

**Anadolu Isuzu Otomotiv
Sanayi ve Ticaret A.Ş. and
Its Subsidiary**

**Interim Condensed Consolidated Financial Statements
As of June 30, 2023**

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



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT
AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

To the General Assembly of Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred as the "Group") as at 30 June 2023 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

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

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

Salim Alyanak, SMMM
Partner

Istanbul, 8 August 2023

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ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 30 JUNE 2023 AND 31 DECEMBER 2022
(Currency expressed in Turkish Lira unless otherwise indicated.)

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		Reviewed	Audited
		Current Period	Prior Period
	Notes	30 June 2023	31 December 2022
ASSETS			
Current Assets		7.022.079.719	4.937.764.188
Cash and Cash Equivalents	4	1.488.464.308	1.476.302.718
Financial Investments	5	-	251.671.891
Trade Receivables		2.059.478.172	1.095.951.611
<i>Trade Receivables from Related Parties</i>	7-23	174.275.045	114.976.064
<i>Trade Receivables from Third Parties</i>	7	1.885.203.127	980.975.547
Other Receivables		28.748.031	86.480.075
<i>Other Receivables from Third Parties</i>		28.748.031	86.480.075
Inventories	9	2.136.987.835	1.492.162.513
Derivative Instruments	8	227.853.406	4.840.568
Prepaid Expenses	16	926.611.788	421.211.839
Current Tax Assets		-	569.042
Other Current Assets		153.936.179	108.573.931
Non-Current Assets		3.832.755.906	3.396.785.871
Financial Investments	5	609.288	837.400
Other Receivables		3.640	4.892
<i>Other Receivables from Third Parties</i>		3.640	4.892
Property, Plant and Equipment	10	3.252.476.241	3.008.156.907
Right of Use Assets	12	25.793.562	16.607.141
Intangible Assets		553.842.058	369.954.053
<i>Goodwill</i>		74.896.565	2.340.995
<i>Other Intangible Assets</i>	11	478.945.493	367.613.058
Prepaid Expenses	16	31.117	1.225.478
TOTAL ASSETS		10.854.835.625	8.334.550.059

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 30 JUNE 2023 AND 31 DECEMBER 2022
(Currency expressed in Turkish Lira unless otherwise indicated.)

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	Notes	Reviewed Current Period 30 June 2023	Audited Prior Period 31 December 2022
LIABILITIES			
Current Liabilities		6.102.922.993	4.245.293.969
Current Borrowings		2.131.611.509	1.071.109.203
<i>Current Borrowings from Third Parties</i>	6	2.131.611.509	1.071.109.203
<i>Bank Loans</i>	6	2.131.611.509	1.071.109.203
Current Portions of Non-Current Borrowings		405.660.226	533.762.952
<i>Current Portions of Non-Current Borrowings from</i>			
<i>Third Parties</i>	6	405.660.226	533.762.952
<i>Bank Loans</i>	6	398.161.471	525.205.503
<i>Lease Liabilities</i>	6	7.498.755	8.557.449
Trade Payables		2.634.352.446	2.199.208.113
<i>Trade Payables to Related Parties</i>	7-23	1.761.804.683	1.169.241.865
<i>Trade Payables to Third Parties</i>	7	872.547.763	1.029.966.248
Other Payables		15.719.981	11.445.740
<i>Other Payables to Related Parties</i>	23	9.109	9.109
<i>Other Payables to Third Parties</i>		15.710.872	11.436.631
Derivative Instruments	8	916.389	40.269.448
Employee Benefits Obligations		50.211.713	38.577.623
Liabilities Arising from Contracts with Customers	16	1.495.305	4.160.229
Deferred Income	16	571.356.790	201.078.887
Provisions for Income Taxes and Other Legal Liabilities		27.371.783	-
Current Provisions		264.226.851	145.681.774
<i>Current Provisions for Employee Benefits</i>	15	38.375.387	5.435.506
<i>Other Current Provisions</i>	14	225.851.464	140.246.268
Non-Current Liabilities		992.378.738	699.012.995
Non-Current Borrowings		726.594.051	412.719.029
<i>Non-Current Borrowings from Third Parties</i>		726.594.051	412.719.029
<i>Bank Loans</i>	6	503.745.096	402.652.819
<i>Lease Liabilities</i>	6	222.848.955	10.066.210
Employee Benefits Obligations		26.507.499	-
Liabilities Arising from Contracts with Customers	16	59.903.763	58.763.620
Deferred Income	16	49.048.094	2.466.936
Non-Current Provisions for Employee Benefits	15	41.169.753	125.769.433
Deferred Tax Liabilities	21	89.155.578	99.293.977
EQUITY		3.759.533.894	3.390.243.095
Equity Attributable to Equity Holders of the Parent	17	3.759.533.894	3.390.243.095
Issued Capital		84.000.000	84.000.000
Adjustments to Share Capital		30.149.426	30.149.426
Revaluation and Remeasurement Earnings/Losses that will not be			
Reclassified in Profit or Loss		2.420.462.240	2.420.462.240
<i>Gain on Revaluation of Property, Plant and Equipment</i>		2.475.663.739	2.475.663.739
<i>Gain/Loss on Remeasurement of Defined Benefit Plans</i>		(55.201.499)	(55.201.499)
Restricted Reserves Appropriated from Profits		57.875.264	26.784.678
Prior Years' Profit		597.756.165	211.459.551
Current Period Net Profit		569.290.799	617.387.200
TOTAL LIABILITIES		10.854.835.625	8.334.550.059

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 JUNE 2023 AND 30 JUNE 2022
(Currency expressed in Turkish Lira unless otherwise indicated.)

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		Reviewed 1 January- 30 June 2023	Reviewed 1 January- 30 June 2022	Not Reviewed 1 April- 30 June 2023	Not Reviewed 1 April- 30 June 2022
Notes					
PROFIT OR LOSS					
Revenue	18	5.024.297.819	2.255.073.615	2.746.504.817	1.321.419.800
Cost of Sales (-)	18	(3.624.919.716)	(1.676.305.965)	(1.918.007.722)	(1.001.237.061)
GROSS PROFIT		1.399.378.103	578.767.650	828.497.095	320.182.739
General Administrative Expenses (-)		(145.829.171)	(67.410.160)	(74.820.606)	(34.327.712)
Marketing Expenses (-)		(321.519.356)	(174.143.948)	(167.796.620)	(85.314.719)
Research and Development Expenses (-)		(34.773.490)	(9.946.722)	(15.944.156)	(6.159.045)
Other Income from Operating Activities	19	682.784.018	42.996.992	628.339.397	19.694.702
Other Expenses from Operating Activities (-)	19	(714.913.473)	(133.569.044)	(619.389.447)	(75.076.708)
PROFIT FROM OPERATING ACTIVITIES		865.126.631	236.694.768	578.885.663	138.999.257
Income from Investing Activities		5.717.557	7.606.227	232.195	5.328.650
Expense from Investing Activities		-	-	17.759.312	1.282
PROFIT BEFORE FINANCE EXPENSE		870.844.188	244.300.995	596.877.170	144.329.189
Finance Income	20	453.647.992	242.875.791	303.785.245	138.422.921
Finance Expenses (-)	20	(709.637.144)	(312.706.566)	(497.167.556)	(179.729.856)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX		614.855.036	174.470.220	403.494.859	103.022.254
Tax Income/(Expense) From Continuing Operations		(45.564.237)	76.306.510	(73.576.438)	42.566.446
Current Tax Expense		(55.702.636)	(1.763.203)	(27.760.857)	(800.397)
Deferred Tax (Expense) Income		10.138.399	78.069.713	(45.815.581)	43.366.843
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		569.290.799	250.776.730	329.918.421	145.588.700
PROFIT FOR THE YEAR	22	569.290.799	250.776.730	329.918.421	145.588.700
Profit for the Year Attributable to:		569.290.799	250.776.730	329.918.421	145.588.700
Owners of The Parent	17	569.290.799	250.776.730	329.918.421	145.588.700
Earnings Per 100 Share from Continuing Operations	22	6,7773	2,9854	3,9276	1,7332
Items That Will Not Be Reclassified to Profit or Loss					
Gains on Remeasurement of Defined Benefit Plans		-	451.750	-	365.219
Gains on Remeasurement of Defined Benefit Plans,			(90.350)	-	(73.044)
Tax Effect		-			
OTHER COMPREHENSIVE INCOME		-	361.400	-	292.175
TOTAL COMPREHENSIVE INCOME		569.290.799	251.138.130	329.918.421	145.880.875
Owners of The Parent		569.290.799	251.138.130	329.918.421	145.880.875

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

**ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 30 JUNE 2023 AND 30 JUNE 2022**

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(Currency expressed in Turkish Lira unless otherwise indicated.)

