım") as a subsidiary to be established exclusively for this purpose and participated in its capital by 70% on 14 September 2020 and the amount was paid in part by equity and bank loan. The purchase price is TRY768,736,408 (exact), and TRY412,937,984 (exact) of this amount was paid by bank loan and the remaining TRY355,798,424 (exact) was paid by equity. In addition, due to the fact that profit before annual interest, depreciation and tax ("EBITDA") in the accounting period ending on 31 December 2020 exceeds EUR11,000, an extra remuneration of EUR2,500 based on performance will be paid. The above-mentioned amount is recognised under "Other payables due to non-related parties".

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020**

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NOTE 3 - BUSINESS COMBINATIONS (Continued)**Acquisition of Sesa Ambalaj ve Plastik Sanayi Ticaret A.Ş. (Continued)**

	Book Value	Fair Value
Current Assets	246,991	264,860
Cash and cash equivalents	104,022	104,022
Financial investments	1,479	1,479
Trade receivables	90,216	90,216
Other receivables	1,148	1,148
Inventories	37,678	55,547
Other current assets	12,448	12,448
Non-current assets	66,389	616,536
Rights of use assets	602	602
Property, plant and equipment	65,206	171,129
Trade names	-	89,056
Customer relations	-	355,168
Intangible assets	219	219
Other non-current assets	362	362
Total Assets	313,380	881,396
Short-term liabilities	42,823	42,823
Short-term borrowings	51	51
Short-term portion of long-term borrowings	6,334	6,334
Lease borrowings	606	606
Trade payables	19,127	19,127
Other payables	598	598
Payables related to employee benefits	2,967	2,967
Deferred income	2,640	2,640
Current income tax liability	7,840	7,840
Short-term provisions	2,430	2,430
Other short term liabilities	230	230
Long-term liabilities	10,030	121,038
Long-term borrowings	3,645	3,645
Long-term provisions	4,610	4,610
Deferred tax liability	1,775	112,783
Total Liabilities	52,853	163,861
Total Net Assets	260,527	717,535
Total cash paid	-	768,736
Cash and cash equivalents received	-	(104,022)
Net cash outflow/(inflow)	-	664,714
Goodwill as of the day of share purchase	-	51,202
Goodwill as of 31 December 2020	-	51,202
Total net assets acquired	-	717,535
Group's effective ownership	-	70%
Non-Controlling Interests	-	215,261

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

Acquisition of Sesa Ambalaj ve Plastik Sanayi Ticaret A.Ş. (Continued)

In the consolidated statement of income, Sesa Ambalaj's share of sales income obtained between the date of acquisition and 31 December 2020 was TRY197,675. In the same period, its contribution to net period profit after the consolidated non-controlling shares corresponds to TRY13,881. If Sesa Ambalaj was included in the consolidation beginning from 1 January 2020, the consolidated statement of income of the 1 January-31 December 2020 accounting period would include additional sales income of TRY307,274 and a TRY66,266 increase in net period profit after non-controlling shares. The afore-mentioned amounts have been calculated by taking into consideration the financial statements prepared in accordance with the Tax Procedural Law.

Business combinations as of 31 December 2019:

Merging solar energy companies through acquisition

The Group purchased and acquired the shares representing 100 % of the capitals of Alaköy Elektrik Üretim Sanayi ve Ticaret A.Ş., Baroj Elektrik Üretim Sanayi ve Ticaret A.Ş., Mir Güneş Enerji A.Ş., Mor Güneş Enerji A.Ş., Pir Güneş Enerji A.Ş., Sarı Güneş Enerji A.Ş., Ser Güneş Enerji A.Ş., Sun Güneş Enerji A.Ş., Bianca Güneş Enerji Üretim A.Ş., Cordelia Güneş Enerji Üretim A.Ş., Merkür Güneş Enerji Üretim A.Ş., Oberon Güneş Enerji Üretim A.Ş., Prospero Güneş Enerjisi Üretim A.Ş., Uranus Güneş Enerjisi Üretim A.Ş., Venus Güneş Enerjisi Üretim A.Ş., Jupiter Güneş Enerji Üretim A.Ş. and Plüton Güneş Enerji Üretim A.Ş., operating in solar energy segment for TRY17,941 (USD3,204) with the decision of the Board of Directors dated 18 March 2019. As of the acquisition date, goodwill amounting to TRY20,938 between the paid amount and the net liabilities corresponding to the Group is accounted for in the consolidated financial statements. Following the above-mentioned purchase, in line with the Board of Directors decision and the merger agreement both dated 26 December 2019, the above-mentioned companies merged within the body of Galata Wind in a "facilitated manner" by transferring in its entirety with all its assets and liabilities and by dissolving without liquidation, in accordance with the relevant articles of Turkish Commercial Code and Corporate Tax Law. The merger was completed and registered on 31 December 2019.

Acquisition of Radio Impuls

The rights (brand, publishing licenses, internet domain names, social media accounts, etc.), fixed assets, other ownership rights, and rights and obligations arising from existing contracts belonging to Radio Impuls of Adway Direction S.R.L were acquired by Kanal D Romanya, a subsidiary of the Group, for EUR1,700 in February 2019 and goodwill amounting to TRY1,783 related to purchase transaction has been accounted in consolidated financial statements.

Acquisition of İnnobil

On 18 January 2019, Glokal, a subsidiary of the Group, purchased İnnobil for TRY1,400.

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NOTE 4 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

Joint ventures of Doğan Holding are presented below. Joint venture's nature of businesses, segments, registered countries and entrepreneurial partners are summarized as following:

Joint venture	Country	Nature of business	Entrepreneurial partner
Aslancık Elektrik Üretim A.Ş. ("Aslancık Elektrik")	Turkey	Energy	Doğuş Holding A.Ş. and AG Anadolu Grubu Holding A.Ş.
Boyabat Elektrik Üretim ve Ticaret A.Ş. ("Boyabat Elektrik")	Turkey	Energy	Unit Investment N.V. Doğuş Holding A.Ş.
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	Turkey	Magazine publishing	Burda GmbH
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont")	Turkey	Magazine publishing	Egmont
Gas Plus Erbil Ltd. ("Gas Plus Erbil")	Jersey	Energy	Newage Alzarooni Limited
Kandilli Gayrimenkul Yatırımları Yönetim İnşaat ve Ticaret A.Ş. ("Kandilli Gayrimenkul")	Turkey	Real estate management	Rönesans Gayrimenkul Yatırım A.Ş.
Ultra Kablolu Televizyon ve Telekomünikasyon Sanayi ve Ticaret A.Ş. ("Ultra Kablolu")	Turkey	Telecommunication	Koç Holding A.Ş.
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("DPP")	Turkey	Planning	Burda GmbH
Doğan Müzik Yapım ve Ticaret A.Ş. ("DMC")	Turkey	Music and entertainment	Believe International
NetD Müzik Video Dijital Platform ve Ticaret A.Ş. ("NetD Müzik")	Turkey	Internet services	Believe International

The table below sets out the Joint Ventures, Doğan Holding and its subsidiaries and Doğan family voting power and effective ownership interests at 31 December 2020 and 31 December 2019:

Joint Ventures	Proportion of voting power held by Doğan Holding and its subsidiaries (%)		Proportion of voting power held by Doğan family members (%)		Total proportion of voting power held (%)		Proportion of effective ownership interest (%)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Aslancık Elektrik	33.33	33.33	-	-	33.33	33.33	33.33	33.33
Boyabat Elektrik	33.00	33.00	-	-	33.00	33.00	33.00	33.00
Doğan Burda ⁽¹⁾	40.13	45.02	-	-	40.13	45.02	40.13	45.02
Doğan Egmont ⁽²⁾	50.00	50.00	-	-	50.00	50.00	50.00	50.00
Gas Plus Erbil ⁽³⁾	50.00	50.00	-	-	50.00	50.00	50.00	50.00
Kandilli Gayrimenkul	50.00	50.00	-	-	50.00	50.00	50.00	50.00
Ultra Kablolu ⁽⁴⁾	50.00	50.00	-	-	50.00	50.00	50.00	50.00
DPP	56.00	56.00	-	-	56.00	56.00	56.00	56.00
DMC ⁽⁵⁾	40.00	100.00	-	-	40.00	100.00	40.00	100.00
NetD Müzik ⁽⁵⁾	100.00	100.00	-	-	100.00	100.00	40.00	100.00

- (1) Proportion of effective ownership interest of the related joint venture changed due to the sale of public shares directly owned by Doğan Holding.
- (2) It was decided that 50% of the shares of relevant subsidiary to be taken over and controlled by the Group as of 16 February 2021 (Note 38).
- (3) The Group decided to end up its prospective investments in Gas Plus Erbil and book a provision for already existing investments based on the "prudence" principle of accounting, considering the following facts: there is a strong expectation of the Group management that the planned productivity from Gas Plus Erbil's fields will not be sustained and the only way of producing oil from the wells is using "heavy oil" production technology which leads to a high level of production cost; accordingly, neither a commercial benefit nor another gain is expected. On the other hand, the political uncertainties at that area were also considered by the Group management. In this context, the Group has decided to terminate the related contracts and leave the sites it operates and no provision has been set as the amount of expenses to be incurred cannot be measured reliably yet.
- (4) The related joint venture has ceased its operations as of November 2006.
- (5) With the Board of Directors decision dated 16 April 2020, 60% of the related companies, have been decided to be sold to Believe International Company and the sales transaction was completed on 21 July 2020. With this transaction, the related subsidiaries started to be disclosed under joint ventures.

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NOTE 4 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD (Continued)

Profit and loss arising from the transactions between the Group's subsidiaries and its joint ventures are eliminated in accordance with the Group's share in its related subsidiary or its joint venture. The summary of the Group's share of the financial statements of the investments accounted for by the equity method as of 31 December 2020 and 31 December 2019 are as follows:

	Total assets	Total liabilities	Net assets	Group's share on net assets/ liabilities	Net sales	Profit/(loss) for the period	Group's share on net profit/ (loss)
31 December 2020							
Kandilli Gayrimenkul	204,615	15,835	188,780	94,390	-	9,179	4,590
Doğan Burda	49,081	31,835	17,246	6,921	61,548	(4,052)	(1,626)
Doğan Egmont	87,592	43,957	43,635	21,818	38,325	4,289	2,145
Ultra Kablo	6,721	25	6,696	3,348	-	(330)	(165)
DPP	381	237	144	81	1,773	(50)	(28)
DMC ⁽³⁾	196,503	47,714	148,789	112,188	73,950	13,689	5,475
Total	544,893	139,603	405,290	238,746	175,596	22,725	10,391
Boyabat Elektrik ⁽¹⁾	1,620,800	5,212,599	(3,591,799)	-	213,946	(1,341,590)	-
Aslançık Elektrik ⁽²⁾	471,908	511,562	(39,654)	(13,217)	154,709	(60,068)	(20,021)
Gas Plus Erbil	974,618	2,327	972,291	-	-	(556)	-
31 December 2019							
Kandilli Gayrimenkul	192,896	13,604	179,292	89,646	-	4,435	2,218
Doğan Burda	59,425	37,522	21,903	9,861	84,978	(2,481)	(1,117)
Doğan Egmont	84,074	44,783	39,291	19,646	45,806	2,794	1,397
Ultra Kablo	7,051	27	7,024	3,512	-	(168)	(84)
DPP	417	224	193	108	2,271	111	62
Total	343,863	96,160	247,703	122,773	133,055	4,691	2,476
Boyabat Elektrik ⁽¹⁾	1,828,364	4,012,718	(2,184,354)	-	329,717	(431,372)	32,403
Aslançık Elektrik ⁽²⁾	481,722	464,369	17,353	5,784	139,764	(24,396)	(8,131)
Gas Plus Erbil	788,971	1,932	787,039	-	-	(235)	-

(1) The Amendment Agreements were signed on 21 June 2019 and the credit agreements were concluded between Boyabat and the banks on 26 June 2013 and 26 June 2015 were amended. The entry into force of the Amendment Agreements is subject to the payment of the interest accrued under the Main Loan Agreement and the inclusion of the interest accrued under the Consecutive Credit Agreement and the BSMV to the principal amount. It is accepted that the effective date of the contracts is 8 July 2019. The first interest payment after the effective date will be made on 21 June 2020 and the second will be made on 31 December 2020, and the each of the following payments will be made within twelve-month periods after 31 December 2020. Effective interest rate until 21 June 2020 will be 4.25% and after it will be 5.25%. As a result of these developments, the aforementioned provision has been reversed due to the disappearance of the uncertainties mentioned above. In addition, the Group, as a guarantor, made the payment of interest accrued for existing loans but not yet paid by Boyabat amounting to USD8,650,073 (exact) and EUR2,482,125 (exact) in full and in cash which was on its own share within 11 business days following the date of the Amendment Agreements were signed. This amount includes 2,854,524 (exact) US Dollars and 819,101 (exact) Euro which belongs to the share of one of the shareholders and which cannot be paid and corresponds to Doğan Enerji's share, in addition expense accrual is accounted in the consolidated financial statements as of the balance sheet date for these amount. The first interest payment date after the refinancing is June 19, 2020 and for the main loan USD12,088,703 (exact) and EUR10,784,529 (exact) interest payments were made. For the consecutive loan, USD 1,309,103 (exact) and EUR1,167,873 (exact) interest payments were made. Following the interest payment made in June 2020, the interest discount have been demanded from creditors. It was decided through amendment agreements, signed on 21 October 2020 for the main loan and 7 October 2020 for the consecutive loan, that the interest rate in effect shall be 4.25% until 31 December 2020. On 31 December 2020, USD1,000,000 (exact) principal payment and USD6,524,786 (exact) interest payment, EUR892,117 (exact) principal payment and EUR5,820,868 (exact) interest payment was carried out for the principal loan, and USD700,632 (exact) and EUR625,045 (exact) interest payment for the consecutive loan were carried out.

(2) Aslançık Elektrik completed the negotiations with the creditors regarding the restructuring of the loan contracts in 2019, and signed the Amendment and Participation Agreement dated 24 January 2011 with the creditors as of 30 December 2019. As a prerequisite before restructuring, Aslançık Elektrik performed a capital increase of TRY141,000,000 (exact) and the capital was paid in cash by the shareholders. In addition, as of 27 December 2019, a total amount of EUR7,933,896 (exact) of the loan was paid to the Alternative Bank for a loan amounting to EUR23,363,594 (exact) through the performed capital increase, and for the remaining EUR15,429,698 (exact) loan, Euro loan was closed with USD17,218,000 (exact) which were obtained from the same bank. The newly purchased loan amounting to USD17,218,000 (exact) is included in the consortium loans, the first interest and principal payment after the effective date is 30 June 2020 and the interest rate is Libor + 3.95. With the related restructuring, USD1,500,000 (exact) principal repayment was made on 30 June 2020, USD3,000,000 (exact) principal prepayment was made on 25 August 2020, a loan payment was made with a cash sweep of USD2,460,000 (exact) on 31 December 2020 on a loan amounting to USD69,482,000 (exact) and total loan liability has been reduced to USD62,522,000 (exact) as of 31 December 2020.

(3) The relevant amounts represent the consolidated financial statements of DMC and NetD Müzik.

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NOTE 4 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD (Continued)

The movements of investments accounted for by the equity method for the related period are as follows:

	2020	2019
1 January	128,557	(29,821)
Share of gain (loss) on investments accounted for by the equity method	(9,630)	(79,177)
Acquisition of joint venture ⁽⁴⁾	18,974	46
Increase in fair value (Note 29) ⁽⁴⁾	87,789	-
Capital increase	1,155	68,193
Disposal	(1,070)	-
Guarantee payments	-	64,427
Capital decrease	-	(750)
Unrecognized provisions	-	105,925
Other	(246)	(286)
31 December	225,529	128,557

⁽⁴⁾ As of the completion of the sale of subsidiary, the total fair value of the DMC and NetD Müzik companies has been determined as TRY106,763, and TRY18,974 of this amount represents the carrying value and TRY87,789 of this amount represents the fair value effect. The portion of the Group's share from the total comprehensive income of the relevant companies from the sale transaction date until 31 December 2020 is TRY5,425 and as of 31 December 2020, the Group's share of the net assets of these companies is TRY112,188.

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NOTE 4 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD (Continued)

Condensed financial information after consolidation adjustments of Joint Ventures is as follows:

Condensed statement of financial position information:

31 December 2020	Boyabat Elektrik	Gas Plus Erbil	Aslancık Elektrik	Kandilli Gayrimenkul	Doğan Burda	Ultra Kablolu	Doğan Egmont	DPP	DMC	Total
Cash and cash equivalents	303	-	16,867	24	18,965	89	8,213	11	13,651	58,123
Other current assets	15,412	8,570	5,868	72	22,333	6,632	72,238	363	69,999	201,487
Other non-current assets	1,605,085	966,048	449,173	204,519	7,783	-	7,141	7	112,853	3,352,609
Total assets	1,620,800	974,618	471,908	204,615	49,081	6,721	87,592	381	196,503	3,612,219
Short-term borrowings	346,055	-	21,713	-	1,755	-	8,000	-	116	377,639
Other short-term liabilities	29,103	770	51,229	19	21,851	8	35,957	237	46,655	185,829
Long-term borrowings	4,607,429	-	438,254	-	180	-	-	-	-	5,045,863
Other long-term liabilities	230,012	1,557	366	15,816	8,049	17	-	-	943	256,760
Total liabilities	5,212,599	2,327	511,562	15,835	31,835	25	43,957	237	47,714	5,866,091
Net assets:	(3,591,799)	972,291	(39,654)	188,780	17,246	6,696	43,635	144	148,789	(2,253,872)
<i>Group's share</i>	<i>0.33</i>	<i>0.50</i>	<i>0.33</i>	<i>0.50</i>	<i>0.40</i>	<i>0.50</i>	<i>0.50</i>	<i>0.56</i>	<i>0.40</i>	
Group's net asset share	-	-	(13,217)	94,390	6,921	3,348	21,818	81	112,188	225,529

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NOTE 4 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD (Continued)

Condensed statement of financial position information (Continued):

31 December 2019	Boyabat Elektrik	Gas Plus Erbil	Aslancık Elektrik	Kandilli Gayrimenkul	Doğan Burda	Ultra Kablolu	Doğan Egmont	DPP	Total
Cash and cash equivalents	139,848	-	5,139	25	21,797	113	2,517	4	169,443
Other current assets	22,789	6,935	5,933	72	26,451	6,894	74,831	403	144,308
Other non-current assets	1,665,727	782,036	470,650	192,799	11,177	44	6,726	10	3,129,169
Total assets	1,828,364	788,971	481,722	192,896	59,425	7,051	84,074	417	3,442,920
Short-term borrowings	313,132	-	19,759	-	4,432	-	6,500	-	343,823
Other short-term liabilities	19,819	672	48,677	79	22,563	10	38,283	224	130,327
Long-term borrowings	3,553,987	-	395,596	-	2,552	-	-	-	3,952,135
Other long-term liabilities	125,780	1,260	337	13,525	7,975	17	-	-	148,894
Total liabilities	4,012,718	1,932	464,369	13,604	37,522	27	44,783	224	4,575,179
Net assets:	(2,184,354)	787,039	17,353	179,292	21,903	7,024	39,291	193	(1,132,259)
<i>Group's share</i>	<i>0.33</i>	<i>0.50</i>	<i>0.33</i>	<i>0.50</i>	<i>0.45</i>	<i>0.50</i>	<i>0.50</i>	<i>0.56</i>	
Group's net asset share	-	-	5,784	89,646	9,861	3,512	19,646	108	128,557

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NOTE 4 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD (Continued)

1 January - 31 December 2020	Boyabat Elektrik	Gas Plus Erbil	Aslancık Elektrik	Kandilli Gayrimenkul	Doğan Burda	Ultra Kablolu	DPP	Doğan Egmont	DMC
Revenue	213,946	-	154,709	-	61,548	-	1,773	38,325	73,950
Operating profit/(loss)	81,935	(556)	49,309	11,470	(4,447)	(126)	(48)	(2,433)	17,774
Net financial income/(expense)	(1,423,516)	-	(120,532)	-	(374)	-	(2)	(440)	(22)
Profit/(loss) before income tax	(1,341,581)	(556)	(71,223)	11,470	(4,811)	(330)	(50)	4,289	17,752
Profit/(loss) after income tax	(1,341,590)	(556)	(60,068)	9,179	(4,052)	(330)	(50)	4,289	13,689
Currency translation differences	-	185,808	-	-	-	-	-	-	-
Total comprehensive income/(loss)	(1,341,627)	185,252	(60,068)	9,179	(4,657)	(330)	(50)	4,289	13,565
<i>Group's share</i>	<i>0.33</i>	<i>0.50</i>	<i>0.33</i>	<i>0.50</i>	<i>0.40</i>	<i>0.50</i>	<i>0.56</i>	<i>0.50</i>	<i>0.40</i>
Group's net share on profit/(loss)	-	-	(20,021)	4,590	(1,626)	(165)	(28)	2,145	5,475

1 January - 31 December 2019	Boyabat Elektrik	Gas Plus Erbil	Aslancık Elektrik	Kandilli Gayrimenkul	Doğan Burda	Ultra Kablolu	DPP	Doğan Egmont
Revenue	329,717	-	139,764	-	84,978	-	2,271	45,806
Operating profit/(loss)	144,406	(235)	38,354	5,525	(931)	(167)	112	(2,398)
Net financial income/(expense)	(652,058)	-	(104,473)	27	(1,932)	(1)	-	(1,069)
Profit/(loss) before income tax	(507,652)	(235)	(66,119)	5,552	(2,857)	(168)	111	4,353
Profit/(loss) after income tax	(431,372)	(235)	(24,396)	4,435	(2,481)	(168)	111	2,794
Currency translation differences	-	(6,803)	-	-	-	-	-	-
Total comprehensive income/(loss)	(431,449)	(7,038)	(24,335)	4,435	(3,117)	(168)	111	2,794
<i>Group's share</i>	<i>0.33</i>	<i>0.50</i>	<i>0.33</i>	<i>0.50</i>	<i>0.45</i>	<i>0.50</i>	<i>0.56</i>	<i>0.50</i>
Group's net share on profit/(loss)	32,403	-	(8,131)	2,218	(1,117)	(84)	62	1,397

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NOTE 5 - SEGMENT REPORTING

The presentation of Segment Reporting was updated, and in this context the presentation of "Other" segment is no longer required. The group entities in the said "Other" segment have been reclassified to the relevant segments. The Updated Segment details are presented in Note 1.

a) External revenue

	1 January - 31 December 2020	1 January - 31 December 2019
Fuel retail ⁽¹⁾	7,784,043	11,236,958
Electricity production and trade	332,409	109,806
Industry and trade	1,350,257	824,075
Automotive trade and marketing	511,451	296,052
Financing and investment	225,972	250,948
Internet and entertainment	440,863	366,846
Real estate investments	122,699	168,895
	10,767,694	13,253,580

⁽¹⁾ Due to Doel's cessation of commercial activities, there was no trade income recognised during the period of 1 January - 31 December 2020 (31 December 2019: TRY2,658,928). The shares of the related subsidiary were decided to be taken over by Aytemiz Akaryakıt with the decision of the Board of Directors dated 19 February 2020, and on 22 May 2020, the merger with Aytemiz Akaryakıt was registered and the subsidiary was liquidated.

b) Profit/(loss) before income tax

	1 January - 31 December 2020	1 January - 31 December 2019
Fuel retail	24,954	(72,680)
Electricity production and trade	215,568	63,297
Industry and trade	32,282	(15,530)
Automotive trade and marketing	17,871	(11,275)
Financing and investment	1,027,192	542,439
Internet and entertainment	307,989	28,994
Real estate investments	106,114	188,784
	1,731,970	724,029

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the period ended as of 1 January - 31 December 2020:

	Fuel Retail	Electricity Production and Trade	Industry and Trade	Automotive Trade and Marketing	Financing and Investment	Internet and Entertainment	Real Estate Investments	Inter Segment Elimination	Total
External revenue	7,784,043	332,409	1,350,257	511,451	225,972	440,863	122,699	-	10,767,694
Inter segment revenue	9,650	44	1,320	1,825	40,201	-	9,995	(63,035)	-
Total revenue	7,793,693	332,453	1,351,577	513,276	266,173	440,863	132,694	(63,035)	10,767,694
Revenue	7,793,693	332,453	1,351,577	513,276	266,173	440,863	132,694	(63,035)	10,767,694
Cost of sales	(7,453,423)	(89,097)	(1,117,234)	(445,503)	(103,903)	(212,089)	(70,692)	10,317	(9,481,624)
Gross profit/(loss)	340,270	243,356	234,343	67,773	162,270	228,774	62,002	(52,718)	1,286,070
General administrative expenses	(38,112)	(15,950)	(60,850)	(15,524)	(135,491)	(53,131)	(15,947)	44,471	(290,534)
Marketing expenses	(248,022)	(3,101)	(66,485)	(33,227)	-	(82,183)	(8,049)	8,554	(432,513)
Share of gain/(loss) on investments accounted for by the equity method	-	(20,021)	-	-	-	5,801	4,590	-	(9,630)
Other income/(expenses) from operating activities, net	69,778	46,672	20,953	10,767	479,729	(7,744)	49,067	(5,634)	663,588
Income/(expenses) from investment activities, net	16,218	40,205	(22,448)	6,240	567,261	219,697	14,964	(754)	841,383
Financial income/(expense), net	(115,178)	(75,593)	(73,231)	(18,158)	(46,577)	(3,225)	(513)	6,081	(326,394)
Profit/(loss) before taxation from continued operations	24,954	215,568	32,282	17,871	1,027,192	307,989	106,114	-	1,731,970

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NOTE 5 - SEGMENT REPORTING (Continued)

c) Segmental analysis for the period ended as of 1 January - 31 December 2019:

	Fuel Retail	Electricity Production and Trade	Industry and Trade	Automotive Trade and Marketing	Financing and Investment	Internet and Entertainment	Real Estate Investments	Inter Segment Elimination	Total
External revenue	11,236,958	109,806	824,075	296,052	250,948	366,846	168,895	-	13,253,580
Inter segment revenue	16,593	139,124	1,931	262	48,589	87	10,648	(217,234)	-
Total revenue	11,253,551	248,930	826,006	296,314	299,537	366,933	179,543	(217,234)	13,253,580
Revenue	11,253,551	248,930	826,006	296,314	299,537	366,933	179,543	(217,234)	13,253,580
Cost of sales	(10,843,609)	(82,459)	(739,483)	(244,385)	(160,060)	(178,348)	(82,641)	153,276	(12,177,709)
Gross profit/(loss)	409,942	166,471	86,523	51,929	139,477	188,585	96,902	(63,958)	1,075,871
General administrative expenses	(45,358)	(16,638)	(46,230)	(16,422)	(149,407)	(53,187)	(24,078)	55,889	(295,431)
Marketing expenses	(252,430)	(2,105)	(42,838)	(24,720)	-	(96,297)	(6,714)	7,457	(417,647)
Share of gain/(loss) on investments accounted for by the equity method	-	(8,131)	-	-	32,403	258	2,218	-	26,748
Other income/(expenses) from operating activities, net	66,766	6,665	17,476	562	436,415	(5,287)	128,248	(8,776)	642,069
Income/(expenses) from investment activities, net	2,775	3,964	(296)	1,709	175,392	(1,666)	(4,483)	-	177,395
Financial income/(expense), net	(254,375)	(86,929)	(30,165)	(24,333)	(91,841)	(3,412)	(3,309)	9,388	(484,976)
Profit/(loss) before taxation from continued operations	(72,680)	63,297	(15,530)	(11,275)	542,439	28,994	188,784	-	724,029

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NOTE 5 - SEGMENT REPORTING (Continued)**d) Segment assets**

	31 December 2020	31 December 2019
Total assets		
Fuel retail	2,067,873	2,233,154
Electricity production and trade	1,839,273	1,499,167
Industry and trade ⁽⁴⁾	1,643,251	620,212
Automotive trade and marketing	300,743	116,852
Financing and investment	11,735,642	9,459,888
Internet and entertainment ⁽⁵⁾	589,600	436,304
Real estate investments	1,828,540	1,750,876
Total	20,004,922	16,116,453
Less: Segment elimination ⁽¹⁾	(6,311,719)	(4,875,862)
Total assets per consolidated financial statements	13,693,203	11,240,591
Equity	31 December 2020	31 December 2019
Fuel retail ⁽²⁾	(103,862)	(106,182)
Electricity production and trade	430,620	251,187
Industry and trade ⁽⁴⁾	159,257	29,320
Automotive trade and marketing ⁽²⁾	(27,190)	(41,001)
Financing and investment	12,824,898	12,085,244
Internet and entertainment ⁽⁵⁾	152,121	(68,105)
Real estate investments	437,481	394,991
Total	13,873,325	12,545,454
Less: Segment elimination ⁽³⁾	(5,433,753)	(5,408,845)
Total shareholders' equity per consolidated financial statements	9,378,237	7,631,340
Non-controlling interests	938,248	494,731
Equity attributable to equity holders of the parent company	8,439,989	7,136,609

⁽¹⁾ Segment elimination amount consists of the elimination of mutual payables and receivables balances between the Group's operating segments.

⁽²⁾ The paid-in capital for these companies was disregarded because of elimination of capital. Considering the paid-in capital, the equities of these operation groups represent positive amounts.

⁽³⁾ The amount of segment elimination represents the reciprocal elimination of affiliate amounts with adjusted capital amounts within total equity amount of each business segment.

⁽⁴⁾ As explained in Note 3, the reason for the increase is due to the acquisition of Sesa Ambalaj.

⁽⁵⁾ As explained in Note 31, the reason for the increase is due to the increase in fair value as a result of the sale of DMC and NetD Müzik.

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NOTE 5 - SEGMENT REPORTING (Continued)

e) **Purchase of property, plant and equipment, intangible assets and investment properties and depreciation and amortization charge**

	1 January - 31 December 2020	1 January - 31 December 2019
<u>Purchases</u>		
Fuel retail	161,549	111,051
Electricity production and trade ⁽²⁾	493,447	12,644
Industry and trade	34,906	25,509
Automotive trade and marketing ⁽³⁾	72,412	9,359
Financing and investment	12,147	15,128
Internet and entertainment	90,313	54,455
Real estate investments	17,880	11,131
Total	882,654	239,277

	1 January - 31 December 2020	1 January - 31 December 2019
<u>Depreciation and amortization</u>		
Fuel retail	159,080	152,893
Electricity production and trade	34,579	37,583
Industry and trade ⁽¹⁾	39,158	32,561
Automotive trade and marketing	9,336	7,484
Financing and investment	25,811	27,080
Internet and entertainment	59,175	51,449
Real estate investments	8,704	6,907
Total	335,843	315,958

⁽¹⁾ Depreciation expense related to industry and trade segment amounting to TRY1,072 has been recognised under inventory account (31 December 2019: TRY408).

⁽²⁾ An increase has occurred due to the construction of Taşpınar power plant of Galata, a subsidiary of the Group.

⁽³⁾ An increase has occurred due to the vehicle purchases amounting to TRY44,868 of Suzuki, a subsidiary of the Group.

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NOTE 6 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Cash	2,532	1,990
Banks		
- Demand deposits	554,296	144,505
- Time deposits	2,338,267	3,125,308
Other liquid assets	10,852	7,029
	2,905,947	3,278,832

As of 31 December 2020 the gross effective interest rates of USD, EUR and TRY denominated time deposits of the Group are between 0.05% and 3.60% (31 December 2019: 0.95% and 2.45%), 2.20% and 3.10% (31 December 2019: 0.25% and 0.30%) and 13.57% and 17.75% (31 December 2019: 1.91% and 10.50%) and the maturity of the time deposits is shorter than 3 months.

As of 31 December 2020, other liquid assets consist of credit card slip receivables amounting to TRY10,852 (31 December 2019: TRY7,029). As of 31 December 2020, there are blocked deposits amounting to TRY832 (31 December 2019: TRY645).

Cash and cash equivalents disclosed in the consolidated statements of cash flows as of 31 December 2020, 31 December 2019 and 31 December 2018 are as follows:

	31 December 2020	31 December 2019	31 December 2018
Cash and cash equivalents	2,905,947	3,278,832	3,817,966
Accrued interest (-)	(1,566)	(2,074)	(8,602)
Cash and cash equivalents	2,904,381	3,276,758	3,809,364

NOTE 7 - FINANCIAL INVESTMENTS

a) Short-term financial investments

The Group's financial assets classified as short-term financial investments are as follows:

	31 December 2020	31 December 2019
Financial assets carried at fair value through other comprehensive income ⁽¹⁾		
- Private sector and government bills and bonds	2,042,772	1,108,572
- Investment funds	357,174	68,046
- Private sector stocks	21,929	-
Financial assets carried at fair value through profit or loss		
- Private sector stocks	2,148	1,108
	2,424,023	1,177,726

⁽¹⁾ 32% of financial investments consist of government and 68% private sector bonds and bills (31 December 2019: 29% government and 71% private sector).

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NOTE 7 - FINANCIAL INVESTMENTS (Continued)

a) Short-term financial investments (Continued)

The movements of short-term financial investments for the related period are as follows:

	2020	2019
1 January	1,177,726	423,682
Purchase of financial assets	1,869,982	1,134,548
Change in fair value	21,604	59,441
<i>Recognized in the statement of income</i>	1,040	112
<i>Recognized in the statement of other comprehensive income</i>	20,564	59,329
Financial investment disposal	(877,540)	(480,163)
Interest accrual	12,530	19,248
Purchase effect of subsidiary (Note 3)	1,479	-
Currency translation differences	218,242	20,970
31 December	2,424,023	1,177,726

b) Long-term financial investments

The Group's financial assets classified as long-term financial investments are as follows:

	31 December 2020		31 December 2019	
	TRY	(%)	TRY	(%)
Financial assets carried at fair value through other comprehensive income ⁽¹⁾				
<i>Lexin Nassau L.P.</i> ⁽²⁾	121,674	22.15	157,891	22.15
Financial assets carried at fair value through profit or loss ⁽¹⁾				
<i>Mediterra Capital Partners I LP</i>	10,314	1.88	11,128	1.88
<i>Insider SG PTE Limited</i>	36,604	3.07	9,772	3.28
<i>Mediterra Capital Partners II LP</i>	13,429	2.23	8,231	2.23
<i>GRI Gıda Sanayi ve Ticaret A.Ş.</i>	-	-	7,407	1.71
<i>Dış Yeri Bilişim Teknolojileri ve Animasyon A.Ş.</i>	8,437	3.75	7,874	3.75
<i>Collective Spark Fund BV</i>	1,631	1.23	542	1.13
	192,089		202,845	

⁽¹⁾ As the following situations are not present, the Group does not carry out any significant activities on the subsidiary:

- Being represented by the board of directors or similar executive body of the invested entity,
- Participating in the entity's policy determination processes including dividends or other distribution decisions,
- Carrying out important transactions between the investor and invested entities,
- Providing know-how required for business operations or administrative officer exchange between entities.

⁽²⁾ Nassau L.P. is included in the long-term investments of M Investment, a subsidiary of the Group. The fair value of related investment is accounted for as financial asset in the other comprehensive income statement and the fair value of the asset is TRY121,674 (equivalent of USD16,576) as of 31 December 2020. A significant portion of the change in fair value amounting to TRY61,242 consist of the long-term borrowings used by Nassau L.P. A capital increase of TRY6,156 was realized during the period regarding the investment accordingly, the foreign currency translation difference amounting to TRY31,066 has been accounted in the other comprehensive income statement for the period ended 31 December 2020.