Prior Period	Notes	Issued Capital	Adjustments to Share Capital	Gain / Loss on Revaluation and Remeasurement That Will Not Be Reclassified to Profit or Loss		Restricted Reserves Appropriated from Profits	Retained Earnings		Total Equity
				Gain on Revaluation of Property, Plant and Equipment	Gain/Loss on Remeasurement of Defined Benefit Plans		Prior Years' Profits	Current Period Net Profit	
Balances as of 1 January 2022 (Beginning of the Period)	17	84.000.000	30.149.426	1.022.267.501	(12.390.286)	23.784.678	33.032.805	211.426.746	1.392.270.870
Total Comprehensive Income		-	-	-	361.400	-	-	250.776.730	251.138.130
Profit for the Period		-	-	-	-	-	-	250.776.730	250.776.730
Other Comprehensive Income		-	-	-	361.400	-	-	-	361.400
Dividends		-	-	-	-	-	(30.000.000)	-	(30.000.000)
Transfers		-	-	-	-	2.580.000	208.846.746	(211.426.746)	-
Balances as of 30 June 2022 (End of the Period)	17	84.000.000	30.149.426	1.022.267.501	(12.028.886)	26.364.678	211.879.551	250.776.730	1.613.409.000
Current Period									
Balances as of 1 January 2023 (Beginning of the Period)	17	84.000.000	30.149.426	2.475.663.739	(55.201.499)	26.784.678	211.459.551	617.387.200	3.390.243.095
Total Comprehensive Income		-	-	-	-	-	-	569.290.799	569.290.799
Profit for the Period		-	-	-	-	-	-	569.290.799	569.290.799
Other Comprehensive Income		-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	(200.000.000)	-	(200.000.000)
Transfers		-	-	-	-	31.090.586	586.296.614	(617.387.200)	-
Balances as of 30 June 2023 (End of the Period)	17	84.000.000	30.149.426	2.475.663.739	(55.201.499)	57.875.264	597.756.165	569.290.799	3.759.533.894

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 30 JUNE 2023 AND 30 JUNE 2022
(Currency expressed in Turkish Lira unless otherwise indicated.)

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	Notes	Reviewed 1 January- 30 June 2023	Reviewed 1 January- 30 June 2022
Cash Flows from Operating Activities		(548.762.952)	(272.143.002)
Current Period Net Profit or Losses	22	569.290.799	250.776.730
Adjustments to Reconcile Profit for The Year		162.889.069	297.033.741
Adjustments Related to Depreciation and Amortization Expenses	10-11-12	67.257.461	36.455.315
Adjustments Related to Provision for Employee Benefits (Released)	15	(8.905.576)	27.792.525
Adjustments Related to Tax (Income) Expense		45.564.237	(76.306.510)
Adjustments Related to Provisions for Litigations	14	4.190.354	7.163.588
Adjustments Related to Doubtful Receivables	7	892.661	-
Adjustments Related to Interest Income	20	(126.109.607)	(16.147.447)
Adjustments Related to Interest Expenses	20	168.092.502	78.963.379
Adjustments Related to Unrealized Currency Translation Differences		180.029.209	62.904.871
Adjustments Related to Fair Value Losses (Gains)		(244.606.585)	91.756.573
Other Adjustments to Profit/(Loss) Reconciliation		(42.565.301)	(9.165.629)
Adjustments Related to Other Provisions (Released)	14	121.603.833	93.767.990
Adjustments Related to Loss (Gain) on Disposal of Property, Plant and Equipment		(2.554.119)	(150.914)
Changes in Working Capital		(1.142.079.609)	(767.621.622)
Adjustments Related to Increase in Trade Receivables	7	(965.163.986)	(145.037.527)
Adjustments Related to Increase in Inventories	9	(644.825.321)	(634.736.233)
Adjustments Related to Increase in Other Receivables from Operations		(492.461.111)	(348.880.735)
Adjustments Related to Increase in Trade Payables	7	433.762.359	314.790.457
Adjustments Related to Increase in Other Payables from Operations		529.759.340	77.225.839
Adjustments Related to Increase in Other Working Capital from Operations		(3.150.890)	(30.983.423)
Cash Flows from Operating Activities		(409.899.741)	(219.811.151)
Income Tax Returns (Paid)		(28.330.852)	(1.593.090)
Payments Related to Other Provisions	14	(40.188.991)	(45.169.484)
Payments to Provision of Employee Benefits	15	(70.343.368)	(5.569.277)
Cash Flows from Investing Activities		(29.885.450)	(209.446.036)
Proceeds from Sale of Property, Plant and Equipment	10	2.980.511	154.457
Payments for Purchase of Property, Plant and Equipment	10	(67.701.211)	(9.381.487)
Payments for Purchase of Intangible Assets	11	(147.672.620)	(92.207.221)
Cash Outflows for the Acquisition of Shares of Other Entities or Funds		(72.555.570)	-
Other Cash Outflows		255.063.440	(108.011.785)
Cash Flows from Financing Activities		592.566.375	411.732.400
Dividend Paid		(200.000.000)	(30.000.000)
Interest Received		106.943.240	16.572.617
Interest Paid	6	(135.692.845)	(71.485.122)
Proceeds from Loans	6	2.960.371.099	734.849.769
Cash Outflows from Repayment of Loans	6	(2.131.939.351)	(230.633.236)
Cash Outflows Related to Debt Payments Arising from Lease Agreements	6	(7.115.768)	(7.571.628)
Net Increase (Decrease) in Cash and Cash Equivalents		13.917.973	(69.856.638)
Cash and Cash Equivalents at The Beginning of The Year		1.470.383.667	639.139.631
Cash and Cash Equivalents at The End of The Year	4	1.484.301.640	569.282.993

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY **Page No:6**
NOTES TO THE CONDENSED INTERIM CONSOLIDATED STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023
(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 1 – ORGANIZATION AND OPERATIONS OF THE GROUP

Anadolu Isuzu Otomotiv Sanayi ve Ticaret Anonim Şirketi (the “Company”) was established in 1980. Principal activities of the Company are comprised mainly of manufacturing, assembling, import and sales of commercial vehicles and also procure and sales of related spare parts regarding to after sales service. The Company is registered to Capital Markets Board of Turkey and the percentage of 15 of the Company’s shares have been traded on Borsa Istanbul A.Ş. since 1997.

The Company carries out its operations as a partnership formed by Isuzu Motors Ltd. Itochu Corporation and Anadolu Group Companies. The Company runs its manufacturing operations in a factory which is established in Çayırova/Kocaeli. The average number of employees as of 30 June 2023 is 1.099 (31 December 2022: 970).

The Company has been registered in Turkey, and the address of the Company is Fatih Sultan Mehmet Mahallesi Balkan Caddesi No: 58 Buyaka E Blok Tepeüstü Ümraniye, İstanbul.

The company is controlled by AG Anadolu Grubu Holding A.Ş., the parent company. AG Anadolu Grubu Holding A.Ş. is controlled by AG Sınai Yatırım ve Yönetim A.Ş. and AG Sınai Yatırım ve Yönetim A.Ş. is a management company, which is ultimately managed by the Özilhan Family and Süleyman Kamil Yazıcı Family in accordance with equal representation and equal management principle and manages AG Anadolu Grubu Holding A.Ş.’s companies.

As of 30 June 2023 and 31 December 2022, details about the company’s subsidiary, which is subject to consolidation, is below:

Company Name	Principal Activity	Capital	30 June 2023	31 December 2022
			Participation Rate (%)	Participation Rate (%)
Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş.	Trade of spare parts	716.000	100	100

Approval of Financial Statements

Condensed consolidated financial statements for the period 1 January – 30 June 2023 approved by the Board of Directors on 8 August 2023 and signed by Independent Member of the Board of Director Ahmet Murat SELEK (Audit Committee Chairman) and Orhan ÖZER (Audit Committee Member), General Manager Yusuf Tuğrul ARIKAN and Finance Director Neşet Fatih VURAL.