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NOTE 7 - FINANCIAL INVESTMENTS (Continued)

b) Long-term financial investments (Continued)

The movements of long-term financial investments for the related period are as follows:

	2020	2019
1 January	202,845	196,084
Currency translation differences	31,066	18,158
Change in fair value	(44,954)	3,236
<i>Recognized in equity</i>	(73,437)	-
<i>Recognized in the statement of income</i>	28,483	3,236
Purchase of financial assets	4,383	2,472
Capital increase	6,156	199
Financial investment disposal	(7,407)	(14,670)
Change in fair value	-	(2,634)
31 December	192,089	202,845

NOTE 8 - SHORT AND LONG TERM FINANCIAL BORROWINGS

Financial borrowings

The details of financial borrowings at 31 December 2020 and 31 December 2019 are as follows

	31 December 2020	31 December 2019
Short-term borrowings:		
Short-term bank borrowings	1,679,820	1,603,847
Financing bond ⁽¹⁾	21,570	136,713
Lease borrowings from non-related parties	-	414
Total	1,701,390	1,740,974

⁽¹⁾ The Group's subsidiary, Doruk Faktoring, issued and sold discounted financing bonds to qualified investors, without a public offering on 12 August 2020. The nominal value of the bonds amounts to TRY30,000,000 (exact) with the maturity of 170 days. The bonds' simple annual interest rate is 12% and the annual compound interest rate is 12.39%. The bond with a nominal value of TRY30,000,000 (exact) is redeemed on 29 January 2021. A portion of TRY8,168,151 (exact) with the interest accrued and purchased by Dogan Holding is eliminated within the scope of consolidation. Also, Doruk Faktoring issued and sold discounted financing bonds to qualified investors without public offering on 29 January 2021. The bonds are in the nominal amount of TRY80,000,000 (exact) and are with 181-day maturity. Their annual simple interest rate is 19.95% and annual compound interest rate is 20.96%. The portion worth TRY19,300,000 (exact) of the above mentioned financing bonds issued by Doruk Faktoring is purchased by Doğan Holding. The movement table related to the financing bonds is included in the net financial liability reconciliation mentioned in this note (31 December 2019: Consists of financing bonds issued by Doruk Faktoring, Doruk Finansman and Aytemiz Akaryakıt).

	31 December 2020	31 December 2019
Short-term portions of long-term borrowings:		
Short-term portions of long-term bank borrowings	88,508	71,071
Lease borrowings from non-related parties	41,463	36,734
Lease borrowings from related parties	5,855	6,238
Total	135,826	114,043

	31 December 2020	31 December 2019
Long-term borrowings:		
Long-term bank borrowings	896,923	407,133
Lease borrowings from non-related parties	149,974	170,416
Lease borrowings from related parties	14,148	18,906
Total	1,061,045	596,455

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NOTE 8 - SHORT AND LONG TERM FINANCIAL BORROWINGS (Continued)**a) Bank borrowings and financing bonds**

Details of the bank borrowings and financing bonds as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020			31 December 2019		
	Interest rate per annum (%)	Original currency	TRY	Interest rate per annum (%)	Original currency	TRY
Short-term bank borrowings:						
TRY denominated bank borrowings	3.6 - 20.5	1,628,175	1,628,175	5.00 - 27.95	1,437,175	1,437,175
USD denominated bank borrowings	5.45 - 5.45	2,005	14,718	6.10 - 6.10	4,300	25,543
EUR denominated bank borrowings	0.6 - 4.25	4,099	36,927	0.85 - 3.45	21,220	141,129
Subtotal			1,679,820			1,603,847
Short-term financing bonds:						
TRY denominated financing bonds			21,570			136,713
Subtotal			21,570			136,713
Short-term portion of long-term bank borrowings:						
TRY denominated bank borrowings	8.37 - 14.75	59,276	59,276	12.25 - 16.24	57,888	57,888
EUR denominated bank borrowings	0.65 - 4.65	3,245	29,232	0.65 - 4.22	1,982	13,183
Subtotal			88,508			71,071
Total short-term bank borrowings and financing bonds			1,789,898			1,811,631
Long term bank borrowings:						
TRY denominated bank borrowings	8.37 - 14.75	663,765	663,765	12.80 - 22.55	326,077	326,077
EUR denominated bank borrowings	0.65 - 4.65	25,884	233,158	0.65 - 2.63	12,188	81,056
Total long-term bank borrowings			896,923			407,133

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NOTE 8 - SHORT AND LONG TERM FINANCIAL BORROWINGS (Continued)**b) Lease borrowings**

Details of the lease borrowings as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020			31 December 2019		
	Interest rate per annum (%)	Original currency	TRY	Interest rate per annum (%)	Original currency	TRY
Short-term lease borrowings:						
EUR denominated lease borrowings from non-related parties	-	-	-	2.90 - 3.45	62	414
Subtotal			-			414
Short-term portion of long-term lease borrowings:						
TRY denominated lease borrowings from related parties	11.16 - 26.15	5,855	5,855	22.55 - 26.15	6,238	6,238
TRY denominated lease borrowings from non-related parties	11.16 - 26.15	39,516	39,518	22.55 - 26.15	16,386	16,386
USD denominated lease borrowings from non-related parties	12.41	265	1,945	12.41	347	2,063
EUR denominated lease borrowings from non-related parties	-	-	-	3.83 - 10.20	2,747	18,269
RUB denominated lease borrowings from non-related parties	-	-	-	6.25 - 7.00	177	16
Subtotal			47,318			42,972
Total short-term lease borrowings			47,318			43,386
Long-term lease borrowings:						
TRY denominated lease borrowings from related parties	11.16 - 26.15	14,148	14,148	22.55 - 26.15	18,906	18,906
TRY denominated lease borrowings from non-related parties	11.16 - 26.15	129,891	129,891	22.55 - 26.15	149,648	149,648
USD denominated lease borrowings from non-related parties	12.41	2,736	20,083	12.41	3,443	20,452
EUR denominated lease borrowings from non-related parties	-	-	-	3.83 - 10.20	48	316
Total long-term lease borrowings			164,122			189,322

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NOTE 8 - SHORT AND LONG TERM FINANCIAL BORROWINGS (Continued)

The movement table of the lease borrowings is as follows:

	31 December 2020	31 December 2019
Beginning of the period	232,708	222,449
Additions	40,242	45,432
Payments	(106,872)	(84,522)
Interest expense (Note 30)	31,841	45,677
Currency translation differences	9,843	3,983
Early termination	(17)	(311)
Remeasurement	3,111	-
Acquisition of subsidiary (Note 3)	606	-
Disposal of subsidiary (Note 31)	(22)	-
	211,440	232,708

The reconciliation of the net financial borrowings as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Cash and cash equivalents (Note 6)	2,905,947	3,278,832
Short-term borrowings	(1,789,898)	(1,811,631)
Long-term borrowings	(896,923)	(407,133)
Short term lease borrowings	(47,318)	(43,386)
Long term lease borrowings	(164,122)	(189,322)
Net financial assets/(liabilities)	7,686	827,360

	Short and long term borrowings	Lease borrowings	Cash and cash equivalents	Net financial liability
1 January 2020	2,218,764	232,708	(3,278,832)	(827,360)
Cash flow effect	301,243	(63,536)	958,788	1,196,495
Currency translation adjustments	64,264	9,843	(487,491)	(413,384)
Interest accrual, net	92,520	31,841	1,566	125,927
Acquisition of subsidiary	10,030	606	(104,022)	(93,386)
Disposal of subsidiary	-	(22)	4,044	4,022
31 December 2020	2,686,821	211,440	(2,905,947)	(7,686)

	Short and long term borrowings	Lease borrowings ⁽¹⁾	Cash and cash equivalents	Net financial liability
1 January 2019	2,488,641	-	(3,817,966)	(1,329,325)
TFRS 16 opening effect	-	222,449	-	222,449
Cash flow effect	(498,831)	(39,401)	921,522	383,290
Currency translation adjustments	21,563	3,983	(384,462)	(358,916)
Interest accrual, net	207,391	45,677	2,074	255,142
31 December 2019	2,218,764	232,708	(3,278,832)	(827,360)

⁽¹⁾ As disclosed in Note 2.1.6, the amounts due as of 31 December 2019 consist of the balances resulting from the first time adoption of "TFRS 16 Leases" standard.

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NOTE 8 - SHORT AND LONG TERM FINANCIAL BORROWINGS (Continued)

The redemption schedule of long-term bank borrowings as of 31 December 2020 and 31 December 2019 is as follows:

	31 December 2020	31 December 2019
2021	-	337,853
2022	190,618	11,776
2023	429,523	9,300
2024 and after	276,782	48,204
Total	896,923	407,133

Carrying value of the financial liabilities is considered to be same with the fair value since discount effect is not material. The Group borrows loans on fixed and floating interest rates.

Allocation of borrowings with fixed and floating interest rates of the Group excluding financial liabilities to be paid to the suppliers as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Financial borrowings with fixed interest rates (Note 35)	2,795,505	2,300,609
Financial borrowings with floating interest rates (Note 35)	102,756	150,863
Total	2,898,261	2,451,472

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables from non- related parties

	31 December 2020	31 December 2019
Trade receivables	1,725,623	1,627,097
Notes and cheques receivable	170,697	180,694
Income accruals	432	1,286
Total	1,896,752	1,809,077
Less: Unearned financial income due to sales with maturity	(3,815)	(4,543)
Less: Provision for expected credit losses (-)	(523)	(877)
Less: Provision for doubtful receivables (-)	(115,428)	(98,771)
Total	1,776,986	1,704,886

The average maturity of not overdue trade receivables of the Group that are followed up by Doruk Faktoring is between 52 to 84 days as of the statement of financial position date (31 December 2019: 52 - 87 days). The maturity of the trade receivables of the Group varies and the effective interest rate applied for trade receivables is TRY12.05%, USD2.70%, and EUR1.54% (31 December 2019: TRY13.83%, USD3.69%, EUR1.68%). The rate used in this method is determined on the basis of compound interest called "effective interest rate"; which has been determined taking into consideration the data of the Central Bank of the Republic of Turkey.

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Long-term trade receivables from non- related parties

	31 December 2020	31 December 2019
Notes and cheques receivable ⁽¹⁾	36,194	29,116
Unearned financial income due to sales with maturity	(3,161)	(3,033)
	33,033	26,083

⁽¹⁾ Long term notes receivables are mainly consisted of commercial activities related to fuel sales and financing services.

The movements of provisions for doubtful receivables for the related period are as follows:

	2020	2019
1 January	(99,648)	(92,574)
Provision from continued operations in the current period (Note 28)	(20,406)	(25,009)
Expected credit loss, net	353	489
Written off uncollectible receivables ⁽¹⁾	6,697	14,310
Collections	1,019	3,136
Acquisition of subsidiary	(6,580)	-
Disposal of subsidiary	2,614	-
31 December	(115,951)	(99,648)

⁽¹⁾ The Group has decided to derecognise the receivables recorded as doubtful within prior periods, in accordance with the provisional article 7 of TCC, which are from the companies extracted from trade registry and the companies that have completed ordinary liquidation process and the companies dissolved by commercial courts' decision and the companies dissolved by bankruptcy estate and also determined as bad debts, from the statement of financial position.

Guarantees for trade receivables

As of 31 December 2020, although trade receivables amounting to TRY102,994 (31 December 2019: TRY115,721), were overdue, they were not assessed as doubtful receivable (Note 35). The Group does not foresee any collection risk regarding to overdue receivables by considering sector dynamics and circumstances as of the reporting date (Note 2).

As of 31 December 2020, the Group has collateral, pledge, mortgage and surety amounting to TRY1,381,760 (31 December 2019: TRY1,530,294) for trade receivables amounting to TRY1,810,019 (31 December 2019: TRY1,730,969) from non-related parties (Note 35).

Short term trade payables to non-related parties

	31 December 2020	31 December 2019
Trade payables	689,490	717,983
Provisions for liabilities and expenses	25,236	30,770
Cheques and notes payables	766	-
Less: Unrealized finance expense due to purchases with maturity	(1,311)	(3,033)
Total	714,181	745,720

The average maturity of trade payables is between 40 to 87 days as of 31 December 2020 (31 December 2019: 40 to 91 days). The maturity of the trade payables of the Group varies and the effective interest rate applied for trade payables is TRY12.05%, USD2.70%, and EUR1.54% (31 December 2019: TRY13.83%, USD3.69%, EUR1.68%). The rate used in this method is determined on the basis of compound interest called "effective interest rate"; which has been determined taking into consideration the data of the Central Bank of the Republic of Turkey.

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NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables from non-related parties

	31 December 2020	31 December 2019
TEİAŞ power transmission line receivables	15,065	7,137
Deposits and guarantees given ⁽¹⁾	4,382	5,787
Other receivables ⁽²⁾	14,222	12,229
Total	33,669	25,153

⁽¹⁾ The significant portion of deposits and guarantees given consists of deposits and guarantees given related to the operations of the Group's subsidiaries Suzuki and Aytemiz.

⁽²⁾ A significant portion of other receivables consists of the tax receivables of the Group's subsidiaries.

Other short-term payables to non-related parties

	31 December 2020	31 December 2019
Taxes and funds payable	135,803	120,474
Deposits and guarantees received	3,085	569
Other short-term payables ⁽³⁾	13,173	5,788
Total	152,061	126,831

Other long-term payables to non-related parties

	31 December 2020	31 December 2019
Deposits and guarantees received	1,353	1,385
Other long-term payables ⁽³⁾	7,488	538
Total	8,841	1,923

⁽³⁾ A significant portion of the other short-term and long-term payables is due to the liabilities of the Group's subsidiary, Suzuki arising from distributor agreement. (31 December 2019: A significant portion of the other short-term payables is due to the liabilities of the Group's subsidiary Kanal D Romanya arising from transactions other than their commercial activities).

NOTE 11 - INVENTORIES

	31 December 2020	31 December 2019
Finished goods and merchandise	649,133	560,267
Raw materials and supplies	83,803	29,612
Semi-finished goods	18,002	14,511
Other inventories	28,347	19,455
Provision for impairment of inventory (-)	(341)	(2,062)
Total	778,944	621,783

Depreciation and amortization expenses amounting to TRY1,072 have been reflected to cost of inventories as of 31 December 2020 (31 December 2019: TRY408).

The movement of the provision for impairment of inventories for the periods ended 31 December 2020 and 2019 are as follows:

	2020	2019
1 January	(2,062)	(1,992)
Reversal of provision for impairment of inventories	306	130
Provision booked in the current period	(110)	(200)
Disposal of subsidiary	1,525	-
31 December	(341)	(2,062)

NOTE 12 - BIOLOGICAL ASSETS

As of 31 December 2020, the amount of biological assets of the Group's subsidiary Kelkit Doğan Besi is TRY14,528 (31 December 2019: TRY13,167).

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NOTE 13 - INVESTMENT PROPERTIES

The movements of investment properties for the periods ended 31 December 2020 and 2019 are as follows:

	1 January 2020	Additions	Disposals	Disposal of subsidiary	Transfers	Currency translation differences	Fair value adjustment ⁽¹⁾	31 December 2020
Land	386,044	-	-	-	-	-	44,644	430,688
Buildings	971,123	-	-	-	-	38,911	4,161	1,014,195
Net book value	1,357,167	-	-	-	-	38,911	48,805	1,444,883

	1 January 2019	Additions	Disposals	Disposal of subsidiary	Transfers	Currency translation differences	Fair value adjustment ⁽¹⁾	31 December 2019
Land	252,102	9,765	(70)	-	303	-	123,944	386,044
Buildings	962,578	-	-	-	-	8,275	270	971,123
Net book value	1,214,680	9,765	(70)	-	303	8,275	124,214	1,357,167

⁽¹⁾ As of 31 December 2020, the Group has accounted for a fair value correction of TRY48,805 by considering the purchase and sale transactions in the current period in the appraisal value stated in the real estate appraisal report regarding the land and buildings. Adjustment amounting to TRY43,013 relates to Ömerli land which is one of the Group's Investment properties (Note 18). (31 December 2019: The part of the fair value correction of TRY124,214 amounting to TRY111,834 relates to Ömerli land which is one of the Group's Investment properties).

There is no collateral or mortgage on investment properties of the Group.

As of 31 December 2020, the investment properties of the Group comprise of parts of buildings held to earn rentals, lands and properties.

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NOTE 13 - INVESTMENT PROPERTIES (Continued)

Level reclassification of financial assets and liabilities measured at fair value

Investment properties of the Group has been valued by the real estate valuation establishments those are in the CMB list by using the market comparison analysis approach, cost approach and direct capitalisation approach methods. As a result, it was determined that the values calculated from different approaches is similar and consistent with the market comparison method and value has been determined according to the market comparison method. Real estate valuation establishments are authorized by CMB and provide property valuation appraisal services in accordance with the capital markets legislation and have sufficient experience and qualifications regarding the fair value measurement of the real estate in related regions.

As of 31 December 2020, the Group has accounted for a fair value correction of TRY48,805 by considering the purchase and sale transactions in the current period in the real estate appraisal value regarding investment properties.

The following table gives information on how the fair values of the related financial asset and liabilities were determined:

			Fair value level as of the reporting date		
	Fair Value		Level 1	Level 2	Level 3
	31 December 2020	31 December 2019			
Investment properties	1,444,883	1,357,167	-	1,444,883	-

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the periods ended 31 December 2020 and 2019 are as follows:

	1 January 2020	Additions ⁽¹⁾	Disposals	Transfers	Currency translation differences	Disposal of subsidiary ⁽²⁾	Acquisition of subsidiary ⁽³⁾	31 December 2020
Cost:								
Land and land improvements	176,055	1,244	(8,874)	17,252	-	-	17,339	203,016
Buildings	86,012	3,015	(983)	3,204	101	-	19,151	110,500
Machinery and equipment	907,908	12,605	(565)	404,345	10,869	-	130,729	1,465,891
Motor vehicles	142,268	51,163	(20,795)	585	1,123	-	3,240	177,584
Furniture and fixtures	124,622	12,387	(894)	961	245	(910)	670	137,081
Development costs of								
leased tangible assets	105,171	5,042	(80)	3,359	2,577	(44)	-	116,025
Other tangible assets	159,486	13,342	(11,843)	-	-	(96)	-	160,889
Construction in progress	28,734	515,813	(1,674)	(437,227)	5	-	-	105,651
	1,730,256	614,611	(45,708)	(7,521)	14,920	(1,050)	171,129	2,476,637
Accumulated depreciation:								
Land improvements	5,634	824	-	-	-	-	-	6,458
Buildings	72,007	6,329	(203)	-	(10)	-	-	78,123
Machinery and equipment	337,187	51,914	(417)	-	8,117	-	-	396,801
Motor vehicles	54,873	12,557	(4,162)	-	671	-	-	63,939
Furniture and fixtures	52,039	10,594	(737)	-	222	(541)	-	61,577
Development costs of								
leased tangible assets	36,176	9,624	(80)	-	2,181	(37)	-	47,864
Other tangible assets	70,026	20,722	(10,008)	-	-	(97)	-	80,643
	627,942	112,564	(15,607)	-	11,181	(675)	-	735,405
Net book value	1,102,314							1,741,232

(1) The majority of the investments during 2020 are the investments of Galata, Kanal D Romanya, Aytemiz and Suzuki, subsidiaries of the Group. The investments in Galata increased by TRY489,849 due to the construction of Taşpınar power plant. Aytemiz made investments amounting to TRY43,988 in the relevant period due to the new station investments. Also, Kanal D Romanya made TRY60,866 worth of program rights purchases. As the result of the renewal of distribution agreement at Suzuki, intangible fixed assets increased by TRY11,882 and an additional purchase of vehicles in the amount of TRY44,868 was made.

(2) As the details are explained in Note 31, it is related to the sales of DMC and NetD.

(3) As the details are explained in Note 3, it is related to the acquisition of Sesa Ambalaj.

As of 31 December 2020, there is no mortgage on property, plant and equipment. (31 December 2019: None). As of 31 December 2020, there is no property, plant and equipment acquired by financial leasing (31 December 2019: TRY414). As of 31 December 2020, capitalized borrowing cost in tangible fixed asset is TRY20,034 (31 December 2019: None).

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2019	Additions	Disposals	Transfers	Acquisition of subsidiary ^(*)	Currency translation differences	31 December 2019
Cost:							
Land and land improvements	173,141	1,823	-	138	952	1	176,055
Buildings	85,129	2,436	(1,811)	236	-	22	86,012
Machinery and equipment	804,492	12,863	(6,451)	744	94,006	2,254	907,908
Motor vehicles	135,920	18,899	(12,980)	211	-	218	142,268
Furniture and fixtures	101,816	8,160	(6,029)	6,954	13,670	51	124,622
Development costs of leased tangible assets	77,203	7,529	(2,331)	22,245	-	525	105,171
Other tangible assets	145,881	14,829	(4,284)	3,060	-	-	159,486
Construction in progress	40,496	37,970	(9,957)	(39,466)	68	(377)	28,734
	1,564,078	104,509	(43,843)	(5,878)	108,696	2,694	1,730,256
Accumulated depreciation:							
Land and land improvements	5,011	623	-	-	-	-	5,634
Buildings	66,070	5,962	(23)	-	-	(2)	72,007
Machinery and equipment	288,349	50,163	(5,095)	-	2,158	1,612	337,187
Motor vehicles	40,377	19,400	(5,051)	-	-	147	54,873
Furniture and fixtures	48,243	9,116	(5,403)	-	40	43	52,039
Development costs of leased tangible assets	29,608	6,568	(398)	-	-	398	36,176
Other tangible assets	52,990	20,362	(3,327)	-	-	1	70,026
	530,648	112,194	(19,297)	-	2,198	2,199	627,942
Net book value	1,033,430						1,102,314

(*) As the details are explained in Note 3, a significant portion consists of solar energy investments acquired within the scope of the business combination realized within Galata Wind.

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NOTE 15 - INTANGIBLE ASSETS

Other intangible assets:

Movements of the intangible assets for the periods ended 31 December 2020 and 2019 are as follows:

	1 January 2020	Additions	Disposals	Currency translation differences	Transfers	Disposal of subsidiary ⁽³⁾	Acquisition of subsidiary ⁽⁴⁾	31 December 2020
Cost								
Trade names	7,876	-	-	-	-	-	89,056	96,932
Electricity production license	354,644	-	-	-	-	-	-	354,644
Customer list	-	-	-	-	-	-	355,168	355,168
Other	231,858	52,183	(10,872)	(8,354)	7,521	(16,949)	219	255,606
	594,378	52,183	(10,872)	(8,354)	7,521	(16,949)	444,443	1,062,350
Accumulated amortization:								
Trade names	7,481	1,979	-	-	-	-	-	9,460
Electricity production license	45,035	7,647	-	-	-	-	-	52,682
Customer list	-	7,893	-	-	-	-	-	7,893
Other	145,705	25,061	(2,477)	3,218	-	(3,617)	-	167,890
	198,221	42,580	(2,477)	3,218	-	(3,617)	-	237,925
Dealer agreements	181,120							160,251
Television programme rights	35,045							73,196
	612,322							1,057,872

Movement of television programme rights and dealer agreements for the period ended 31 December 2020 is as follows:

	1 January 2020	Additions ⁽¹⁾	Amortization	Disposals ⁽²⁾	Currency translation differences	31 December 2020
Dealer agreements	181,120	43,988	(47,208)	(17,649)	-	160,251
Television programme rights	35,045	60,866	(38,332)	-	15,617	73,196

(1) Kanal D Romanya, subsidiary of the Group purchased programme rights amounting to TRY60,866 during the period.

(2) The balance consists of the sales support premiums returns, given by Aytemiz.

(3) Explained in Note 31.

(4) Explained in Note 3.

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NOTE 15 - INTANGIBLE ASSETS (Continued)

Other intangible assets (Continued):

	1 January 2019	Additions	Disposals	Currency translation differences	Transfers	Acquisition of subsidiary	31 December 2019
Cost							
Trade names	7,876	-	-	-	-	-	7,876
Electricity production license	354,644	-	-	-	-	-	354,644
Other	195,453	18,319	(824)	538	18,296	76	231,858
	557,973	18,319	(824)	538	18,296	76	594,378
Accumulated amortization:							
Trade names	5,906	1,575	-	-	-	-	7,481
Electricity production license	37,388	7,647	-	-	-	-	45,035
Other	129,826	15,761	(443)	498	-	63	145,705
	173,120	24,983	(443)	498	-	63	198,221
Dealer agreements	265,970						181,120
Television programme rights	32,411						35,045
	683,234						612,322

Movement of television programme rights and dealer agreements for the period ended 31 December 2019 is as follows:

	1 January 2019	Additions ⁽¹⁾	Amortization	Currency translation differences	TFRS 16 opening effect ⁽²⁾	31 December 2019
Dealer agreements	265,970	11,306	(54,396)	-	(41,760)	181,120
Television programme rights	32,411	36,886	(38,751)	4,499	-	35,045

(1) Kanal D Romanya, subsidiary of the Group purchased programme rights amounting to TRY36,886 during the period.

(2) Within the scope of the accounting policy change resulting from the first-time adoption of TFRS 16 "Leases" Standard, dealer contracts amounting to TRY41,760 were classified to right of use assets.

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NOTE 15 - INTANGIBLE ASSETS (Continued)

Goodwill

Goodwill amounting to TRY51,202 was recognised in the consolidated statement of financial position due to the business combination the details of which were disclosed in Note 3 as of 31 December 2020. As of 31 December 2020 and 2019, goodwill movement is as follows:

	2020	2019
1 January	51,552	34,476
Additions (Note 3)	51,202	35,139
Transfers (Note 2)	-	(12,418)
Currency translation difference	2,347	(5,645)
31 December	105,101	51,552

NOTE 16 - RIGHT OF USE ASSETS

	1 January 2020	Additions	Disposals	Acquisition of subsidiary ⁽¹⁾	Disposal of subsidiary ⁽²⁾	Remeasurement ⁽³⁾	31 December 2020
Cost:							
Buildings	248,201	95,109	-	-	-	(393)	342,917
Motor vehicles	37,031	480	-	-	-	8,699	46,210
Land	16,795	1,850	-	-	(16)	(2,829)	15,800
Offices	14,561	6,466	(27)	-	(74)	-	20,926
Warehouses	3,592	3,462	-	560	-	(193)	7,421
Machinery and equipments	1,958	2,502	(214)	42	-	20	4,308
Frequencies	819	1,137	-	-	-	28	1,984
	322,957	111,006	(241)	602	(90)	5,332	439,566

	1 January 2020	Additions	Disposals	Acquisition of subsidiary ⁽¹⁾	Disposal of subsidiary ⁽²⁾	Remeasurement ⁽³⁾	31 December 2020
Accumulated amortization:							
Buildings	(56,902)	(68,783)	-	-	-	-	(125,685)
Motor vehicles	(20,699)	(18,355)	-	-	-	-	(39,054)
Land	(800)	(841)	-	-	12	-	(1,629)
Offices	(2,601)	(2,301)	14	-	55	-	(4,833)
Warehouses	(2,525)	(3,213)	-	-	-	-	(5,738)
Machinery and equipments	(1,820)	(1,795)	175	-	-	-	(3,440)
Frequencies	(695)	(943)	-	-	-	-	(1,638)
	(86,042)	(96,231)	189	-	67	-	(182,017)

Net book value	236,915						257,549
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⁽¹⁾ Explained in Note 3.

⁽²⁾ Explained in Note 31.

⁽³⁾ The Group renegotiated various lease contracts with the lessors in 2020. As a result of the renegotiations, changes were made on the period of the lease contracts. As the changes did not cause a change in the scope and content of the financial lease, the Group recognised these changes as an adjustment on right of use assets amounting to TRY5,332, in accordance with the accounting policies explained in Note 2.2.

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NOTE 16 - RIGHT OF USE ASSETS (Continued)

	1 January 2019	Additions	Disposals	31 December 2019
Cost:				
Buildings	227,523	47,387	(26,709)	248,201
Motor vehicles	36,029	1,002	-	37,031
Land	16,780	15	-	16,795
Offices	4,849	10,008	(296)	14,561
Warehouses	3,527	80	(15)	3,592
Machinery and equipments	1,958	-	-	1,958
Frequencies	819	-	-	819
	291,485	58,492	(27,020)	322,957
	1 January 2019	Additions	Disposals	31 December 2019
Accumulated amortization:				
Buildings	-	(56,902)	-	(56,902)
Motor vehicles	-	(20,699)	-	(20,699)
Land	-	(800)	-	(800)
Offices	-	(2,601)	-	(2,601)
Warehouses	-	(2,525)	-	(2,525)
Machinery and equipments	-	(1,820)	-	(1,820)
Frequencies	-	(695)	-	(695)
	-	(86,042)	-	(86,042)
Net book value	291,485			236,915

NOTE 17 - GOVERNMENT GRANTS

In the scope of the Social Insurance and General Health Insurance Law, the Group receives insurance premium incentives (law no. 5510), regional incentives (law no. 56486), SSI incentives and Minimum Wage incentives (law no. 56645). In this context, the incentive amounting to TRY1,219 (31 December 2019: TRY1,004) is recorded against the labor expense under cost of goods sold in the financial statements as of 31 December 2020. Also, during the COVID-19 pandemic, the Group companies benefited from short-term working allowance in varying degrees in scope of “Employment Incentive” effective as of 17 April 2020.

NOTE 18 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions	31 December 2020	31 December 2019
Provision for lawsuits and indemnity	12,622	8,476
Other	4,204	1,607
	16,826	10,083

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NOTE 18 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Other short-term provisions (Continued)

Movement of lawsuit provisions for the periods ended 31 December 2020 and 2019 is as follows:

	2020	2019
1 January	8,476	6,440
Additions in the current period (Note 28)	4,863	2,669
Reversal of provisions booked in prior periods	(1,891)	(633)
Disposal of subsidiary	(169)	-
Acquisition of subsidiary	1,343	-
31 December	12,622	8,476

The Group reserved provisions of TRY12,622 considering the legal opinions on ongoing lawsuits and similar lawsuits finalized in the past, which were brought against it and the details of which are given below (31 December 2019: TRY8,476).

(a) *Lawsuits*

The amount of lawsuits filed against the Group is TRY31,408 as of 31 December 2020 (31 December 2019: TRY26,192).

	31 December 2020	31 December 2019
Legal cases	13,225	13,322
Business cases	9,609	2,490
Commercial cases	8,574	9,005
Other	-	1,375
Total	31,408	26,192

(b) *Other*

Milpa:

The Land of Ömerli

Shares acquired step by step with the agreement "Building Construction Shared Floor/Revenue in Return Arrangement Form Land Share and Real Estate Promise to Sell Agreement" ("Agreement") signed between March 2000 - October 2003 and recognised under "investment properties" by the Group, and in addition to these shares, the balance of the shares acquired from the result of the tender in relation to the lawsuit opened by one of the shareholders corresponding to his/her share in the real estate, located at İstanbul Province, Pendik District, Kurtdoğan Village with an area of m² 2,238,207 which consist of two separate parcels with no:1154 (2,093,941 m²) and 1155 (144,266 m²), have been recognised at fair value which has been appreciated in the Real Estate Valuation Report dated 3 February 2021 prepared by the Real Estate Appraisal Company on the list of CMB. Because of the qualifications of farm land due to the legal uncertainties stated below, Ömerli land hasn't been recognised under normal business operations of Milpa (project development, construction and sale etc.), and has been recognised as "investment properties" in accordance with TAS 40 ("Investment Properties"), in the context of Paragraph 8/(b).

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NOTE 18 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(b) Other (Continued)

Milpa: (Continued)

The Land of Ömerli (Continued)

Milpa, has commitment to pay 25% of the revenue generated from the real estate project (the "Project") by considering the share of the land owners who have assigned shares within the scope of revenue sharing constructions and/or flat for land basis contracts in accordance with the Contract verdicts that has been signed with the first acquisition of Ömerli Land which cannot be implemented due to the administrative and legal processes as described in detail below.

According to the İstanbul Environmental Recreation Plan, scale of 1/100,000 and dated 15 June 2009, a significant part of the land of which parcel no is 1154, is located partially within the borders of "Habitat Park Area". The report on the Basin Location Information of the İstanbul Water Supply and Sanitation Administrative General Directory dated 31 December 2020 states that 2,586 m² of parcel no 1154 and 142,012 m² of parcel no 1155 are parts of the Forest Area. The related parcels are located in both the medium range (1000 m. - 2000 m.) protected area and the long range (2000 m. - 5000 m.) protected area of Ömerli Reservoir Basin. It was stated in the letter dated 20 January 2021 by General Directorate of Highways that the related parcels remain outside the expropriation area and are not subject to any expropriation process.

144,266 m² of the land parcel no: 1155 has been removed from the forest area with the court decision in year 2005. To this The Forestry Directorate appealed the decision at the Supreme Court of law No: 20 and the objection was accepted on 24 June 2008 and these decisions (removal from forest area) are sent to the Pendik First Civil Court for re-evaluation. The Court has reiterated its initial decision being right on 8 October 2009 in terms of content. The General Directorate of Forestry appealed the Court's decision again and the related file was re-sent to the Supreme Court of law No: 20. The related office has resent the file to Pendik First Civil Court by disrupting the court decision The Court for which the lawsuit is held, has been divided into two and the lawsuit was continued to be heard at 29th. Civil Court. The aforementioned court has decided to cancel the land register of the aforementioned 144,266 m² and parcel No: 1155 of land belonging to Milpa and registered the land as forest title in the name of the treasury at 23 December 2014. In accordance with the Court decision for parcel No:1155 being registered as forestry land, it has been excluded from the financial statements as at 31 December 2014. Following the notification of the Court decision no 2013/320 at 9 January 2015, appeal to a superior court on 13 February 2015 has been made. Aforementioned appeal has not been accepted and the Company has been notified that Supreme Court No: 20 upheld the decision of 29th. Civil Court on 13 July 2017. On 20 July 2017, compensation lawsuit was opened due to civil wrong. At the hearing held on 18 April 2019, the Court stated that in relation to the "Land" of 144,266 m², whose 98,702 m² (68.42%) belongs to Milpa, in the parcel no:1155 located at Pendik District, Kurtdoğmuş Village; It has been decided that a compensation in favor of Milpa in total amount of TRY85,117.13 is to be paid and the legal interest shall be calculated separately from the date of the case. The portion corresponding to Milpa's share of this amount is calculated as approximately TRY58,234 and the final amount will be determined after the legal processes are completed.

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NOTE 18 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(b) Other (Continued)

Milpa (Continued):

The Land of Ömerli (Continued)

It was previously declared to the public that the decision of the Court was appealed by the defendant, and it was decided to abolish the court decision summarized above and to re-see the case, according to the court's appeal decision, which evaluated the appeal request. In the justified decision of the court, it was stated that the right to compensation is found appropriate, but whether the immovable subject to the lawsuit has the characteristics of "land" or not and its value must be examined by expert witnesses through various methods. The trial date of the case is 6 April 2021.

On the other hand in relation to 1154 parcel, the letter communicated from İstanbul Metropolitan Municipality dated 30 November 2016 to the real estate appraisal company, development plan proposal and report of a part of Yenışehir neighborhood of Pendik district numbered NİP-22054 Pin Number 1/5000 Scale including Pendik district Kurtdoğan neighborhood 1154 and 1155 parcels and Ballica, Emirli, Kurna and Kurtdoğan neighborhoods were referred to İstanbul Metropolitan Municipality Assembly to be evaluated and decided within the scope of 3194 and 5216 law and related regulations, and also is has been learnt that the mentioned plan has been scaled on 6 December 2017. When the mentioned "Master Development Plan" is analyzed, it is seen that 30% of the land in Ömerli is allocated as "Municipal Service Area," and a large part of the remaining land is defined in the legend as "Sustainable Protection and Controlled Use Area," and a relatively smaller part as "Areas Requiring Special Measures Geologically."