The Company and its subsidiary will be referred as (the “Group”) in the condensed consolidated financial statements and notes to the consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Basis of Preparation and Presentation of Interim Condensed Consolidated Interim Financial Statements

The Group companies, that operate in Turkey, keep their accounting books and their statutory financial statements in Turkish Lira in accordance with the Generally Accepted Accounting Principles in Turkey accepted by the Capital Markets Board (CMB), Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries and joint ventures keep their accounting books and statutory financial statements in their local currencies and in accordance with the rules and regulations of the countries in which they operate

Consolidated financial statements are based on the statutory financial statements of the Group’s subsidiaries and joint ventures and presented in TRL in accordance with CMB Financial Reporting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for business combinations, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets and liabilities, derivative instruments carried from their fair values and assets and liabilities included in business combinations application, financial statements are prepared on historical cost basis

In accordance with the CMB’s “Communiqué on Financial Reporting in Capital Market” Numbered II-14.1 (Communiqué), promulgated in the Official Gazette numbered 28676 dated June 13, 2013, effective from interim periods beginning after September 30, 2013, listed companies are required to prepare their financial statements in conformity with Turkey Accounting/Financial Reporting Standards (TAS/TFRS) as prescribed in the CMB Communiqué. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

NOTE 2 -BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**2.1 Basis of Presentation (cont'd)****2.1.1 Basis of Preparation and Presentation of Interim Condensed Consolidated Financial Statements (cont'd)**

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, "Interim Financial Reporting". In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned interim condensed consolidated financial statements in compliance with CMB Financial Reporting Standards. Furthermore, in accordance with the Communiqué and announcements regarding the explanations of the Communiqué, guarantee pledge mortgage table, foreign currency position table, total export and total import amounts and hedging amount of total foreign currency liabilities are presented in the interim condensed consolidated financial statement disclosures.

The Group's condensed consolidated financial statements does not include all necessary disclosures and notes which are shown in the year-ended consolidated financial statements, the accompanying summary financial statements should be read together with the 31 December 2022 financial statements and attached notes.

Functional and Reporting Currency

The financial statements of the Group's each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the each entity are expressed in TRY, which is the functional currency of the Company and the currency used for presenting consolidated financial statements.

2.1.2 Consolidation principles**Subsidiaries**

Subsidiaries, including structured entities, are companies in the Group's control. The Group's control is provides for exposure to variable returns from these companies, being eligible for these benefits, and the power to direct them. Subsidiaries are consolidated using the full consolidation method starting from the date when the control is transferred to the Group. They are excluded from the scope of consolidation as of the date when the control is lost.

The purchasing method is used in accounting for group business combinations. The cost of acquisition includes the fair value of the assets transferred at the acquisition date, the liabilities incurred by the former owner of the company, and costs, consisting of equity instruments issued by the Group. The acquisition cost includes the fair value of the assets and liabilities transferred as a result of the contingent acquisition agreement.

The identifiable assets, liabilities, and contingent liabilities taken over during a business combination are measured at their fair value on the acquisition date. For each purchase, non-controlling shares of the acquired company are recognised either at their fair value or according to their proportional share in the net assets of the acquired company.

The table below sets out the subsidiaries and their ownership interests as of 30 June 2023 and 31 December 2022

Subsidiary	Voting power held by the Group (%)		Proportion of ownership interest (%)	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş.	100	100	100	100

2.1.3 Adjustment of Financial Statements during High Inflation Periods

In accordance with CMB's decision numbered 11/367 on 17 March 2005, inflation accounting application has been abolished as of 1 January 2005 for the companies operating in Turkey and preparing financial statements in accordance with Turkey Accounting Standards. Accordingly, as of 1 January 2005 "Financial Reporting in Hyperinflationary Economies" (TAS 29) has not been applied.

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2022 within the scope of TAS 29 "Financial Reporting in High Inflation Economies". Considering that no new disclosure has been made as of the date these condensed consolidated financial statements were prepared, no inflation adjustment was made in accordance with TAS 29 while preparing the condensed consolidated financial statements as of 30 June 2023.

NOTE 2 -BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1.4 Offsetting

The financial assets and liabilities in the consolidated financial statements are shown at their net value when a legal system that allows clarification of relevant values and there is an intention to demonstrate the values clearly or the realization of the asset and the settlement of the debt are at the same time.

2.1.5 Comparatives and Adjustment of Prior Periods' Financial Statements

The Group's consolidated financial statements for the current period are prepared in comparison with the previous periods in order to be able to determine the financial position and performance trends. The comparative information is reclassified when necessary with the aim of ensuring consistency with the presentation of the current period's consolidated financial statements and significant differences are disclosed.

2.1.6 Amendments in Standards and Interpretations

a) Standards, amendments, and interpretations applicable as of 30 June 2023

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

IFRS 17, 'Insurance Contracts'; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendment to IAS 12 - International tax reform - pillar two model rules; The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

The group management has evaluated that these changes do not have any impact on the consolidated financial statements of the Group.

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:

Amendment to IAS 1 – Non current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendment to IFRS 16 – Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements; ; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

NOTE 2 -BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1.6 Amendments in Standards and Interpretations (cont'd)

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:

IFRS S1, ‘General requirements for disclosure of sustainability-related financial information; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.

IFRS S2, ‘Climate-related disclosures’; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

2.2 Effects of Revised Accounting Policies

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively in accordance with the transition terms. Changes without any transition requirement, optional significant changes in accounting policies or significant accounting errors are applied retrospectively and the previous period's consolidated financial statements are restated. Changes in accounting estimates are applied in the current period if the change is related to only one period, and if they are related to future periods, they are applied both in the period in which the change is made and prospectively.

2.3 Summary of Significant Accounting Policies

Interim condensed consolidated financial statements for the period ending on June 30, 2023 prepared in accordance with the TMS 34 standard for the preparation of the tables. The interim condensed consolidated financial statements for the period ending on 30 June 2023 have been prepared by applying accounting policies consistent with the accounting policies applied during the preparation of the consolidated financial statements for the year ended 31 December 2022. Therefore, these interim condensed consolidated financial statements should be evaluated together with the consolidated financial statements for the year ended 31 December 2022.

2.4 Changes in Accounting Estimates and Errors

Accounting estimates are made based on reliable information and using appropriate estimation methods. However, if new or additional information becomes available or the circumstances, which the initial estimates based on, change, then the estimates are reviewed and revised, if necessary. If the change in the accounting estimates is only related to a sole period, then only that period’s financial statements are adjusted. If the amendments are related to the current as well as the forthcoming periods, then both current and forthcoming periods’ financial statements are adjusted.

Significant accounting errors are applied retrospectively and the consolidated financial statements of the previous period are restated.

2.5 Other Accounting Estimates

In instances where the accounting estimates affect both current and forthcoming periods, then description and monetary value of the estimate is disclosed in the notes to the financial statements except instances where the estimation of the effect related to upcoming periods are not possible.

a) Deferred Tax:

There are research and development expenditures and investment incentive certificates that the Group can gain tax advantage in the future. Deferred tax assets can only be recognized if it is probable that sufficient taxable profit will be generated in future periods. In each reporting period, the Group management evaluates the taxable profit that may occur in the future periods, and during its evaluations, future profit projections and unused losses are taken into account within the scope of tax legislation.

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NOTE 2 -BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Other Accounting Estimates (cont'd)

b) Warranty Cost Provisions

The Group determined the warranty provision based on warranty costs for each vehicle model in previous years and the remaining warranty periods for each vehicle.

c) Useful lives of property, plant and equipment:

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The Company may shorten or prolong the useful lives and related depreciation of property, plant and equipment by taking into consideration the intended use of property, plant and equipment, technological progress according to their types and other factors.

d) Revaluation of land improvements and buildings:

Land improvements, evaluation of buildings and machinery have been made by taking into consideration the current market conditions. As a result of the revaluation, provision for impairment of the fixed assets with fair value lower than the cost value is made.

The Group's land improvements and buildings have been revalued at 30 June 2023 by independent appraisals accredited by the Capital Markets Board. The Group's land improvements and buildings have been revalued by independent appraisals accredited by the Capital Markets Board. The revaluation fund which is composed of the difference between the book value and the fair value is offset with deferred tax and shown under the equity as revaluation fund. Revaluation is performed periodically.

e) Provision for Employment Termination Benefits

Provision for employment termination benefits is calculated by taking into account the severance pay ceiling and actuarial informations recognized into the consolidated financial statements. Provision for employment termination benefits represents the estimated present value of the amount of retirement pay liability that the Group is liable to pay in the future.

NOTE 3 –SEGMENT REPORTING

The field of activity of the Group established in Turkey is the manufacture, assembly, import and sale of motor vehicles and spare parts. The field of activity of the Group, the nature and economic properties of products, production processes, classification according to customer risks and methods used in the distribution of products are similar. Moreover, the Group is structured on an activity basis rather than being managed under separate divisions including different activities. Thus, the operations of the Group are considered as a single activity division, and the outputs of the Group's activities, determination of the resources to be allocated to these activities, and review of the performance of these activities are evaluated accordingly.

NOTE 4 - CASH AND CASH EQUIVALENTS

Cash and equivalent values as of the end of the period are presented below:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Banks-Demand Deposits	758.968.874	416.606.154
Banks-Time Deposits (up to 3 months)	728.634.825	1.058.000.485
Other Liquid Assets (*)	860.609	1.696.079
Total	1.488.464.308	1.476.302.718

(*) As of 30 June 2023 and 31 December 2022, the balance in "Other Liquid Assets" is consist of credit card receivables in bank of group.

There are no restricted deposits as of 30 June 2023 and 31 December 2022.

Cash and cash equivalents presented in the consolidated cash flow statements as of 30 June 2023 and 30 June 2022 are as follows:

	<u>30 June 2023</u>	<u>30 June 2022</u>
Liquid Assets	1.488.464.308	569.424.034
Interest Accruals (-)	(4.162.668)	(141.041)
Total (Excluding interest accruals)	1.484.301.640	569.282.993

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NOTE 4 - CASH AND CASH EQUIVALENTS (cont'd)

The details of time deposits are as follows:

	<u>30 June 2023</u>		<u>31 December 2022</u>	
	<u>Amount</u>	<u>Annual Average</u>	<u>Amount</u>	<u>Annual Average</u>
	<u>(TRY</u>	<u>Interest Rate (%)</u>	<u>(TRY Equivalent)</u>	<u>Interest Rate (%)</u>
	<u>Equivalent)</u>			
TRY	531.228.233	26,10	1.058.000.485	16,80
EUR	197.406.592	5,00	0	0,00
Total	728.634.825		1.058.000.485	

The Group does not have any time deposits with maturities longer than three month and the time deposits are composed of fixed interest rates.

NOTE 5- FINANCIAL INVESTMENTS

Financial investments as of the end of the period are presented below:

	<u>30 June 2023</u>			<u>31 December 2022</u>		
	<u>Carrying</u>	<u>Interest</u>	<u>Fair Value</u>	<u>Carrying</u>	<u>Interest</u>	<u>Fair Value</u>
	<u>Amount</u>	<u>Accrual</u>		<u>Amount</u>	<u>Accrual</u>	
Currency Protected Deposit	-	-	-	-	10.722.329	251.671.891
Total	-	-	-	-	10.722.329	251.671.891

The details of long term financial investments as follows:

	<u>30 June 2023</u>			<u>31 December 2022</u>		
	<u>Carrying</u>	<u>Interest</u>	<u>Fair Value</u>	<u>Carrying</u>	<u>Interest</u>	<u>Fair Value</u>
	<u>Amount</u>	<u>Accrual</u>		<u>Amount</u>	<u>Accrual</u>	
Investment Fund	-	-	609.288	-	-	837.400
Total	-	-	609.288	-	-	837.400

NOTES 6- FINANCIAL LIABILITIES

The details of bank loans as of 30 June 2023 and 31 December 2022 are as follows:

a) Short-term Borrowings

Bank Loans

	<u>Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TRY Including Interest</u>	
	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
EUR	5,75	-	5.063.911	-	142.569.349	-
TRY	16,58	17,21	1.989.042.160	1.071.109.203	1.989.042.160	1.071.109.203
Total					2.131.611.509	1.071.109.203

b) Short-term Portions of Long-term Borrowings

Bank Loans

	<u>Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TRY Including Interest</u>	
	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
EUR	4,38	4,38	4.494.044	11.221.443	126.525.303	224.101.200
USD	4,25	-	5.409.894	-	139.700.238	-
TRY	17,52	15,84	131.672.310	301.104.303	131.935.930	301.104.303
Total					398.161.471	525.205.503

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NOTES 6- FINANCIAL LIABILITIES (cont'd)

Short-term lease payables arising from operating leases

	<u>Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TRY Including Interest</u>	
	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
EUR	3,20	3,20	14.345	49.253	403.871	981.855
TRY	28,05	28,05	3.556.285	7.575.594	3.556.285	7.575.594
Total					3.960.156	8.557.449

Short-term Finance Lease Liabilities

	<u>Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TRY Including Interest</u>	
	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
TRY	34,00	-	3.538.599	-	3.538.599	-
Total					3.538.599	-

c) Long-term Borrowings

Bank Loans

	<u>Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TRY Including Interest</u>	
	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
EUR	5,45	5,45	7.972.738	8.645.973	224.464.472	172.666.990
TRY	15,34	12,29	279.280.624	229.985.829	279.280.624	229.985.829
Total					503.745.096	402.652.819

As of 30 June 2023 and 31 December 2022, the payment schedule of long-term loans is as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>
1 to 2 years	301.013.710	232.381.180
2 to 3 years	54.263.510	42.214.247
3 to 4 years	47.767.918	37.356.083
4 to 5 years	38.965.497	31.234.338
More than 5 years	61.734.461	59.466.971
Total	503.745.096	402.652.819

Long-term lease payables arising from operating leases

	<u>Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TRY Including Interest</u>	
	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>31 March 2023</u>	<u>31 December 2022</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
EUR	3,20	3,20	257.826	105.306	7.258.835	2.099.264
TRY	28,05	28,05	20.180.871	7.966.946	20.180.871	7.966.946
Total					27.439.706	10.066.210

Long-term Finance Lease Liabilities

	<u>Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TRY Including Interest</u>	
	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>31 March 2023</u>	<u>31 December 2022</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
TRY	35,46	-	195.409.249	-	195.409.249	-
Total					195.409.249	-

NOTES 6- FINANCIAL LIABILITIES (cont'd)

Financial net debt reconciliation as of 30 June 2023 and 31 December 2022 is as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Opening balance	2.017.591.184	933.448.069
Interest expense	167.820.548	192.293.075
Cash outflows from debt payments arising from lease agreements	(7.115.768)	4.849.668
Changes in lease liabilities	212.848.633	2.232.747
Interest paid	(135.692.845)	(166.473.003)
Newly obtained credits	2.960.371.099	2.319.748.510
Loans repaid	(2.131.939.351)	(1.384.372.340)
Exchange difference	179.982.286	115.864.458
Closing balance	3.263.865.786	2.017.591.184

NOTE 7- TRADE RECEIVABLES AND PAYABLES

Trade receivables at period ends are as follows:

a) Short-term Trade Receivables

	<u>30 June 2023</u>	<u>31 December 2022</u>
Trade Receivables from Third Parties	1.888.932.278	983.067.273
Trade Receivables from Related Parties	174.275.045	114.976.064
Rediscount Expenses (-)	(3.729.151)	(2.091.726)
Doubtful Receivables	1.372.701	480.040
Allowance for Doubtful Receivables (-)	(1.372.701)	(480.040)
Total	2.059.478.172	1.095.951.611

As of 30 June 2023, the average term for trade receivables is 77 days (31 December 2022: 76 days).

Movements of provision for doubtful receivables are as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Opening Balance	480.040	522.097
Provisions in the Period	892.661	-
Collections in the Period	-	(42.057)
Closing Balance	1.372.701	480.040

Trade payables at period ends are as follows:

b) Short-term Trade Payables

	<u>30 June 2023</u>	<u>31 December 2022</u>
Trade Payables to Third Parties	877.369.980	1.036.170.439
Trade Payables to Related Parties	1.761.804.683	1.169.241.865
Rediscount Incomes(-)	(4.822.217)	(6.204.191)
Total	2.634.352.446	2.199.208.113

As of 30 June 2023, the average term for trade payables is 107 days (31 December 2022: 115 days).