It is understood from the mentioned "Master Development Plan" that the part allocated as the sub-function of "Sustainable Protection and Controlled Use Area" legend was planned to be 23% "Arboretum," 25% "Recreational Area," 40% "Area to Be Protected through Forestation⁽¹⁾," 2% "Fairground," 5% "Hobby Gardens," and 5% "Camping Areas," and permission for maximum 1-floor prefabricated structuring with an average rate of 0.04 was granted for these areas. On the grounds that the legends and functions specified in the "Master Development Plan" include contradictions to law as well as planning and urban development procedures and principles, and that they violate the right of ownership, and with the request that "housing zone" legend is also accepted for the mentioned "Immovable," necessary legal and formal objections to the "Master Development Plan" were raised on 2 January 2018 within the allowed period. The objections of Milpa were rejected by İstanbul Municipality Parliamentary Commission. Milpa filed a lawsuit with the request for the cancellation of the decision regarding the amendment of the plan note. According to the decision of the Republic of Turkey İstanbul 2nd Administrative Court dated 26 December 2019, which took place in UYAP on 25 February 2020 and was notified on 28 February 2020, the Court has justified our request and cancelled the Master Plan for Parcel 1154. Milpa has been notified that the appellee has applied to the court of appeal against the said Court Decision on 27 March 2020. The court, assessing the defendant's request of appeal as per the Appeal Decision notified on 17 November 2020, accepted the request of appeal and decided to revoke the decision by İstanbul 2nd Administrative Court and to dismiss the case with the right to appeal to the Council of State. Milpa appealed to the Council of State within the legal period. The case file is of administrative nature and there is no hearing date.

⁽¹⁾ In the 1 / 5,000 Master Development Plan, which was previously approved by IMM, "the value of the area to be protected through forestation" was declared as 10% by IMM as a result of a technical error, and it was later corrected as 40% by IMM.

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NOTE 18 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(b) Other (Continued)

Milpa (Continued):

The Land of Ömerli (Continued)

As per the Implementation Construction Plan for Ballica, Emirli, Kurna and Kurtdoğan Districts with a scale of 1/1000 with PIN no. UİP-35580, suspended by the Pendik Municipality on 31 December 2020, parcel no.1154 named SK-3 were planned to be developed as Sustainable Protection and Controlled utilisation areas and Municipality service area. Milpa filed an objection within the legal duration against the above-mentioned Implementation Construction Plan suspended by the Pendik Municipality.

In addition, Milpa filed a lawsuit for indemnization against Teiaş General Directory on 21 July 2020 for confiscating without expropriating for the energy transfer lines and pylon sites on the Parcel no.1154. During the trial dated 12 January 2021, it was decided that an expert investigation to be implemented in the premises subject to trial, and thus, that the trial should continue on 4 May 2021.

The updated revaluation reports are obtained from CMB licensed real estate companies every year for the "investment properties" of Milpa that comprises of TRY 335,502 (31 December 2019: TRY292,489) of Ömerli Land.

In this respect, the parcel's topography being very steep and bumpy, accession to the land is limited and difficult under current conditions but there being few other parcel of the same size in the region where the land is located, the land being located close to the TEM highway and settlement area of Sultanbeyli, the positive effect of the opening of the Northern Marmara Motorway on real estate values in the region the 1/5000 scale of Master Development Plan of the parcel where the real estate is located has been approved dated 13 October 2017, the fact that with the suspension of the 1/1000 scale of implementation development plan, development plan will be implemented soon in the region has a positive reflection on the prices demanded in the region and the fact that new information has been reached from the public sources about the expropriation costs within the scope of North Marmara Motorway construction in the parcels adjacent to Ömerli Land, the Parcel No. 1154's fair value was determined as TRY408,318 (without VAT) in the Valuation Report dated 3 February 2021 of a real estate company. The amount is the evaluation for the whole of the land Parcel No. 1154 (2,093,941 m²).

The share of Milpa in the Parcel No. 1154 is 1,720,521 m², which equals to 82.17% of the whole parcel, and amounts to TRY335,502 as of 31 December 2020. (As of 31 December 2019 the share of Milpa is 1,720,521 m², which equals to 82.17% of the whole parcel, and the share of Milpa amounts to TRY292,489). As mentioned above, the registration on the Forest Land for Parcel no. 1155 was approved by Supreme Court of Law No:20. There is no fair value determined for the Parcel No. 1155 which was priorly derecognized from the statements of financial position through full amount of provision as of 31 December 2014. For Ömerli Land, security expenses amounting to TRY610 has been recognised under operational expenses (31 December 2019: TRY503). Additionally, no rental income has been recognised from the related property (31 December 2019: None).

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NOTE 19 - COMMITMENTS

(a) Letters of guarantee and guarantee notes given

	31 December 2020				31 December 2019			
	TRY Equivalent	TRY	USD	EUR	TRY Equivalent	TRY	USD	EUR
A. CPM's given in the name of its own legal personality								
Collaterals ⁽¹⁾	1,588,205	842,282	70,119	25,668	1,530,294	846,372	60,033	49,216
Pledge ⁽³⁾	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-
B. CPM's given on behalf of the fully consolidated companies								
Collaterals ^{(1) (2)}	424,534	29,314	53,841	-	341,370	7,764	56,161	-
Pledge ⁽³⁾	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-
C. CPM's given on behalf of 3rd parties for ordinary course of business	386	386	-	-	386	386	-	-
D. Total amount of other CPM's given								
i) Total amount of CPM's given on behalf of the majority shareholders	-	-	-	-	-	-	-	-
ii) Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-	-	-	-
iii) Total amount of CPM's given on behalf of 3rd parties which are not in scope of C	-	-	-	-	-	-	-	-
Total	2,013,125				1,872,050			

⁽¹⁾ The collaterals of the Group consist of letter of guarantees, guarantee notes and bails and the details are explained below.

⁽²⁾ Within the scope of the project of Aslancık Elektrik's hydroelectric power plant, Doğan Holding has given collateral to the credit institutions amounting to USD20,841 (31 December 2019: USD23,161). In addition, a bail amounting to USD33,000 is given to credit institutions for Boyabat Elektrik's refinancing loans.

⁽³⁾ 33.33% shares of Aslancık Elektrik and 33.00% shares of Boyabat Elektrik were given as pledges to financial institutions due to the Group's long term borrowings and are not included in the table above.

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NOTE 19 - COMMITMENTS (Continued)

(a) Letters of guarantee and guarantee notes given (Continued)

Other CPM's given by the Group to equity ratio is 0% as of 31 December 2020 (31 December 2019: 0%). The details of letter of guarantees and guarantee notes given by the Group are as follows:

	31 December 2020		31 December 2019	
	Original Currency	TRY equivalent	Original Currency	TRY equivalent
Letters of guarantees - TRY	642,621	642,621	646,711	646,711
Letters of guarantees - USD	15,119	110,981	4,957	29,443
Letters of guarantees - EUR	25,616	230,746	49,006	325,920
Guarantee notes - USD	55,000	403,728	55,076	327,162
Guarantee notes - TRY	200,047	200,047	200,047	200,047
Guarantee notes - EUR	52	468	210	1,397
Total		1,588,591		1,530,680

(b) Bails and mortgages given

The details of guarantees given by the Group for the financial liabilities and trade payables of the Group companies and related parties as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020		31 December 2019	
	Original Currency	TRY equivalent	Original Currency	TRY equivalent
Bails - USD	53,841	395,220	56,161	333,606
Bails - TRY	29,314	29,314	7,764	7,764
Total		424,534		341,370

NOTE 20 - OTHER ASSETS

Other current assets	31 December 2020	31 December 2019
Value added tax ("VAT") receivables ⁽¹⁾	101,141	49,466
Prepaid tax and funds ⁽²⁾	45,277	6,345
Personnel advances	1,542	1,207
Job advances	1,088	589
Other	780	565
	149,828	58,172

(1) VAT receivables amounting to TRY61,810 is related to Galata Wind and the remaining amount consists of VAT receivables related to the subsidiaries of the Group.

(2) TRY32,822 is related to prepaid tax and funds of Doğan Holding.

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NOTE 20 - OTHER ASSETS (Continued)

	31 December 2020	31 December 2019
Other non-current assets		
Value added tax ("VAT") receivables ⁽²⁾	317,344	376,237
Other	425	2,275
	317,769	378,512

⁽²⁾ TRY244,996 is related to VAT receivables of Galata Wind (31 December 2019: TRY310,181).

NOTE 21 - PREPAID EXPENSES AND DEFERRED INCOME

The details of prepaid expenses and deferred income as of 31 December 2020 and 31 December 2019 are as follows:

Short term prepaid expenses	31 December 2020	31 December 2019
Advances given ⁽¹⁾	42,558	45,754
Prepaid expenses ⁽²⁾	22,089	21,252
	64,647	67,006

⁽¹⁾ The significant portion of advances given consists of advances related to the operations of the Group's subsidiaries Suzuki and Doğan Trend.

⁽²⁾ Significant portion of the prepaid expenses are comprised of the prepaid expense for the following months of Aytemiz Akaryakıt, Galata, Doğan Holding and Çelik Halat which are subsidiaries of the Group.

Long term prepaid expenses	31 December 2020	31 December 2019
Prepaid expenses for future years	10,904	7,877
Advances given ⁽¹⁾	4,855	50,404
	15,759	58,281

⁽¹⁾ As of 31 December 2019, a significant portion of advances given consists of advances given regarding the establishment of Taşpınar wind power plant by Galata Wind which is a subsidiary of the Group. As of 31 December 2020, the advance amounting to TRY46,994 for the related power plant has been accounted for under tangible fixed assets.

Short-term deferred income	31 December 2020	31 December 2019
Deferred income ⁽²⁾	32,076	33,141
Advances received ⁽³⁾	11,143	6,452
	43,219	39,593

Long-term deferred income	31 December 2020	31 December 2019
Deferred income ⁽²⁾	12,070	4,970
	12,070	4,970

⁽²⁾ A significant portion of short-term deferred income consists of deferred income related to contracts with respect to advertising activities of Hürriyet Emlak and deferred income related to Milta Turizm's yacht tying income. A significant portion of long-term deferred income consists of deferred income related to salary promotion income of Doğan Şirketler Grubu Holding A.Ş.

⁽³⁾ Significant amount of advances received consist of Sesa Ambalaj, Çelik Halat and Doğan Dış Ticaret.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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NOTE 22 - DERIVATIVE INSTRUMENTS

Currency derivative transactions

The Group utilizes foreign exchange derivatives and commodity derivatives to protect future significant transactions and cash flows from financial risk. Group has signed various forward exchange contracts and option contracts regarding the management of fluctuations in exchange rates and oil prices. The derivative instruments purchased are mainly denominated in foreign currencies in which the Group operates.

As of the statement of financial position date, the total nominal amount of the Group's foreign currency and option contracts with maturity that are not due and the Group is obliged to carry are as follows:

	31 December 2020		31 December 2019	
	Asset	Liability	Asset	Liability
Currency derivative transactions with maturity ⁽¹⁾	22,683	38,180	18,993	339
Commodity agreements ⁽²⁾	-	3,083	-	-
Total	22,683	41,263	18,993	339

⁽¹⁾ Doğan Holding, D Gayrimenkul, Ditaş Doğan, Galata, Milta and Aytemiz Akaryakıt, the subsidiaries of the Group, make forward foreign exchange contracts with the banks in order to hedge their foreign exchange risk; on the date of the deal sells TRY and buys US Dollars and Euros. On the other hand, derivative instruments of Galata Wind are related to foreign currency loans.

⁽²⁾ Consists of derivative commodity contracts signed by Aytemiz Akaryakıt, a subsidiary of the Group, to reduce the risk of fluctuation in oil prices.

NOTE 23 - PROVISION FOR EMPLOYMENT BENEFITS

(a) Payables related to employee benefits

The details of payables related to employee benefits as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Payables to personnel ⁽¹⁾	23,977	14,142
Social security payables	7,042	5,125
	31,019	19,267

⁽¹⁾ The relevant amount includes provisions for bonuses and premium.

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NOTE 23 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

(b) *Short term provisions for employment benefits*

The details of short-term provisions for employment benefits as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Provision for unused vacation	21,959	18,138
Provision for bonuses and premiums	-	2,257
	21,959	20,395

(c) *Long term provisions for employment benefits*

Details of long-term provisions for employment benefits as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Provision for employment termination benefits	57,679	42,930
	57,679	42,930

Except from the legal requirements other than Turkey in which the Group operates, there are no pension plans and benefits.

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies and achieves the retirement age. As of 31 December 2020, the maximum amount payable equivalent to one month of salary is TRY7,117.17 (exact) (31 December 2019: TRY6,379.86 (exact)) for each year of service. The retirement pay provision ceiling TRY7,638.96 (exact) which is effective from 1 January 2021, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2019: TRY6,730.15 (exact) effective from 1 January 2020).

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group.

The standard TAS 19 "Employee Benefits" envisages the development of actuarial valuation methods in order to estimate the provision of severance pay. According to this, following assumptions were used in the calculation of total liability based on the report prepared by the actuarial firm.

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NOTE 23 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

c) Long term provisions for employment benefits (Continued)

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2020, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

Discount rate applied as 11.80% ⁽¹⁾ (31 December 2019: 11.86%), inflation rate applied as 7.43% (31 December 2019: 7.77%) and increase in wages applied as 7.43% (31 December 2019: 7.77%) in the calculation ⁽²⁾.

Age of retirement is based on considering the Company's historical average age of retirement.

- (1) The gross discount rate used for calculation of the severance payment liability is determined by considering Government Bond with 10 years maturity compound interest rate and the swap rates with 10-15 years maturity. Based on this, the net discount rate was determined as 4.07% (31 December 2019: 3.80%)
- (2) It is determined by considering the 2021 inflation rate reports of the Central Bank of Republic of Turkey.

The movement of provision for employment termination benefits within the period is as follows:

	2020	2019
1 January	42,930	34,071
Current period service cost and net interest expense	11,265	9,901
Payments	(4,470)	(6,214)
Acquisition of subsidiary (Note 3)	4,610	-
Disposal of subsidiary (Note 31)	(704)	-
Payment/reduction of benefits/dismissal (gains)/losses	1,388	1,314
Actuarial loss / (gain)	2,660	3,858
31 December	57,679	42,930

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NOTE 24 - EQUITY

Doğan Holding adopted the registered paid-in capital system and set a limit on its registered paid-in capital representing registered type shares with a nominal value of TRY1.

Doğan Holding’s registered capital ceiling and issued capital at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Registered authorized capital ceiling	4,000,000	4,000,000
Issued capital	2,616,938	2,616,938

There are no privileged shares of Doğan Holding.

The ultimate shareholders of Doğan Holding are Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner and Y.Begümhan Doğan Faralyalı) and the shareholders of Holding and the historical values of shares in equity as of 31 December 2020 and 31 December 2019 are as follows:

Shareholder	Shares (%)	31 December 2020	Shares (%)	31 December 2019
Adilbey Holding A.Ş.	49.66	1,299,679	49.66	1,299,679
Doğan Family	14.47	378,626	14.47	378,626
Publicly traded on Borsa İstanbul ⁽¹⁾	35.87	938,633	35.87	938,633
Issued capital	100.00	2,616,938	100.00	2,616,938
Adjustment to issued capital		143,526		143,526
Repurchased shares (-)		(16,035)		(7,073)
Total		2,744,429		2,753,391

⁽¹⁾ In accordance with the “CMB” Resolution No: 31/1059 issued on 30 October 2014 and 21/655 issued on 23 July 2010, it is regarded that 35.84% of 938,006,139 (exact) shares (31 December 2019: 35.84%) are outstanding as of 31 December 2020 based on the Central Registry Agency’s (“CRA”) records.

Adjustment to share capital represents the difference between cash and cash equivalent contributions to the total amounts adjusted for inflation added to issued share capital and amounts before inflation adjustment.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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NOTE 24 - EQUITY (Continued)

Repurchased shares

With the decision of the Group's Board of Directors dated 22 February 2019; "Share Buyback Program" that is prepared in accordance with the Turkish Commercial Code, Capital Markets Law, CMB's Communiqué No: II-22.1 Repurchase of Shares adjustments published in the Official Gazette numbered 28871 and dated 3 January 2014 was accepted by the majority in the General Assembly meeting on 20 March 2019.

Within the framework of "Share Buyback Program", the Company management has been authorized to perform the repurchase of its shares. In this context, it was decided that the maximum amount of funds allocated for repurchase would be TRY131,000,000 (exact) and that the maximum number of shares to be withdrawn would not exceed this amount.

In the period of 1 January 2020 - 31 December 2020, within the scope of the Share Buyback Program, the Company shares with a nominal value of TRY5,722,833 (exact) were purchased by the Company itself from Borsa İstanbul for an amount TRY8,961,410 (exact) as TRY 1.565904 per share. As of 31 December 2020, the total nominal amount of Repurchased Shares has increased to TRY13,632,838 (exact), together with those previously purchased except the scope of the "Share Repurchase Program". (As of 31 December 2019, total nominal amount of Repurchased Shares is TRY7,910,005 (exact)).

Share premiums/(discounts)

Share premiums/(discounts) represent the positive or negative differences resulting from the nominal value and sales value of public shares.

	31 December 2020	31 December 2019
Share premiums	163,724	163,724
Share discounts (-)	(128,565)	(128,565)
Total	35,159	35,159

Restricted reserves

Restricted reserves are reserved from the prior period profit due to legal or contractual obligations or for certain purposes other than the profit distribution (for example, to obtain the tax advantage of gain on sale of associates). Restricted reserves are in the scope of solo legal records in accordance with TCC and TPL.

General Statutory Legal Reserves are reserved in accordance with the article 519 of Turkish Commercial Code and used in accordance with the principles set out in this article. The afore-mentioned amounts should be classified in "Restricted Reserves" in accordance with the TAS.

The details of restricted reserves as of 31 December 2020 and 31 December 2019 are as follows:

Restricted reserves	31 December 2020	31 December 2019
Gain on sale of subsidiary's shares	476,597	442,349
General legal reserves	223,905	196,014
Venture capital investment fund	212,566	83,718
Total	913,068	722,081

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

NOTE 24 - EQUITY (Continued)

Accumulated Other Comprehensive Income and Losses that will not be Reclassified in Profit or Loss

The Company’s investment property revaluation reserves and actuarial losses of defined benefit plans that aren’t reclassified in accumulated other comprehensive income and expenses are summarized below:

i. Gain/(loss) on revaluation of property, plant and equipment

Real estates recognised as property, plant and equipment in prior periods, can be transferred to investment property due to changes in use. The Group has reclassified some of its properties as investment property and has chosen to account such investment properties at fair value.

ii. Actuarial gains (losses) on defined benefit plans

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. The Group recognised all actuarial gains and losses in other comprehensive income. Remeasurement loss on defined benefit plans amounting to TRY12,913 is accounted under shareholders’ equity (31 December 2019: TRY11,202).

Accumulated Other Comprehensive Income and Losses that will be Reclassified in Profit or Loss

i. Revaluation and reclassification gains (losses)

Financial assets revaluation reserves are calculated by accounting on net book values after reflecting deferred tax impact of unearned gains and losses composed of changes of fair values of assets held for sale. The amount of revaluation decreases of assets held for sale presented under equity in the statement of financial position is TRY6,973 in the current period (31 December 2019: TRY45,451 value increase).

ii. Currency translation differences

Currency translation differences consist of currency translation differences of the Group’s subsidiaries and joint ventures financial statements located out of Turkey using a measurement currency other than TRY and classified under equity. The increase in the currency translation difference reserve attributable to parent is TRY252,873 and the decrease amounting to TRY545 is attributable to non-controlling interest (31 December 2019: Increase amounting to TRY46,801 is attributable to parent and increase amounting to TRY2,582 is attributable to non-controlling interest).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.

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NOTE 24 - EQUITY (Continued)

Capital Reserves and Retained Earnings

Subsequent to the first inflation adjusted financial statements, equity items such as; “Capital, Emission Premiums, General Statutory Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves” are carried at carrying value in the statement of financial position and their adjusted values based on inflation are collectively presented in equity accounts group.

In accordance with the CMB regulations, “Issued capital”, “Restricted Reserves” and “Share Premiums” shall be carried at their statutory amounts. The valuation differences resulted due to the inflation adjustment shall be disclosed as follows:

- If the difference is due to the “Issued Capital” and not yet been transferred to capital, it should be classified under “Capital adjustment difference”;
- If the difference is due to “Restricted Reserves” and “Share Premium” and the amount has not been subject to dividend distribution or capital increase yet, it shall be classified under “Retained Earnings/(Losses)”.

Other equity items are carried at the amounts valued in accordance with TAS.

Capital adjustment differences have no other use than to be included to the share capital.

Dividend Distribution

The Company decides to distribute dividend and makes dividend distribution in accordance with the Turkish Commercial Code (“TCC”), Capital Market Law (“CML”), Capital Market Board (“CMB”) Regulations and Laws; Tax Legislations; other related statutory legislation and Articles of Association and Resolutions of General Assembly. Dividend distribution is determined by Dividend Distribution Policy.

On the other hand,

- a) Retained earnings derived from the reparation of comparative financial statements based on the first time adoption of TAS,
- b) “Equity inflation adjustment differences” derived from resources that do not have any restriction regarding dividend distribution,
- c) Retained earnings derived from the first time inflation adjustment of financial statements, can be distributed to shareholders as cash dividends.

In addition, if the consolidated financial statements include the “Purchasing Impact on Equity” item under equity, the related item is not considered as a deductible or additional item when presenting net distributable profit for the period.

At the general shareholders meeting of the Company on 27 March 2020, the following legislation was considered: the Turkish Commercial Code (“TCC”), capital market legislation and Capital Markets Board (“CMB”) Regulations, corporate tax, income tax and other relevant legal legislation and the legislation relevant to the Main Agreement of the Company and the “Dividend Distribution Policy” and the relevant articles of the Dividend Distribution Policy disclosed to the public.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY, expressed in thousands unless otherwise indicated.)

NOTE 24 - EQUITY (Continued)

Dividend Distribution (Continued)

Under the "Communique on Financial Reporting in Capital Markets" (II-14.1) legislation of the CMB, according to the audited consolidated financial statements for the period 1 January 2019 - 31 December 2019 that are prepared in accordance with the Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight, Accounting and Auditing Standards Board (POA), for which the presentation principles have been determined as per the relevant resolutions of the CMB, when "Deferred Tax Expense", "Tax Expense for the Period" and "Non-controlling Interests" are considered together, a "Net Profit for the Period" amounting to TRY 616,789,000 (exact) was observed. After the "General Legal Reserve" amounting to TRY18,930,598.66 (exact), "Venture Capital Fund" amounting to TRY44,847,381.64 (exact) and "Legal Reserves Reserved Within the Context of Repurchased Shares" amounting to TRY4,993,397.58 (exact) were deducted and "Donations" in 2019 amounting to TRY 11,908,118.50 (exact) were added to the remaining amount, a "Net Distributable Period Profit" of TRY 559,925,740.62 was calculated, which is in line with paragraph (1) of Article 519 of the TCC,

In the Legal Statutory Records ("Statutory Records") for the period 1 January 2019 - 31 December 2019, kept as per tax legislation and prepared as per the Uniform Chart of Accounts issued by the Republic of Turkey Ministry of Finance, after "Tax Expense for the Period" and "Venture Capital Fund" were allocated, a "Net Period Profit" of TRY 378,611,973.29 (exact) was calculated; after the "General Legal Reserve" amounting to TRY18,930,598.66 (exact) and "Legal Reserves Reserved Within the Context of Repurchased Shares" amounting to TRY4,993,397.58 (exact) were deducted, a "Net Distributable Period Profit" amounting to TRY354,687,977.05 was observed which was calculated as per paragraph (1) of Article 519 of the TCC,

Statutory Records are taken as basis in dividend distribution for the period 1 January 2019 - 31 December 2019,

Within this scope, it was understood that there is no need to allocate additional "General Legal Reserves" as per paragraph 4 of Article 519 of the TCC and with respect to article 12 of the Dividend Distribution Policy, a "Cash" dividend of TRY 100,000,000 (exact) ("gross") and TRY 85,000,000 (exact) ("net"), which are equal 3.82126% gross and 3.24807% net of the "Issued Capital", shall be distributed on 5 May 2020 at the latest,

As per the CMB and POA regulations, after the above-mentioned legal and special reserves were allocated in the consolidated financial statements prepared in line with TAS and TFRS, non-distributed profit amounting to TRY448,017,622.12(exact) was recognised under "Retained Earning/(Loss)", after the above-mentioned legal and special reserves regarding to Statutory Records were allocated non-distributed profit amounting to TRY254,687,977.05(exact) was recognised under "Extraordinary Reserves,

The above matters were presented to the General Assembly and accepted via a majority vote. Dividend distribution transactions were started on 10 April 2020 and ended on 14 April 2020.

The CMB requires the disclosure of the total net profit in the statutory records and other resources which may be subject to distribution. As of the date of the statement of financial position, the gross amount of the Company's resources subject to dividend distribution based on the statutory records, excluding share premiums/discounts and current period profit is TRY3,803,155,819 (exact).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020**

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NOTE 25 - REVENUE AND COST OF SALES

	1 January - 31 December 2020	1 January - 31 December 2019
Domestic sales	10,592,515	13,064,186
Foreign sales	374,676	349,081
Sales return and discounts (-)	(199,497)	(159,687)
Net sales	10,767,694	13,253,580
Cost of sales (-)	(9,481,624)	(12,177,709)
Gross profit	1,286,070	1,075,871

Sales details of fuel retail segment are presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Fuel sales income	6,432,942	7,184,591
LPG sales income	1,237,349	1,297,761
Trade income ⁽¹⁾	370	2,658,928
Other	113,382	95,678
Total	7,784,043	11,236,958

⁽¹⁾ During the period 1 January - 31 December 2020, trade income has not been generated due to the fact that Doel has ceased its commercial activities (1 January - 31 December 2019: TRY2,658,928)

Sales details of electricity production and trade segment are presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Electricity income ⁽²⁾	332,409	109,806
Total	332,409	109,806

⁽²⁾ During the period 1 January - 31 December 2020, the intra-group elimination between Doel and Galata has not occurred due to the fact that Doel has ceased its commercial activities.

Sales details of industry and trade segment are presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign trade income	643,376	361,133
Industrial income	476,078	426,566
Packaging income ⁽³⁾	197,675	-
Other	33,128	36,376
Total	1,350,257	824,075

⁽³⁾ As the details are explained in Note 3, the amount represents the packaging income of Sesa Ambalaj from the date of purchase until the reporting date.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020**

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NOTE 25 - REVENUE AND COST OF SALES (Continued)

Sales details of automotive trade and marketing segment are presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Vehicle sales income	511,451	296,052
Total	511,451	296,052

Sales details of financing and investment segment are presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Factoring income	137,420	186,363
Investment income	55,864	26,729
Management consultancy income	24,251	18,683
Financing income	8,437	19,173
Total	225,972	250,948

Sales details of internet and entertainment segment are presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Advertisement income	303,293	237,136
Subscription income	30,080	38,290
Music production income ⁽⁴⁾	25,717	47,054
Other ⁽⁵⁾	81,773	44,366
Total	440,863	366,846

⁽⁴⁾ As the details are explained in Note 31, the music production income of DMC and NetD Müzik did not occur between 1 July - 31 December 2020.

⁽⁵⁾ Consists of Kanal D Romanya's satellite and transmitter service revenues.

Sales details of real estate investments segment are presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Real estate management income	65,006	93,775
Rent income	57,223	73,024
Other	470	2,096
Total	122,699	168,895

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020**

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NOTE 25 - REVENUE AND COST OF SALES (Continued)

Details of the cost of sales for the periods ended at 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January 31 December 2019
Fuel retail	(7,453,382)	(10,704,886)
Industry and trade	(1,116,872)	(737,820)
Automotive trade and marketing	(444,749)	(244,333)
Internet and entertainment	(211,722)	(176,934)
Financing and investment	(103,818)	(159,543)
Electricity production and trade	(88,998)	(80,459)
Real estate investments	(62,083)	(73,734)
Total	(9,481,624)	(12,177,709)

Details of the cost of sales of fuel retail segment are presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Fuel and LPG sales cost	(7,364,841)	(8,157,602)
Electricity cost ⁽¹⁾	(367)	(2,477,128)
Other	(88,174)	(70,156)
Total	(7,453,382)	(10,704,886)

⁽¹⁾ During the period 1 January - 31 December 2020, electricity costs did not occur due to the fact that Doel has ceased its commercial activities (1 January - 31 December 2019: TRY2,477,128).

Details of the cost of sales of electricity production and trade segment are presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Amortization and depreciation	(34,451)	(32,139)
Electricity costs	(23,214)	(23,766)
Other	(31,333)	(24,554)
Total	(88,998)	(80,459)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020**

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NOTE 25 - REVENUE AND COST OF SALES (Continued)

Cost of sales details of industry and trade segment are presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Cost of trade goods sold ⁽²⁾	(574,359)	(325,873)
Raw material cost	(368,442)	(276,412)
Personnel expenses	(78,719)	(55,469)
General production expenses	(56,010)	(45,183)
Amortization and depreciation	(22,370)	(26,162)
Other	(16,972)	(8,721)
Total	(1,116,872)	(737,820)

Cost of sales details of automotive trade and marketing segment are presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Cost of trade goods sold ⁽²⁾	(444,749)	(244,333)
Total	(444,749)	(244,333)

⁽²⁾ It is due to increases in foreign exchange rates.

Cost of sales details of financing and investment segment are presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Cost of services sold	(103,818)	(159,543)
Total	(103,818)	(159,543)

Cost of sales details of internet and entertainment segment are presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	(62,277)	(56,112)
Amortization and depreciation	(57,328)	(45,398)
Cost of trade goods sold	(40,506)	(30,963)
Other	(51,611)	(44,461)
Total	(211,722)	(176,934)

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020**

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NOTE 25 - REVENUE AND COST OF SALES (Continued)

Cost of sales details of real estate investments segment are presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Cost of goods and services sold	(62,083)	(73,734)
Total	(62,083)	(73,734)

NOTE 26 - MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2020	1 January - 31 December 2019
General administrative expenses	(290,534)	(295,431)
Marketing expenses	(432,513)	(417,647)
Operating expenses	(723,047)	(713,078)

Marketing expenses:

	1 January - 31 December 2020	1 January - 31 December 2019
Amortization and depreciation	(120,012)	(101,834)
Personnel expenses	(112,379)	(98,580)
Transportation, storage and travel expenses	(59,119)	(55,438)
Advertisement expenses	(50,457)	(43,663)
Royalty expenses	(22,904)	(38,797)
Outsourced service expenses	(12,994)	(7,543)
Consulting expenses	(7,128)	(13,961)
Electricity distribution expenses ⁽¹⁾	(82)	(17,952)
Other	(47,438)	(39,879)
Total	(432,513)	(417,647)

⁽¹⁾ During the period 1 January - 31 December 2020, electricity distribution expenses have not occurred due to the fact that Doel has ceased its commercial activities (1 January - 31 December 2019: TRY17,952).

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020**

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NOTE 26 - MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES
(Continued)**General administrative expenses:**

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	(173,915)	(157,903)
Consulting expenses	(24,602)	(30,328)
Amortization and depreciation	(18,968)	(20,352)
Outsourced service expenses	(14,150)	(13,814)
Various taxes	(5,575)	(9,605)
Transportation, storage and travel expenses	(2,966)	(4,383)
Other	(50,358)	(59,046)
Total	(290,534)	(295,431)

NOTE 27 - EXPENSES BY NATURE

Expenses are presented functionally for the periods ended 31 December 2020 and 2019 and the details are given in Note 25 and Note 26.

NOTE 28 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES**Other income from operating activities**

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gains/losses, net	603,135	422,396
Interest income on bank deposit	64,878	128,720
Finance income due from sales with maturity	43,841	102,186
Income from fair value increase of investment properties (Note 13)	43,013	111,834
Unrecognized provisions	12,508	17,494
Other	56,551	47,945
Total	823,926	830,575

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NOTE 28 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (Continued)**Other expenses from operating activities**

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gains/losses, net	(57,276)	(52,010)
Finance expense due to purchases with maturity	(27,680)	(50,477)
Provision for doubtful receivables (Note 9)	(20,053)	(24,520)
Donations and grants ⁽¹⁾	(15,300)	(12,398)
Provision for lawsuits (Note 18)	(4,863)	(2,669)
Other	(35,166)	(46,432)
Total	(160,338)	(188,506)

⁽¹⁾ The Group has donated TRY5,000 within the scope of the Covid-19 pandemic.

NOTE 29 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES**Income from investment activities**

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gains/(losses), net	460,963	86,984
Income from disposal of subsidiary (Note 31)	131,684	-
Interest income on marketable securities	102,283	85,083
Income from fair value increase of joint ventures (Note 4)	87,789	-
Income from sales of marketable securities	32,360	-
Income from sales of tangible and intangible assets	21,054	7,812
Income from fair value increase of investment properties (Note 13)	5,792	12,380
Other	-	146
Total	841,925	192,405

Expenses from investment activities

	1 January - 31 December 2020	1 January - 31 December 2019
Loss on sales of property, plant and equipment	(327)	(3,889)
Loss on sale of marketable securities	-	(7,968)
Other	(215)	(3,153)
Total	(542)	(15,010)

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NOTE 30 - FINANCE INCOME AND EXPENSES

Finance expenses

	1 January - 31 December 2020	1 January - 31 December 2019
Interest expense on bank borrowings	(173,047)	(333,343)
Foreign exchange losses/gains, net	(88,185)	(58,007)
Interest expense related to lease borrowings	(31,841)	(45,677)
Bank commission expenses	(16,643)	(39,247)
Expenses from derivate instruments	(16,339)	(5,746)
Other	(339)	(2,956)
Total	(326,394)	(484,976)

NOTE 31 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

As of 31 December 2020, non-current assets classified as held for sale amounting to TRY1,590 consists of real estates that Doruk Faktoring and Doruk Finansman assured in return for the receivables which could not be collected. (31 December 2019: TRY19,034). Due to the fact that some the related real estates are sold in the period of 1 January - 31 December 2020, a decrease was realized.

With the Board of Directors decision dated 16 April 2020, the Group decided to sell the 60% of the shares representing the capital of Doğan Müzik Yapım ve Ticaret A.Ş. and NetD Müzik Video Dijital Platform ve Ticaret A.Ş., subsidiaries of the Group operating in music and entertainment segment, to Believe International, and the sales process was completed on 21 July 2020 at a price of USD23,400 (equivalent of TRY160,145).The amount of the sale was collected in cash.

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NOTE 31 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

The carrying value of the consolidated assets and liabilities subject to sale as of the sales transaction date of Doğan Müzik Yapım ve Ticaret A.Ş. and NetD Müzik Video Dijital Platform ve Ticaret A.Ş whose details are given above are as follows:

	Registered value
Cash and cash equivalents	4,044
Trade receivables	22,735
Other receivables	76
Inventories	9,039
Prepaid expenses	36,288
Other current assets	37
Property, plant and equipment	374
Right of use assets	22
Intangible assets	13,332
Prepaid expenses	677
Deferred tax asset	953
Other non-current assets	7,223
Total assets	94,800
Short-term portion of long-term borrowings	22
Trade payables	26,657
Obligations arising from customer contracts	15,184
Payables related to employee benefits	223
Other short term payables	1,085
Short term provisions	1,894
Current income tax liability	1,591
Other short term liabilities	5
Long term provisions for employment benefits	704
Total liabilities	47,365
Net assets	47,435
Total net assets	47,435
Sold portion of net assets (60%)	(28,461)
Sales price	160,145
Sales profit on subsidiary (Note 29)	131,684
Total Net Assets	47,435
Total cash received	160,145
Outflow of cash and cash equivalents	(4,044)
Net cash inflow/(outflow)	156,101

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NOTE 32 - INCOME TAXES

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis for all the subsidiaries consolidated on a line-by-line basis.