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NOTE 8- DERIVATIVE INSTRUMENTS

Foreign Currency Forward Transactions

The details of derivative instruments as of 30 June 2023 and 31 December 2022 are as follows:

	<u>30 June 2023</u>			<u>31 December 2022</u>		
	<u>Fair Value</u>			<u>Fair Value</u>		
	Nominal Value	Assest	Liability	Nominal Value	Assest	Liability
Interest Rate Swap	75.000.000	-	(415)	75.000.000	-	(2.437.805)
Forward Contracts	2.015.629.950	227.853.406	(915.974)	1.202.378.578	4.840.568	(37.831.643)
Total	2.090.629.950	227.853.406	(916.389)	1.277.378.578	4.840.568	(40.269.448)

NOTE 9- INVENTORIES

Inventory balances as of period ends are as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Raw Materials	1.470.641.442	955.821.041
Work in Process Goods	18.155.706	1.701.708
Finished Goods	304.024.527	259.769.534
Trade Goods	198.794.782	138.181.970
Other Inventory	24.166.486	12.316.827
Goods in Transit	121.692.894	124.859.435
Impairment in Finished Goods and Trade Goods	(488.002)	(488.002)
Total Inventories	2.136.987.835	1.492.162.513

Movement of Provision for Inventory Impairment	<u>30 June 2023</u>	<u>31 December 2022</u>
Opening Balance	488.002	488.002
Closing Balance	488.002	488.002

As of 30 June 2023, total cost of sales which recognized in statement of profit or loss is TRY 3.326.980.770. (30 June 2022: TRY1.535.912.016 TRY).

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NOTE 10- PROPERTY, PLANT AND EQUIPMENT

30 June 2023

<u>Cost Value</u>	Land	Land Improvements	Buildings	Plant, Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Fixed Assets	Construction in Progress	Total
Opening Balance as at 1 January 2023	2.312.257.500	18.031.502	574.689.373	356.854.215	9.959.935	6.219.922	644.296	12.596.789	3.291.253.532
Additions	-	236.435	4.720.601	94.902.414	2.196.743	1.499.522	-	163.093.344	266.649.059
Disposals	-	-	-	(762.903)	(1.092.510)	-	-	-	(1.855.413)
Closing Balance as at 30 June 2023	2.312.257.500	18.267.937	579.409.974	450.993.726	11.064.168	7.719.444	644.296	175.690.133	3.556.047.178

Accumulated Depreciation

Opening Balance as at 1 January 2023	-	(9.474.505)	(75.842.514)	(188.537.098)	(5.145.749)	(3.454.454)	(642.305)	-	(283.096.625)
Charge for the year	-	(509.377)	(5.850.168)	(14.383.741)	(771.881)	(387.841)	(325)	-	(21.903.333)
Disposals	-	-	-	739.277	689.744	-	-	-	1.429.021
Closing Balance as at 30 June 2023	-	(9.983.882)	(81.692.682)	(202.181.562)	(5.227.886)	(3.842.295)	(642.630)	-	(303.570.937)

Net Book Value

Opening Balance as at 1 January 2023	2.312.257.500	8.556.997	498.846.859	168.317.117	4.814.186	2.765.468	1.991	12.596.789	3.008.156.907
Closing Balance as at 30 June 2023	2.312.257.500	8.284.055	497.717.292	248.812.164	5.836.282	3.877.149	1.666	175.690.133	3.252.476.241

As of 30 June 2023 , TRY 15.401.795 of the depreciation expenses has been charged to cost of sales and TRY 228.401 to research and development expenses and TRY 1.379.156 to marketing expenses, TRY 2.138.620 to general administrative expenses and TRY 2.755.361 to development capitalization.

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NOTE 10- PROPERTY, PLANT AND EQUIPMENT (cont'd)

30 June 2022

<u>Cost Value</u>									
	Land	Land Improvements	Buildings	Plant, Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Fixed Assets	Construction in Progress	Total
Opening Balance as at 1 January 2022	641.553.446	14.429.558	605.103.127	257.861.318	6.544.007	4.703.453	785.999	1.793.071	1.532.773.979
Additions	-	-	162.891	9.007.011	-	211.585	-	-	9.381.487
Disposals	-	-	-	(9.515)	(97.726)	-	-	-	(107.241)
Closing Balance as at 30 June 2022	641.553.446	14.429.558	605.266.018	266.858.814	6.446.281	4.915.038	785.999	1.793.071	1.542.048.225

Accumulated Depreciation

Opening Balance as at 1 January 2022	-	(9.849.768)	(70.357.540)	(175.303.415)	(4.385.813)	(3.733.814)	(783.358)	-	(264.413.708)
Charge for the year	-	(254.826)	(2.656.530)	(8.162.256)	(399.672)	(149.262)	(325)	-	(11.622.871)
Disposals	-	-	-	6.318	97.380	-	-	-	103.698
Closing Balance as at 30 June 2022	-	(10.104.594)	(73.014.070)	(183.459.353)	(4.688.105)	(3.883.076)	(783.683)	-	(275.932.881)

Net Book Value

Opening Balance as at 1 January 2022	641.553.446	4.579.790	534.745.587	82.557.903	2.158.194	969.639	2.641	1.793.071	1.268.360.271
Closing Balance as at 30 June 2022	641.553.446	4.324.964	532.251.948	83.399.461	1.758.176	1.031.962	2.316	1.793.071	1.266.115.344

As of 30 June 2022, TRY 7.551.974 of the depreciation expenses has been charged to cost of sales and TRY 421.279 to research and development expenses and TRY 575.448 to marketing expenses, TRY 1.186.403 to general administrative expenses and TRY 1.887.767 to development capitalization .

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 11 – INTANGIBLE ASSETS

30 June 2023

Cost Value	Rights	Development Expenses	Other Intangible Assets	Construction in Progress and Advances	Total
Opening Balance as at 1 January 2023	1.180.421	355.579.196	62.784.996	137.185.690	556.730.303
Additions	-	-	9.464.794	138.207.826	147.672.620
Closing balance as at 30 June 2023	1.180.421	355.579.196	72.249.790	275.393.516	704.402.923

Accumulated Amortization

Opening Balance as at 1 January 2023	(386.255)	(149.965.127)	(38.765.863)	-	(189.117.245)
Charge for the period	(46.558)	(29.485.337)	(6.808.290)	-	(36.340.185)
Closing balance as at 30 June 2023	(432.813)	(179.450.464)	(45.574.153)	-	(225.457.430)

Net Book Value

Opening Balance as at 1 January 2023	794.166	205.614.069	24.019.133	137.185.690	367.613.058
Closing balance as at 30 June 2023	747.608	176.128.732	26.675.637	275.393.516	478.945.493

As of 30 June 2023 , TRY 28.772.756 of the depreciation expenses of intangible assets has been charged to cost of sales and TRY 8.022 to research and development expenses and TRY 196.118 to marketing expenses, TRY 3.622.087 to general administrative expenses and TRY 3.741.202 to development capitalization.

30 June 2022

Cost Value	Rights	Development Expenses	Other Intangible Assets	Construction in Progress and Advances	Total
Opening Balance as at 1 January 2022	963.008	239.932.131	42.941.246	83.976.818	367.813.203
Additions	-	-	8.788.100	83.419.121	92.207.221
Transfer from Construction in Progress	-	-	-	-	-
Closing balance as at 30 June 2022	963.008	239.932.131	51.729.346	167.395.939	460.020.424

Accumulated Amortization

Opening Balance as at 1 January 2022	(312.081)	(112.519.289)	(29.737.696)	-	(142.569.066)
Charge for the period	(36.492)	(17.858.153)	(3.820.544)	-	(21.715.189)
Closing balance as at 30 June 2022	(348.573)	(130.377.442)	(33.558.240)	-	(164.284.255)

Net Book Value

Opening Balance as at 1 January 2022	650.927	127.412.842	13.203.550	83.976.818	225.244.137
Closing balance as at 30 June 2022	614.435	109.554.689	18.171.106	167.395.939	295.736.169

As of 30 June 2022 , TRY 18.340.207 of the depreciation expenses of intangible assets has been charged to cost of sales and TRY 41.317 to research and development expenses and TRY 206.678 to marketing expenses, TRY 1.400.330 to general administrative expenses and TRY 1.726.657 to development capitalization.

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 12 – RIGHT OF USE ASSETS

As of 30 June 2023 and 30 June 2022, the right of use assets' balances of depreciation assets and depreciation expenses in the relevant period are as follows:

<u>Cost Value</u>	<u>Total</u>
Opening Balance as at 1 January 2023	20.578.076
Additions	18.200.364
Disposals	(1.249.341)
Closing balance as at 30 June 2023	37.529.099

Accumulated Amortization

Opening Balance as at 1 January 2023	(3.970.935)
Charge for the Period	(9.013.943)
Disposals	1.249.341
Closing balance as at 30 June 2023	(11.735.537)

Net Book Value

Opening Balance as at 1 January 2023	16.607.141
Closing balance as at 30 June 2023	25.793.562

As of 30 June 2023, TRY 4.195.898 of depreciation expenses has been charged to cost of sales, and TRY 4.818.045 to general administration expenses.