Corporate tax

Corporate tax liabilities as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Provision for current income tax	269,028	117,593
Prepaid corporate taxes	(245,866)	(110,212)
Taxes payable for the period	23,162	7,381
	31 December 2020	31 December 2019
Corporate and income taxes payable	23,162	7,381
Deferred tax (asset)/liabilities, net	163,059	31,089
Total taxes	186,221	38,470

Turkey

The Corporate Tax Law has been amended as of 13 June 2006 by Law No: 5520. The majority of the clauses of Law No: 5520 are effective as of 1 January 2006. Corporate tax rate for the fiscal year 2020 is 22% (2019: 22%) for Turkey. Corporate tax is payable on the total income of the Group after adjusting for certain disallowable expenses, corporate income tax exemptions (exemption for participation in subsidiaries, etc.) and corporate income tax deductions (such as research and development expenditures deduction). No further tax is payable unless there is dividend distribution.

Companies calculate corporate tax quarterly at the rate determined by the Corporate Tax Law and these amounts are disclosed by the end of 14th day and paid by the end of the 17th day of the second month following each calendar quarter-end. Advance taxes paid in the period are offset against the following period's corporate tax liability. If there is an outstanding advance tax balance as a result of offsetting, the related amount may either be refunded in cash or used to offset against for other payables to the government.

The corporation tax rate is 22% in Turkey as of 31 December 2020 (2019: 22%). However, as per article 91 of Law No. 7061, Amending Certain Tax Laws and other Laws, promulgated in Official Gazette No. 30261 dated 5 December 2017, and provisional article 10 added to Corporate Tax Law No. 5520, the rate of tax paid by companies in 2018, 2019 and 2020 based on their income shall be 22%, and the rate shall be 20% thereafter. In the meantime, the Council of Ministers is authorized to discount the 22% rate as low as 20%. Accordingly, deferred tax assets and liabilities were calculated using the 20% rate for the portion of temporary differences that will create a tax impact in 2021 and thereafter.

According to, Amendments in Tax Procedural Law, Income Tax Law and Corporate Tax Law ("Law No. 5024") published in the Official Gazette on December 30, 2003 and the income or corporations taxpayers whose determine their profits on the basis of the statement of financial position, the financial statements are subject to inflation adjustment starting from 1 January 2004. The merger premiums which occurred as a result of the related subsidiary mergers, were classified as an equalizing account, which is neither an asset nor a liability, by the Group, in its financial statements and applied an inflation adjustment for the calculation of the corporate tax in 2004, due to the related regulations and Tax Procedural Law, titled "Inflation Adjustment Application" with number 17 and dated 24 March 2005.

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NOTE 32 - INCOME TAXES (Continued)

Corporate tax (Continued)

Turkey (Continued)

In accordance with the related law, the cumulative inflation of last 36 months inflation rate (PPI) must exceed 100% and the inflation rate (PPI) of last 12 months must exceed 10% in order to adjust inflation. There has not been any inflation adjustment after 2005 due to the absence of conditions required.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

Tax authorities can review accounting records within five years and if they determine any errors on the accounting records, tax payable can be reassessed as a result of another tax assessment.

Under the Turkish tax legislation, tax losses can be carried forward to offset against future taxable income for up to 5 years.

There are numerous exemptions in the Corporate Tax Law concerning the corporations. The exemptions that are related to the Group are as follows:

Exemption for participation in subsidiaries

Dividend income from participation in shares of capital of another fully fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

Issued premiums exemption

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

Exemption for participation into foreign subsidiaries

For companies participating in 10% or more of the capital of a non-resident limited liability or joint stock company, (except for those whose principal activity is financial leasing or investment property) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business center at the rate of at least 15% (minimum corporate income tax applicable in Turkey for those whose principal activity is finance assurance or insurance).

Exemption for sale of participation shares and property

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and 50% of the gains derived from the sale of real estate property which have remained in assets for more than two full years are exempt from corporate tax. The relevant gain is required to be held in a fund account in liabilities for at least five years to gain the right to use the exemption. The amount of the sale should be collected until the end of the second calendar year following the year of the sale.

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NOTE 32 - INCOME TAXES (Continued)

Corporate tax (Continued)

The tax rates at 31 December 2020 applicable in the foreign countries, where the significant part of the Group's operations are performed, are as follows:

Country	Tax rates (%)
USA	10.5
Romania	16.0
England	19.0
Netherlands	25.0

Deferred tax

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported under the POA's Financial Reporting Standards. The temporary differences arise due to accounting treatments made in different reporting periods based on the applicable tax laws and the transfer of financial losses.

Deferred taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using tax rates enacted at the statement of financial position dates which are disclosed in the table and explanations above.

Deferred tax assets and liabilities are presented in net in the consolidated financial statements of the Group, since they are presented in net in the financial statements of subsidiaries and joint ventures, which are each individual tax payers. Temporary differences, deferred tax assets and deferred tax liabilities at the table below are presented based on gross amounts.

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2020 and 31 December 2019 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Deductible tax losses	297,715	317,568	59,543	69,865
Provision for employment termination and unused vacation benefits	79,638	63,325	15,928	13,073
Deferred financial income of trade receivables	5,665	6,491	1,133	1,428
Provision for doubtful receivables	37,640	26,994	7,528	5,939
Other	95,870	79,664	19,174	17,526
Deferred tax assets	516,528	494,042	103,306	107,831
Net differences between the tax and registered value of property, plant and equipment, inventories and intangible assets	(1,013,710)	(480,925)	(202,742)	(96,185)
Net differences between the fair values of investment properties and values of taxation	(391,399)	(231,557)	(63,623)	(42,735)
Deferred tax liabilities	(1,405,109)	(712,482)	(266,365)	(138,920)
Deferred tax assets/(liabilities), net			(163,059)	(31,089)

Conclusions of netting has been reflected to consolidated statement of financial position of the Group, since Doğan Holding, subsidiaries and joint ventures, which are separate taxpayer companies, have booked their deferred tax assets and liabilities by netting in their financial statements that were prepared in accordance with the TAS. Temporary differences and deferred tax assets and liabilities shown above have been prepared on the basis of gross values.

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020**

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NOTE 32 - INCOME TAXES (Continued)***Deferred tax (Continued)***

The Group recognized deferred tax assets over TRY297,715 of carry forward tax losses in the consolidated financial statements prepared in accordance with the TAS as of 31 December 2020 (31 December 2019: TRY317,568). As of 31 December 2020 and 31 December 2019, the maturity analysis of carry forward tax losses is as follows:

	31 December 2020	31 December 2019
2020	-	(128)
2021 and after	(297,715)	(317,440)
	(297,715)	(317,568)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Movements for net deferred taxes for the periods as of 31 December 2020 and 2019 are as follows:

	2020	2019
1 January	(31,089)	(18,242)
Current period income (expense)	(18,861)	(2,440)
Currency translation differences	(427)	413
Acquisition of subsidiary (Note 3)	(112,783)	-
Disposal of subsidiary (Note 31)	(953)	-
Tax recognized under equity	1,054	(10,820)
31 December	(163,059)	(31,089)

The taxes on income reflected to the consolidated statement of profit or loss for the periods ended 31 December 2020 and 2019 are summarized below:

	1 January - 31 December 2020	1 January - 31 December 2019
Tax expense for the period	(269,028)	(128,656)
Deferred tax income/(expense)	(18,861)	(2,440)
Total tax (expense)/income	(287,889)	(131,096)

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NOTE 32 - INCOME TAXES (Continued)***Deferred tax (Continued)***

The reconciliation of the taxation on income in the consolidated statement of profit or loss for periods ended 31 December 2020 and 2019 and the tax calculated at the corporate tax rate based on the income before minority interests and taxation on income are as follows:

	2020	2019
Income/(Loss) before tax and non-controlling interests	1,731,970	724,029
Current period tax income/(expense) calculated at 22% effective tax rate	(381,033)	(159,287)
Effect of carryforward tax losses not subject to deferred tax asset	(3,476)	(10,370)
Effect of investments accounted for by the equity method	(2,119)	5,885
Effect of expenses non- deductible/not subject to tax	(4,461)	(7,932)
Effect of change in statutory tax rate on deferred tax	(5,080)	3,089
Exceptions and discounts	94,198	28,562
Current period portion of prior period carry forward tax losses used that are subject to deferred tax calculation	15,424	(956)
Other	(1,342)	9,913
31 December	(287,889)	(131,096)

NOTE 33 - EARNING/LOSS PER SHARE

Gain/(loss) per share for each class of shares is disclosed below:

	1 January - 31 December 2020	1 January - 31 December 2019
Net profit/(loss) for the period attributable to equity holders of the Parent Company	1,390,240	616,789
Weighted average number of shares with face value of TRY1 each ⁽¹⁾	2,604,346	2,610,263
Earning/(loss) per share	0.534	0.236

⁽¹⁾ As explained in detail in Note 24, repurchased shares are excluded.

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NOTE 34 - RELATED PARTY DISCLOSURES

As of the statement of financial position date, due from and to related parties and related party transactions for the periods ending 31 December 2020 and 31 December 2019 are disclosed below:

i) Balances with related parties:

Short term trade receivables from related parties

	31 December 2020	31 December 2019
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") ^{(1) (2) (5)}	1,997	1,052
Gümüştaş Madencilik ve Ticaret A.Ş. ("Gümüştaş") ^{(4) (5) (7)}	949	9
Doğan ve Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Egmont") ^{(1) (2) (5)}	527	974
D Market Elektronik Hizmetler ve Ticaret A.Ş. ("D Market") ^{(5) (6)}	422	630
Ortadoğu Otomotiv Ticaret A.Ş. ("Ortadoğu Otomotiv") ^{(3) (7)}	302	29
Deney Kent Eğitim Hizmetleri A.Ş. ("Deney Kent") ⁽⁵⁾	146	421
Dergi Pazarlama Planlama ve Ticaret A.Ş. ("Dergi Pazarlama") ^{(1) (2)}	137	19
Other	329	380
Total	4,809	3,495

- (1) Receivables related to the Group's financial, legal, information processing and other areas of service sales.
(2) Receivables related to raw material sales of the Group.
(3) Receivables related to primarily stock materials sales of the Group.
(4) Receivables related to fuel oil sales of the Group.
(5) Receivables related to rent service sales of the Group.
(6) Receivables related to trade good sales of the Group.
(7) Receivables related to operating cost chargeout of the Group.

Short term trade payables to related parties

	31 December 2020	31 December 2019
D Market ⁽¹⁾	1,537	100
Ortadoğu Otomotiv	122	4
Other	67	259
Total	1,726	363

- (1) Mostly comprises of purchases of stationery consumables, small fixtures and gift certificates of the Group.

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NOTE 34 - RELATED PARTY DISCLOSURES (Continued)**i) Balances with related parties: (Continued)****Short-term portion of long-term lease payables to related parties**

	31 December 2020	31 December 2019
Aydın Doğan Vakfı	3,330	2,663
Ortadoğu Otomotiv	2,512	3,570
Other	13	5
Total	5,855	6,238

Long-term lease payables to related parties

	31 December 2020	31 December 2019
Aydın Doğan Vakfı	13,771	15,708
Ortadoğu Otomotiv	372	3,192
Other	5	6
Total	14,148	18,906

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NOTE 34 - RELATED PARTY DISCLOSURES (Continued)

ii) Transactions with related parties:

Product and service purchases from related parties

	1 January - 31 December 2020	1 January - 31 December 2019
Ortadoğu Otomotiv ⁽¹⁾	12,175	11,106
Doğan Burda ⁽²⁾	2,669	1,863
D Market ⁽³⁾	2,362	1,106
Adilbey Holding A.Ş. ⁽¹⁾	-	2,864
Boyabat Elektrik ⁽⁴⁾	-	732
Other	1,451	2,239
Total	18,657	19,910

(1) Comprises of the lease services purchases of the Group.

(2) Comprises of the magazine purchases of the Group.

(3) Comprises of mainly stationery supplies, small fixtures and gift certificates purchase of the Group.

(4) Comprises of the electricity purchases of the Group.

Product and service sales to related parties

	1 January - 31 December 2020	1 January - 31 December 2019
D-Market ^{(1) (5)}	51,965	27,686
Doğan Egmont ^{(1) (3) (4) (5)}	13,782	14,979
Doğan Burda ^{(1) (3) (5)}	13,596	15,329
Gümüştaş Madencilik ^{(2) (4) (5)}	11,037	2,707
Ortadoğu Otomotiv ^{(2) (6)}	6,580	6,604
D Elektronik ⁽⁵⁾	4,081	3,686
Other	7,449	10,120
Total	108,490	81,111

(1) The balance consists of raw material and trade goods sales of the Group.

(2) The balance consists of receivables related to operating cost reflection of the Group.

(3) The balance consists financial, legal, data processing and other consultancy services sales of the Group.

(4) The balance consists of fuel oil sales of the Group.

(5) The balance consists of the Group's sales of lease services.

(6) The balance consists of vehicle, inventory and small fixtures sales of the Group.

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NOTE 34 - RELATED PARTY DISCLOSURES (Continued)

Remuneration of the members of the Board of Directors and key management personnel

Group determined member of the Board of Director's, Consultant of the Board, Members of the Executive Board and Vice President's, Chief Legal Counsel and Director's as Key Management Personnel. The compensation of board members and key management personnel includes salaries, bonus, health insurance, communication and transportation benefits and total amount of compensation is explained below:

	1 January - 31 December 2020	1 January - 31 December 2019
Salaries and other short term benefits	26,618	26,890
Total	26,618	26,890

NOTE 35 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Instruments and Financial Risk Management

The Group's activities expose it to a variety of financial risks; these risks are credit risk, market risk including the effects of changes in debt and equity market prices, foreign currency exchange rates, fair value interest rate risk and cash flow interest rate risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments in a limited manner to hedge these exposures.

Financial risk management is carried out by individual subsidiaries and joint ventures under the policies, which are approved by their Board of Directors within the limits of general principles set out by the Group.

a) Market risk

a.1) Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency liabilities to local currency. These risks are monitored and limited by analyzing foreign currency position. TRY equivalents of foreign currency denominated monetary assets and liabilities as of 31 December 2020 and 31 December 2019 before consolidation adjustments and reclassifications are as follows:

The Group is exposed to foreign exchange risk arising primarily from the USD and EUR, the other currencies have no material impact.

	31 December 2020	31 December 2019
Foreign currency assets	3,475,705	3,825,957
Foreign currency liabilities	(693,497)	(667,964)
Net foreign currency position	2,782,208	3,157,993

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NOTE 35 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) Market risk (Continued)

a.1) Foreign currency risk (Continued)

Sensitivity analysis of foreign currency risk as of 31 December 2020 and 31 December 2019 and foreign currency denominated asset and liability balances are summarized below. The recorded amounts of foreign currency assets and liabilities held by the Group are as follows, in terms of foreign currency:

31 December 2020	TRY Equivalent	USD	EUR	Other
1. Trade Receivables	149,713	5,792	10,408	13,443
2a. Monetary Financial Assets (Cash, banks included)	1,714,286	178,230	43,041	18,280
2b. Non-Monetary Financial Assets	1,605,900	197,217	14,256	29,812
3. Other	5,805	233	380	672
4. Current Assets (1+2+3)	3,475,705	381,472	68,085	62,207
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-
9. Total Assets (4+8)	3,475,705	381,472	68,085	62,207
10. Trade Payables	355,976	34,228	11,623	27
11. Financial Liabilities	82,822	2,270	7,344	-
12a. Other Monetary Liabilities	1,458	109	73	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	440,256	36,607	19,040	27
14. Trade Payables	-	-	-	-
15. Financial Liabilities	253,241	2,736	25,884	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	253,241	2,736	25,884	-
18. Total Liabilities (13+17)	693,497	39,343	44,924	27
19. Net Asset/(Liability) Position Of Off Statement of Financial Position Derivative Instruments (19a-19b)	-	-	-	-
19a. Off Statement of Financial Position Foreign Currency Derivative Assets	-	-	-	-
19b. Off Statement of Financial Position Foreign Currency Derivative Liabilities	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	2,782,208	342,129	23,161	62,180
21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	1,170,503	144,679	8,525	31,696

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NOTE 35 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) Market risk (Continued)

a.1) Foreign currency risk (Continued)

31 December 2019	TRY Equivalent	USD	EUR	Other
1. Trade Receivables	90,823	7,347	7,059	234
2a. Monetary Financial Assets (Cash, banks included)	2,687,269	389,380	51,507	31,719
2b. Non-Monetary Financial Assets	1,047,812	154,280	19,752	-
3. Other	53	4	4	-
4. Current Assets (1+2+3)	3,825,957	551,011	78,322	31,953
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-
9. Total Assets (4+8)	3,825,957	551,011	78,322	31,953
10. Trade Payables	364,991	43,664	15,180	4,662
11. Financial Liabilities	200,618	4,647	26,011	25
12a. Other Monetary Liabilities	531	39	45	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	566,140	48,350	41,236	4,687
14. Trade Payables	-	-	-	-
15. Financial Liabilities	101,824	3,443	12,236	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	101,824	3,443	12,236	-
18. Total Liabilities (13+17)	667,964	51,793	53,472	4,687
19. Net Asset/(Liability) Position Of Off Statement of Financial Position Derivative Instruments (19a-19b)	-	-	-	-
19a. Off Statement of Financial Position Foreign Currency Derivative Assets	-	-	-	-
19b. Off Statement of Financial Position Foreign Currency Derivative Liabilities	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	3,157,993	499,218	24,850	27,266
21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (1+2a+5+6a-10-11-12a-14-15-16a)	2,110,128	344,934	5,094	27,266

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NOTE 35 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) Market risk (Continued)

a.1) Foreign currency risk (Continued)

As of 31 December 2020 and 31 December 2019, foreign currency denominated asset and liability balances were converted by the following exchange rates: TRY7.3405 =USD1 and TRY9.0079 =EUR1 (31 December 2019: TRY5.9402 =USD1 and TRY6.6506 =EUR1).