<u>Cost Value</u>	<u>Total</u>
Opening Balance as at 1 January 2022	13.852.693
Additions	7.588.200
Closing balance as at 30 June 2022	21.440.893

Accumulated Amortization

Opening Balance as at 1 January 2022	(8.022.844)
Charge for the Period	(3.117.255)
Closing balance as at 30 June 2022	(11.140.099)

Net Book Value

Opening Balance as at 1 January 2022	5.829.849
Closing balance as at 30 June 2022	10.300.794

As of 30 June 2022 , TRY 1.200.940 of depreciation expenses has been charged to cost of sales, and TRY 1.916.315 to general administration expenses.

NOTES 13- GOVERNMENT GRANTS AND INCENTIVES

In order to benefit from the incentives and exemptions provided in line with the Law No. 5746, the Group applied to the Ministry of Industry and Commerce to become an R&D centre. On 3 June 2009, the Group was entitled to become an R&D centre.

The cash support amount, which was collected from TUBITAK in relation to R&D activities in 2023 was the TRY 212.500 December 2022: TRY 1.736.050).

The Group has used R&D allowance advantage amounting to TRY 312.117.972 (30 June 2022: TRY 298.680.989) against statutory tax provision.

The Group realizes fixed asset investments with incentives within the scope of the "Council of Ministers Decisions on State Aids in Investments" numbered 2009/15199 and 2012/3305, which regulates the investment legislation.

The investment projects in which the Group has completed the investment process and continue to benefit from the deserved investment contribution amounts are as follows;

Within the scope of the incentive certificate numbered 5487, TRY 51.670.512 was spent.(31 December 2022 : TRY 51.670.512) The contribution rate to the investment is 20%.

The investment projects that the Group continues to invest in and continue to benefit from the investment contribution amounts are as follows;

Within the scope of the incentive certificate numbered 129788, TRY 87.538.897 was spent (31 December 2022: 87.752.164 TRY). The contribution rate to the investment is 45%.

Within the scope of the incentive certificate numbered 535509, TRY 57.822.404 TRY was spent (31 December 2022: 57.822.404 TRY). The contribution rate to the investment is 30%.

Within the scope of the incentive certificate numbered 541650, TRY 178.755.142 was spent (31 December 2022: -). The contribution rate to the investment is 55%.

Within the scope of the incentive certificate numbered 55760, TRY 19.160.475 was spent (31 December 2022: -). The contribution rate to the investment is 30%.

The tax advantage amounting to TRY 229.020.614 (31 December 2022: TRY 114.358.035), which the Group has completed the investment process and will benefit from the amount of investment contribution earned as of 30 June 2023, is reflected in the consolidated financial statements as a deferred tax asset. As a result of its recognition, deferred tax income amounting to TRY 114.662.579 has occurred in the consolidated profit or loss statement for the period from 1 January to 30 June 2023.

Deferred tax assets are recognized when it is determined that taxable income is likely to occur in the coming years. In cases where taxable income is likely to occur, deferred tax assets are calculated over deductible temporary differences, tax losses and tax advantages vested in indefinite-lived investment incentives that allow reduced corporate tax payments. In this context, the Group bases the reflection of deferred tax assets arising from investment incentives in the consolidated financial statements on long-term plans, and evaluates the recoverability of deferred tax assets related to these investment incentives as of each balance sheet date, based on business models that include taxable profit estimations.

These deferred tax assets are expected to be recovered within 2 years from the balance sheet date. In the sensitivity analysis conducted as of 30 June 2023, when the inputs in the basic macroeconomic and sectoral assumptions that make up the business plans are increased/decreased by 10%, the recovery period of deferred tax assets regarding investment incentives, which is foreseen as 2 years, has not changed.

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTES 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Other Short-term Provisions

	<u>30 June 2023</u>	<u>31 December 2022</u>
Warranty Provisions	70.365.262	44.979.730
Provision for Lawsuits	40.926.095	36.735.741
Provision for Premium and Commission	114.560.107	58.530.797
Total	225.851.464	140.246.268

Movements of provisions during the period are as follows:

	<u>Warranty Provisions</u>	<u>Provision for Lawsuits</u>	<u>Provision for Premium and Commission</u>	<u>Total</u>
Opening Balance as at 1 January 2023	44.979.730	36.735.741	58.530.797	140.246.268
Additions During The Period	56.098.953	4.190.354	65.504.880	125.794.187
Paid During The Period (-)	(30.713.421)	-	(9.475.570)	(40.188.991)
Closing Balance as at 30 June 2023	70.365.262	40.926.095	114.560.107	225.851.464

	<u>Warranty Provisions</u>	<u>Provision for Lawsuits</u>	<u>Provision for Premium and Commission</u>	<u>Total</u>
Opening Balance as at 1 January 2022	21.418.335	8.543.291	34.732.481	64.694.107
Additions During The Period	15.898.670	3.428.101	51.976.703	71.303.474
Paid During The Period (-)	(3.850.419)	-	(34.732.481)	(38.582.900)
Closing Balance as at 30 June 2022	33.466.586	11.971.392	51.976.703	97.414.681

Lawsuit against the Group:

As of 30 June 2023, there are 74 ongoing lawsuits filed against the Group due to the cancellation of employment termination and other claims for employment and other compensation. Based on these lawsuits, TRY 40.926.095, which is recognized based on assessments of the lawyers, was reserved as lawsuit provision (as of 31 December 2022, the lawsuit provisions amount is TRY 36.735.741).

Mortgages and guarantees on assets:

There are not any mortgages and guarantees on assets.

Contingent liabilities which are not shown in liabilities listed are as follows:

Type	<u>30 June 2023</u>	<u>31 December 2022</u>
Given Letters of Guarantee	683.474.936	649.576.356
Total	683.474.936	649.576.356

	<u>30 June 2023</u>	<u>Original Currency TRY</u>	<u>Original Currency EUR</u>	<u>Original Currency USD</u>
A. CPMs given in the name of its own legal personality	683.474.936	378.370.997	9.766.304	1.146.028
i. Letter of Guarantee	683.474.936	378.370.997	9.766.304	1.146.028
B. CPMs given on behalf of fully consolidated companies				
C. CPMs given in the normal course of business activities on behalf of third parties	-	-	-	-
D. Total amount of other CPMs	-	-	-	-
Total	683.474.936	378.370.997	9.766.304	1.146.028

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTES 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

		<u>31 December 2022</u>		
	<u>Total TRY</u>	<u>Original</u>	<u>Original</u>	<u>Original</u>
	<u>Provisions</u>	<u>Currency</u>	<u>Currency</u>	<u>Currency</u>
		<u>TRY</u>	<u>EUR</u>	<u>USD</u>
A. CPMs given in the name of its own legal personality	649.576.356	384.188.183	12.237.804	1.146.028
i. Letter of Guarantee	649.576.356	384.188.183	12.237.804	1.146.028
B. CPMs given on behalf of fully consolidated companies				
C. CPMs given in the normal course of business activities on behalf of third parties	-	-	-	-
D. Total amount of other CPMs	-	-	-	-
Total	649.576.356	384.188.183	12.237.804	1.146.028

The ratio of other CPM is given by the Group to the Group's equity is 0% as of 30 June 2023 (0% as of 31 December 2022). The Group is exposed to foreign currency risk since its foreign currency denominated assets and liabilities are formed of different currencies. In order to hedge its foreign currency position due to the fluctuations in the foreign exchange parities, the Group enters into forward contracts.

NOTE 15 – EMPLOYEE BENEFITS

a) Short-Term Provisions for Employee Benefits

	<u>30 June 2023</u>	<u>31 December 2022</u>
Provision for Employee Rights and Salaries	27.865.392	276.247
Provision for Unused Vacation	10.509.995	5.159.259
Total	38.375.387	5.435.506

Short-term provisions for employee benefits consist of provisions that were calculated and unpaid as of the end of period. Movements of the provision for unused vacation during the period are as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Opening Balance	5.159.259	3.330.914
Recognized provision during the period	11.509.614	12.208.872
Paid During The Period	(6.158.878)	(10.380.527)
Total	10.509.995	5.159.259

b) Long-Term Provisions for Employee Benefits

	<u>30 June 2023</u>	<u>31 December 2022</u>
Provision for Severance Payments to Employees	41.169.753	125.769.433
Total	41.169.753	125.769.433

Within the framework of current laws in Turkey, it is obligatory to make the severance pay of each employee who has completed one year service period, has been paid off regardless of any related reason, has been called-up for military service along with men who have completed 25-year service period, women who have completed 20-year service period or those who have completed age of retirement (58 for women, 60 for men). Because there is not any funding obligation for the severance pay provision in Turkey, any special fund is not allocated in the financial statements.

The severance payments are calculated over 30-days gross salary for each service year. Primary assumption is that ceiling liability set for each service year increases in proportion to inflation. In parallel with this, real discount rate which is cleared of the potential inflation impacts is considered at the implementation stage. The severance pay cap is revised in every six months, the ceiling amount of TRY 23.489,83 (1 January 2023:TRY 19.982,83) applicable as of 1 July 2023 has been regarded for the calculation of the Group's provision of severance pay.

Moreover, the severance payments are not made for those who leave the job with his/her wish; estimated rate related to these severance pay amounts that will remain in the Group's account is considered.

Considering the Liability of Severance Pay are related to the next periods as per TAS 19, current values of the severance payments which will be made as of the balance sheet date are calculated to determine an approximate inflation expectation whose net difference refers a real discount rate and find an appropriate discount rate.

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 15 – EMPLOYEE BENEFITS (cont'd)

The actuarial assumptions considered in the calculation of the provision for employment termination benefits are as follows:

	<u>30 June 2022</u>	<u>31 December 2022</u>
Annual Net Discount Rate (%)	0,44	0,44
Turnover Rate to Estimate the Probability of Retirement (%)	9,22	8,99

The provision calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees is recognised to the consolidated financial statements.

Movements of the provision for employee termination benefit during the period are as follows:

	<u>30 June 2023</u>	<u>30 June 2022</u>
Opening Balance	125.769.433	47.235.042
Interest Cost	271.953	205.967
Gain/(Loss) on Remeasurement of Defined Benefit Plans	-	53.514.016
Paid Within the Period	(64.184.490)	(6.681.339)
Service Cost	(20.687.143)	31.495.747
Closing Balance	41.169.753	125.769.433

NOTE 16- OTHER ASSETS AND LIABILITIES

a) Prepaid Expenses

	<u>30 June 2023</u>	<u>31 December 2022</u>
Advances Given For Inventory Purchase	906.697.526	407.124.173
Prepaid Extended Warranty Expenses	1.140.782	2.144.091
Prepaid Insurance Expenses	9.241.105	287.453
Prepaid Advertisement Expenses	569.137	348.917
Prepaid Maintenance Expenses	5.471.925	217.241
Prepaid Other Expenses	3.491.313	11.089.964
Total	926.611.788	421.211.839

b) Other Current Assets

	<u>30 June 2023</u>	<u>31 December 2022</u>
Deferred VAT	144.523.319	99.683.871
Other Current Assets	9.412.860	8.890.060
Total	153.936.179	108.573.931

c) Prepaid Expenses (Long-Term)

	<u>30 June 2023</u>	<u>31 December 2022</u>
Prepaid Extended Warranty Expenses	-	152.887
Prepaid Expenses	31.117	1.072.591
Total	31.117	1.225.478

d) Deferred Income (Short-Term)

	<u>30 June 2023</u>	<u>31 December 2022</u>
Order Advances Received	554.478.381	186.914.907
Deferred Income	16.878.409	14.163.980
Total	571.356.790	201.078.887

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 16- OTHER ASSETS AND LIABILITIES (cont'd)

e) Liabilities Arising from Contracts with Customers (Short-Term)

	30 June 2023	31 December 2022
Deferred Maintenance and Repair Income	1.495.305	4.160.229
Total	1.495.305	4.160.229

f) Deferred Income (Long-Term)

	30 June 2023	31 December 2022
Order Advances Received	2.122.239	-
Deferred Income	46.925.855	2.466.936
Total	49.048.094	2.466.936

g) Liabilities Arising from Contracts with Customers (Short-Term)

	30 June 2023	31 December 2022
Deferred Maintenance and Repair Income	59.903.763	58.763.620
Total	59.903.763	58.763.620

NOTE 17- SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Capital / Elimination Adjustments

As of 30 June 2023, the share capital of the Company is TRY 84.000.000 (31 December 2022: TRY 84.000.000).

This share capital is divided into 8.400.000.000 in total, including 4.515.314.511 A Group registered shares, 2.498.204.373 B Group registered shares, 1.386.481.116 C Group bearer's shares, each with nominal value of 1 (one) Kr. The distribution of this share capital on the basis of share group is as follows:

30 June 2023

Shareholders	Group A	Group B	Group C	Total Share Amount	Share (%)
AG Anadolu Grubu Holding A.Ş.	44.844.772	-	1.690.629	46.535.401	55,40
Isuzu Motors Ltd.	-	14.275.509	-	14.275.509	16,99
Itochu Corporation Tokyo	-	7.948.322	-	7.948.322	9,46
Itochu Corporation İstanbul	-	2.758.212	-	2.758.212	3,28
Other	308.373	-	12.174.183	12.482.556	14,87
Total	45.153.145	24.982.043	13.864.812	84.000.000	100,00

31 December 2022

Shareholders	Group A	Group B	Group C	Total Share Amount	Share (%)
AG Anadolu Grubu Holding A.Ş.	44.844.772	-	1.690.629	46.535.401	55,40
Isuzu Motors Ltd.	-	14.275.509	-	14.275.509	16,99
Itochu Corporation Tokyo	-	7.948.322	-	7.948.322	9,46
Itochu Corporation İstanbul	-	2.758.212	-	2.758.212	3,28
Other	308.373	-	12.174.183	12.482.556	14,87
Total	45.153.145	24.982.043	13.864.812	84.000.000	100,00

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 17- SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

b) Privileges Granted to the Share Groups

The Company is directed by the fourteen members of the Board of Directors elected among shareholders by General Assembly in accordance with the regulations of Turkish Commercial Code.

Four members of the Board of Directors are elected from the candidates nominated by the shareholders of Group B, the eight members of the Board of Directors are elected from the candidates nominated by the shareholders of Group A and Two members are elected by the General Assembly from among the candidates to be nominated as independent board members.

Equity	30 June 2023	31 December 2022
Paid-in Capital	84.000.000	84.000.000
Capital Inflation Adjustment Difference	30.149.426	30.149.426
Restricted Reserves Appropriated from profit	57.875.264	26.784.678
Previous Year Profits	597.756.165	211.459.551
Gain on Revaluation and Measurement	2.475.663.739	2.475.663.739
Losses on Remeasurement of Defined Benefit Plans	(55.201.499)	(55.201.499)
Net Profit for The Period	569.290.799	617.387.200
Shareholders' Equity Attributable to Equity Holders of the Group	3.759.533.894	3.390.243.095
Total Shareholders' Equity	3.759.533.894	3.390.243.095

c) Restricted Reserves Appropriated from Profit

Restricted reserves appropriated from profit are comprised of legal reserves and other reserves.

Restricted Reserves Appropriated from Profit	30 June 2023	31 December 2022
Legal Reserves	57.875.264	26.784.678
Total	57.875.264	26.784.678

According to the provisions of the Turkish Commercial Code, legal reserves consist of primary and secondary legal reserves. The first legal reserves are allocated at the rate of 5% of the legal period profit until it reaches 20% of the historical or registered Company capital. Secondary legal reserves are allocated at the rate of 10% of all dividend distributions exceeding 5% of the Company's capital. According to the Turkish Commercial Code, first and second legal reserves cannot be distributed unless they exceed 50% of the total capital. They can only be used to compensate the losses in case the voluntary reserves are exhausted.

Retained earnings is comprised of extraordinary reserves, miscellaneous inflation differences and other prior years' income.