31 December 2020	Income/(Loss)	
	Foreign currency appreciates	Foreign currency depreciates
If the USD had changed by 20% against the TRY		
1- USD net (liabilities)/assets	502,280	(502,280)
2- Hedging amount of USD (-)	-	-
3- USD net effect on income/(loss) (1+2)	502,280	(502,280)
If the EUR had changed by 20% against the TRY		
4- EUR net (liabilities)/assets	41,726	(41,726)
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income (4+5)	41,726	(41,726)
If the other currencies had changed by 20% against the TRY		
7- Other currency net (liabilities)/assets	12,436	(12,436)
8- Hedging amount of other currency (-)	-	-
9- Other currency net effect on (loss)/income (7+8)	12,436	(12,436)
TOTAL (3+6+9)	556,442	(556,442)
31 December 2019	Income/(Loss)	
	Foreign currency appreciates	Foreign currency depreciates
If the USD had changed by 20% against the TRY		
1- USD net (liabilities)/assets	593,091	(593,091)
2- Hedging amount of USD (-)	-	-
3- USD net effect on income/(loss) (1+2)	593,091	(593,091)
If the EUR had changed by 20% against the TRY		
4- EUR net (liabilities)/assets	33,053	(33,053)
5- Hedging amount of EUR (-)	-	-
6- EUR net effect on (loss)/income (4+5)	33,053	(33,053)
If the other currencies had changed by 20% against the TRY		
7- Other currency net (liabilities)/assets	5,453	(5,453)
8- Hedging amount of other currency (-)	-	-
9- Other currency net effect on (loss)/income (7+8)	5,453	(5,453)
TOTAL (3+6+9)	631,597	(631,597)

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NOTE 35 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) *Market risk (Continued)*

a.2) *Interest rate risk*

Other operating segments are exposed to interest rate risk because of financial liabilities of these segments. Financial obligations in this segment are mainly composed of floating rate borrowings.

As of 31 December 2020, there is no floating interest rate loan in US Dollars (31 December 2019: None).

As of 31 December 2020, if interest rates on Euro denominated borrowings had been higher/lower by 100 basis points with all other variables held constant, profit before income taxes would have been TRY1,028 (31 December 2019: TRY1,509) higher/lower, mainly as a result of additional interest expense on floating rate borrowings.

The table presenting Group's fixed and floating rate financial instruments is shown below:

	31 December 2020	31 December 2019
Financial instruments with fixed rate		
Financial assets		
- Banks (Note 6)	2,338,267	3,125,308
- Financial investments (Note 7)	2,424,023	1,177,726
Financial liabilities (Note 8)	2,795,505	2,300,609
Financial instruments with floating rate		
Financial liabilities (Note 8)	102,756	150,863

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NOTE 35 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) Market risk (Continued)

a.2) Interest rate risk (Continued)

The average annual interest rates (%) of the Group's financial assets and liabilities are as follows:

	31 December 2020			31 December 2019		
	USD	EUR	TRY	USD	EUR	TRY
Assets						
Cash and cash equivalents (Note 6)	0.05 - 3.60	2.20 - 3.10	13.57 - 17.75	0.95 - 2.45	0.25 - 0.30	1.91 - 10.50
Financial investments	2.5 - 13.8	2.37 - 5.2	-	2.38 - 8.50	2.38 - 5.20	-
Liabilities						
Financial liabilities (Note 8)	5.45 - 12.41	0.60 - 4.65	3.60 - 26.15	6.10 - 12.41	0.65 - 10.20	5.00 - 27.95

The distribution of interest rate sensitivity regarding the remaining period for repricing of financial assets and liabilities is as follows:

31 December 2020	Up to 1 year	1 year- 5 years	Over 5 years	Free of Interest	Total
Assets					
Cash and cash equivalents (Note 6)	2,338,267	-	-	567,680	2,905,947
Financial investments (Note 7)	2,424,023	-	-	-	2,424,023
Total	4,762,290	-	-	567,680	5,329,970
Short and long term financial liabilities (Note 8) ⁽¹⁾	1,837,220	1,016,873	44,172	-	2,898,265
Total	1,837,220	1,016,873	44,172	-	2,898,265
31 December 2019	Up to 1 year	1 year - 5 years	Over 5 years	Free of Interest	Total
Assets					
Cash and cash equivalents (Note 6)	3,125,308	-	-	153,524	3,278,832
Financial investments (Note 7)	1,177,726	-	-	-	1,177,726
Total	4,303,034	-	-	153,524	4,456,558
Short and long term financial liabilities (Note 8) ⁽¹⁾	1,855,017	548,252	48,203	-	2,451,472
Total	1,855,017	548,252	48,203	-	2,451,472

⁽¹⁾ Bank borrowings and financial leasing amounts are included in the distribution of interest rate sensitivity regarding the remaining time to repricing of financial borrowings.

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NOTE 35 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Credit risk

Credit risk involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by setting credit limits to individual counterparties. The credit risk is generally highly diversified due to the large number of entities comprising the customer bases and their dispersion across many different industries.

The table representing the Group's credit risk of financial instruments as of 31 December 2020 is as follows:

	Trade receivables		Other receivables		Cash on deposit
	Related party	Other	Related party	Other	
Maximum net credit risk as of the reporting date	4,809	1,810,019	-	33,669	2,903,415
- The part of maximum risk under guarantee with collateral	-	1,381,760	-	-	-
A. Net book value of neither past due nor impaired financial assets	4,809	1,707,025	-	33,669	2,903,415
- Guaranteed amount by collateral		1,316,609			
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-
C. Net book value of past due but not impaired assets (Note 9)	-	102,994	-	-	-
- Guaranteed amount by collateral (Note 9)	-	65,151	-	-	-
D. Impaired asset net book value	-	-	-	-	-
- Past due (gross amount) (Note 9, 19)	-	115,951	-	-	-
- Impairment (-) (Note 9, 19)	-	(115,951)	-	-	-
- Net value collateralized or guaranteed	-	-	-	-	-

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NOTE 35 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**b) Credit risk (Continued)**

The table representing the Group's credit risk of financial instruments as of 31 December 2019 is as follows:

	Trade receivables		Other receivables		Cash on deposit
	Related party	Other	Related party	Other	
Maximum net credit risk as of the reporting date	3,495	1,730,969	-	25,153	3,276,842
- The part of maximum risk under guarantee with collateral	-	1,530,294	-	-	-
A. Net book value of neither past due nor impaired financial assets	3,495	1,615,248	-	25,153	3,276,842
- Guaranteed amount by collateral	-	1,469,985	-	-	-
B. Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-
C. Net book value of past due but not impaired assets (Note 9)	-	115,721	-	-	-
- Guaranteed amount by collateral (Note 9)	-	60,309	-	-	-
D. Impaired asset net book value	-	-	-	-	-
- Past due (gross amount) (Note 9, 19)	-	99,648	-	-	-
- Impairment (-) (Note 9, 19)	-	(99,648)	-	-	-
- Net value collateralized or guaranteed	-	-	-	-	-

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NOTE 35 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Credit risk (Continued)

The aging of the receivables of the Group, which are past due but not impaired including related party balances by taking into consideration past due dates are as follows:

	31 December 2020		31 December 2019	
	Related party	Other receivables	Related party	Other receivables
Maturity				
1-30 days overdue	-	39,637	-	51,857
1-3 months overdue	-	12,545	-	24,617
3-12 months overdue	-	15,657	-	5,572
1-5 years overdue	-	35,067	-	26,658
More than 5 years overdue	-	88	-	7,017
Total	-	102,994	-	115,721
Guaranteed amount by collateral				
Fuel retail	-	48,244	-	35,749
Industry and trade	-	9,825	-	22,744
Automotive trade and marketing	-	5,640	-	-
Real estate investments	-	1,442	-	1,816
Total	-	65,151	-	60,309

	31 December 2020			31 December 2019		
	Trade receivables	Credit loss ratio	Expected credit loss ⁽¹⁾	Trade receivables	Credit loss ratio	Expected credit loss ⁽¹⁾
Not overdue	1,163	2.86%	33	82	2.82%	2
1 - 30 days overdue	477	5.80%	28	71	6.41%	5
1 - 3 months overdue	899	6.79%	61	1,234	7.7%	96
3 - 12 months overdue	443	9.52%	42	3,045	12.14%	373
More than 1 year overdue	1,925	18.63%	359	1,167	34.33%	401
Total	4,907		523	5,599		877

⁽¹⁾ The balance consists of trade receivables of the companies for which the credit loss is calculated.

c) Liquidity risk

Conservative liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims maintaining flexibility in funding by keeping committed credit lines available.

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NOTE 35 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Liquidity risk (Continued)

As of 31 December 2020 and 31 December 2019 undiscounted cash flows of financial liabilities based on the agreement maturities are as follows:

	Book value	Contractual undiscounted cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
31 December 2020						
Non-derivative financial liabilities						
Short term and long term financial liabilities (Note 8)	2,686,821	3,025,031	1,039,677	1,348,393	592,200	44,761
Lease payables (Note 8)	211,440	361,046	13,131	55,911	125,428	166,576
Trade payables to non-related parties (Note 9)	714,181	715,492	707,364	8,128	-	-
Other payables to non-related parties (Note 10)	160,902	160,902	150,449	1,612	8,841	-
Trade payables to related parties (Note 34)	1,726	1,726	1,726	-	-	-
Payables related to employee benefits (Note 23)	31,019	31,019	-	31,019	-	-
Deferred income (Note 21)	55,289	55,289	43,219	-	12,070	-
Other short-term provisions (Note 18)	16,826	16,826	16,826	-	-	-
Total	3,878,204	4,367,331	1,972,392	1,445,063	738,539	211,337
31 December 2019						
Non-derivative financial liabilities						
Short term and long term financial liabilities (Note 8)	2,218,764	2,388,298	763,934	1,181,488	394,673	48,203
Lease payables (Note 8)	232,708	357,813	9,004	38,431	197,501	112,877
Trade payables to non-related parties (Note 9)	745,720	748,753	300,125	448,628	-	-
Other payables to non-related parties (Note 10)	128,754	130,290	13,708	114,659	1,923	-
Trade payables to related parties (Note 34)	363	363	363	-	-	-
Payables related to employee benefits (Note 23)	19,267	19,267	-	19,267	-	-
Deferred income (Note 21)	44,563	44,563	39,593	-	4,970	-
Other short-term provisions (Note 18)	10,083	10,083	10,083	-	-	-
Total	3,400,222	3,699,430	1,136,810	1,802,473	599,067	161,080

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NOTE 35 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d) Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments are determined by the Group, using available market information and appropriate valuation methodologies for each segment of the Group. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are used in the estimation of the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at the period end exchange rates, are considered to approximate carrying value.

The fair values of certain financial assets carried at cost, including fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature and immateriality of losses on collectability. The fair value of investment securities has been estimated based on the market prices at the statement of financial position dates.

Trade receivables are disclosed at their amortized cost using the effective interest rate method and the carrying values of trade receivables along with the related allowances for collectability are estimated to be at their fair values.

Monetary liabilities

The fair value of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at variable rates, and denominated in foreign currencies, are translated at the period-end exchange rates and accordingly, their fair values approximate their carrying values.

Trade payables are disclosed at their amortized cost using the effective interest rate method and accordingly their carrying amounts approximate their fair values.

e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net liability/total equity ratio. Net liability is calculated as the total liability less cash and cash equivalents, derivative instruments and tax liabilities. Total equity is calculated as the total of net liability and the equity as shown in the consolidated statement of financial position.

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NOTE 35 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

e) *Capital risk management (Continued)*

The net liability/total equity ratio as of 31 December 2020 and 31 December 2019 is summarized below:

	31 December 2020	31 December 2019
Total liability ⁽¹⁾	3,975,966	3,472,646
Less: Cash and cash equivalents (Note 6)	(2,905,947)	(3,278,832)
Net liabilities	1,070,019	193,814
Equity attributable to equity holders of the parent company	8,439,572	7,136,609
Total equity	9,509,591	7,330,423
Net liability/Total equity ratio	11%	3%

⁽¹⁾ The amounts are calculated by deducting income tax payable, derivative financial instruments and deferred tax liability accounts from total liability.

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DİPNOT 36 - FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- First Level: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Second Level: The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on prices from observable current market transactions.
- Third Level: The fair value of the financial assets and financial liabilities is determined in accordance with the unobservable current market data.

Based on the fair value hierarchy, the Group's financial assets and liabilities are categorized as follows:

	31 December 2020	Fair value level as of reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Financial assets				
Derivative instruments				
held for sale at fair value				
through profit or loss (Note 22)	22,683	-	22,683	-
Available-for-sale financial assets				
held at fair value				
through other comprehensive				
income statement (Note 7)	192,089	-	192,089	-
Bonds, bills and stocks (Note 7)	2,424,023	2,424,023	-	-
Total	2,638,795	2,424,023	214,772	-
Financial liabilities				
Derivative instruments				
held for sale at fair value				
through profit or loss (Note 22)	41,263	-	-	41,263
Total	41,263	-	-	41,263

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DİPNOT 36 - FINANCIAL INSTRUMENTS (Continued)

Financial assets	31 December 2019	Fair value level as of reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Derivative instruments held for sale at fair value through profit or loss (Note 22)	18,993	-	18,993	-
Available-for-sale financial assets held at fair value through other comprehensive income statement (Note 7)	202,845	-	202,845	-
Bonds, bills and stocks (Note 7)	1,177,726	1,177,726	-	-
Total	1,399,564	1,177,726	221,838	-
Financial liabilities				
Derivative instruments held for sale at fair value through profit or loss (Note 22)	339	-	-	339
Total	339	-	-	339

NOTE 37 - SHARES IN OTHER OPERATIONS

Financial information of Aytemiz which is a subsidiary not wholly-owned but controlled by the Group and having significant non-controlling interest for the Group's consolidated financial statements, is presented below in accordance with TFRS 12.

AYTEMİZ	31 December 2020	31 December 2019 ⁽¹⁾
Current assets	1,188,295	1,360,059
Non-current assets	865,765	880,759
Short-term liabilities	995,684	1,319,682
Long-term liabilities	357,936	376,865
Total equity	700,439	544,270
	1 January - 31 December 2020	1 January - 31 December 2019
Revenue	7,793,696	8,587,683
Cost of sales	(7,452,153)	(8,226,503)
Gross profit/(loss)	341,543	361,180
Profit/(loss) before taxation	28,457	(66,868)
Total comprehensive income/(expense)	17,316	(52,584)
	1 January - 31 December 2020	1 January - 31 December 2019
Cash flows from operating activities	451,312	218,295
Cash flows from investing activities	(9,309)	(28,626)
Cash flows from financing activities	(256,602)	(95,937)
Cash and cash equivalents at the beginning of the period	119,379	25,648
Cash and cash equivalents at the end of the period	304,780	119,380

⁽¹⁾ With the decision of the Board of Directors dated 20 May 2020, the Group decided to merge Aytemiz Akaryakıt Dağıtım A.Ş. and DOEL through Aytemiz Akaryakıt Dağıtım A.Ş.'s acquisition of DOEL. The merger was carried out through the transfer of all assets and liabilities as a whole to Aytemiz Akaryakıt Dağıtım A.Ş. at the financial position statements dated 31 May 2020. Because of the impact of the merger, the consolidated financial statements of the relevant period was restated.

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NOTE 38 - SUBSEQUENT EVENTS

Subsequent significant events are as follows;

Activities performed in scope of publicly offering Galata Wind Enerji A.Ş. shares

A subsidiary of the Group, Galata Wind Enerji A.Ş. applied for the amendment of Articles of Association to ensure conformity with the Articles of Association to the Capital Markets Legislation in scope of public offering activities, and the application was accepted with CMB Letter dated 26 February 2021 and numbered E-29833736-110.03.03-2450.

Capital Increases

The prospectus prepared to increase Çelik Halat's, a group subsidiary, issued capital by TRY25,000,000 (exact), from TRY16,500,000 (exact) to TRY41,500,000 (exact), was approved by the Capital Markets Board on 12 February 2021. The exercise of the right to purchase new shares within 15 days started on 15 February 2021, in accordance with the principles stated in the prospectus. The Group used all its rights to purchase new shares.

The prospectus prepared to increase Ditaş Doğan's, a group subsidiary, issued capital by TRY16,000,000 (exact), from TRY10,000,000 (exact) to TRY26,000,000 (exact), was approved by the Capital Markets Board on 19 February 2021. The exercise of the right to purchase new shares within 15 days started on 23 February 2021, in accordance with the principles stated in the prospectus. The Group used all its rights to purchase new shares.

A group subsidiary which the Group owns 100% of the shares, Öncü Girişim's issued capital was decided to be increased in cash by TRY180,000,000 (exact), from TRY320,000,000 (exact) to TRY500,000,000 (exact), and the capital increase was registered on 14 January 2021. The Group used all its rights to purchase new shares.

A group subsidiary which the Group owns 100% of the shares, Marlin Otelcilik's issued capital increase in cash by TRY16,000,000 (exact) to TRY41,000,000 (exact) was approved during the Extraordinary General Assembly meeting of Marlin Otelcilik on 24 February 2021. Accordingly, it was decided during the Company's Board of Directors meeting on 24 February 2021 that the Company's right to purchase new shares in cash would be completely used and the contribution to increase capital in cash was defined as TRY16,000,000 (exact).

Share Repurchases

In scope of the "Share Buyback Program" approved in the Ordinary General Assembly Meeting dated 20 March 2019 of Doğan Holding, the Group repurchased its own 510,000 shares from the Stock Market on 19 February 2021.

Merger and Acquisitions

Where 50% of Doğan Egmont's issued capital of TRY17,550,000 is held by the Group and 50% by Egmont International Holding A.Ş., it was decided that the 8,775,000 registered shares of Doğan Egmont held by Egmont International Holding A.Ş. and having a nominal value of TRY1 will be taken over by the Group, resulting in Doğan Egmont being controlled by the Group as the sole shareholder. The negotiations resulted in a share transfer amount of TRY11,000,000.

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