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 17- SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

d) Retained Earnings/Losses

The Group's prior years' income details as of period ends are as follows:

Retained Earnings/Losses	30 June 2023	31 December 2022
Extraordinary Reserves	123.962.165	120.577.593
Legal Reserves Inflation Difference	24.820.489	24.820.489
Retained Earnings	448.973.511	66.061.469
Total	597.756.165	211.459.551

Quoted companies make profit distributions as follows:

If the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the total amount of distributable profit should be distributed. However, no profit distribution would be made if any financial statements prepared in accordance with the CMB or any statutory accounts carrying net loss for the period. In accordance with the CMB's decision dated 27 January 2010, it is decided not to bring any obligation for any minimum profit distribution about dividend distribution which will be made for publicly owned companies.

Inflation adjustment on Equity; the carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses. However, equity inflation adjustment differences will be liable to corporate tax if it is used in cash profit distribution.

Group's retained earnings is TRY 597.756.165 based on the financial statements prepared in according with TAS/IFRS Financial Reporting Standard for the period ended 30 June 2023 (31 December 2022: TRY 211.459.551).

In accordance with the Communiqué No:XI-29 and related announcements of TAS/IFRS, effective from 1 January 2008, "Share Capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amount. The valuation differences (such as differences from inflation adjustment) shall be classified as follows:

- "the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Capital Adjustment to Share Capital";
- the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, shall be classified under "Retained Earnings". Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

NOTE 18- REVENUE AND COST OF SALES

	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Domestic Sales	3.819.406.603	1.574.988.806	1.957.296.063	975.744.221
Foreign Sales	1.555.908.752	757.754.414	1.015.738.838	398.530.984
Other Income	16.711.313	11.710.922	9.847.760	7.200.038
Sales Total (Gross)	5.392.026.668	2.344.454.142	2.982.882.661	1.381.475.243
Sales Discounts (-)	(367.728.849)	(89.380.527)	(162.466.013)	(60.055.443)
Sales (Net)	5.024.297.819	2.255.073.615	2.820.416.648	1.321.419.800
Cost of Sales	(3.624.919.716)	(1.676.305.965)	(1.918.007.722)	(1.001.237.061)
Gross Operating Profit	1.399.378.103	578.767.650	902.408.926	320.182.739

Cost of sales are summarised as follows;

Cost of Sales	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Raw Materials and Supplies Expenses	(2.730.298.778)	(1.396.167.778)	(1.523.492.784)	(800.610.856)
Direct Labor Expenses	(196.745.817)	(81.079.292)	(148.691.262)	(50.959.583)
Depreciation and Amortization Expenses	(48.370.448)	(27.093.121)	(25.491.158)	(13.554.695)
Other Production Costs	(52.822.681)	(32.221.536)	2.731.223	(20.813.017)
Total Cost of Production	(3.028.237.724)	(1.536.561.727)	(1.694.943.981)	(885.938.151)
Change in Goods Inventory	60.708.991	186.311.556	136.481.930	93.298.320
Cost of Trade Goods Sold	(656.351.889)	(325.521.843)	(358.670.583)	(208.072.429)
Cost of Other Sales	(1.039.094)	(533.951)	(875.088)	(524.801)
Cost of Sales	(3.624.919.716)	(1.676.305.965)	(1.918.007.722)	(1.001.237.061)

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 19- OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other Income from Operating Activities:	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Foreign Exchange Income on Trade Receivables and Payables	648.090.354	26.417.363	621.965.700	15.001.785
Incentive Income	5.718.601	-	2.501.927	-
Delay Interest Income	3.514.885	163.683	43.691	12.492
Export D.F.I.F Support	2.496.641	850.320	217.649	307.318
Sale Support Income	2.010.800	6.217.037	1.624.615	897.656
Tubitak R&D Incentive	774.460	621.058	289.362	566.798
Rent Income	216.127	270.250	112.843	134.917
Service Income	165.836	82.994	(3.363)	(330)
Discount Income on Trade Payables	-	2.857.401	-	699.799
Other Income	19.796.314	5.516.886	1.586.973	2.074.267
Total	682.784.018	42.996.992	628.339.397	19.694.702

Other Expense from Operating Activities:	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Foreign Exchange Expense on Trade Receivables and Payables	(685.495.750)	(124.673.235)	(608.311.577)	(70.788.832)
Donations and Contributions	(19.678.622)	(10.000)	(5.907.111)	(10.000)
Lawsuit Provisions	(4.418.466)	(7.163.588)	(4.418.466)	(3.735.487)
Discount Income on Trade Receivables	(3.019.399)	(505.025)	(100.781)	8.293
Provisions for Doubtful Trade Receivables	(892.660)	-	(173.827)	-
Other Expenses	(1.408.576)	(1.217.196)	(477.685)	(550.682)
Total	(714.913.473)	(133.569.044)	(619.389.447)	(75.076.708)

NOTE 20- FINANCE INCOME AND EXPENSES

Finance Income:	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Foreign Exchange Gain	351.976.019	225.430.397	281.012.940	127.704.233
Interest Income	101.671.973	17.445.394	22.772.305	10.718.688
Total	453.647.992	242.875.791	303.785.245	138.422.921

Finance Expenses:	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Foreign Exchange Losses	(457.821.581)	(203.440.635)	(373.771.514)	(118.149.931)
Interest Expense	(168.092.500)	(76.416.875)	(85.547.641)	(45.023.363)
Expense from Derivative Transactions	(3.472.975)	(9.586.911)	(2.804.892)	(4.975.325)
Letter of Guarantee Expenses	(2.296.259)	(2.293.343)	(1.073.337)	(1.151.932)
Forward Purchase Expense	(8.487.825)	(1.337.575)	(4.927.468)	(747.805)
Other Finance Expenses	(69.466.004)	(19.631.227)	(29.042.704)	(9.681.500)
Total	(709.637.144)	(312.706.566)	(497.167.556)	(179.729.856)

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 21- TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

i) Provision for Current Period Tax

The Group is subjected to Corporate Tax in Turkey. Necessary provisions in supplementary financial statements have been made for estimated tax liabilities regarding Group's operations in the current period.

The corporate tax to be accrued over the taxable profit is calculated by adding non-deductible expenses to the accounting profit; deducting investment and research and development allowances, income that is not subjected to taxation and the dividends received, from companies located in Turkey, from the accounting profit.

Consolidation principle is not utilized to prepare financial statements related to tax that is effective in Turkey.

NOTE 21- TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

i) Provision for Current Period Tax (cont'd)

The effective tax rate in 2023 is 20% (2022: 23%).

Tax losses can be carried forward to offset against future taxable income for up to five years. However, tax losses cannot be carried back to offset profits from previous periods.

According to Corporate Tax Law's 24th article, the corporate tax is imposed by the taxpayer's tax returns. There is not an exact mutual agreement procedure with Tax Authorities in Turkey. Annual corporate tax returns are submitted to the relating tax offices until the 25th of April in the following year. Tax authorities have the right to audit tax declarations and accounting records for 5 years and may issue re-assessment based on their findings.

Income Withholding Tax:

In addition to corporate tax, companies should also calculate income withholding tax on any dividends and income distributed. The rate of income tax withholding is 15%.

ii) Deferred Tax

The deferred tax asset and tax liability are based on the temporary differences, which arise between the financial statements prepared according to TAS/IFRS's accounting standards and statutory tax financial statements. These differences are usually due to the recognition of revenue and expenses in different reporting periods for the TAS/IFRS standards and tax purposes.

Timing differences are result of recognizing certain income and expense items differently for accounting and tax purposes. Timing differences are calculated off of the tangible fixed assets (except land and buildings), intangible fixed assets, stocks, the revaluation of prepaid expenses, discount of receivables, provision for termination indemnities, and previous years' loss. Every accounting year, the Group reviews the deferred tax asset and liabilities, where the deferred tax assets cannot be used against the future taxable income, the Group writes-off the recorded deferred tax asset.

The Group realizes fixed asset investments with incentives within the scope of the "Council of Ministers Decisions on State Aids in Investments" numbered 2009/15199 and 2012/3305, which regulates the investment legislation.

The investment projects that the Group continues to benefit from the investment contribution amounts are disclosed in Note 13.

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 21- TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

ii) Deferred Tax (cont'd)

	30 June 2023		31 December 2022	
	<u>Cumulative Temporary Differences</u>	<u>Deferred Tax Assets/(Liabilities)</u>	<u>Cumulative Temporary Differences</u>	<u>Deferred Tax Assets/(Liabilities)</u>
Inventories	2.888.855	577.771	478.500	95.700
Fixed Assets (Net)	(2.947.417.244)	(357.146.196)	(2.912.984.817)	(350.259.710)
Provision for Employment				
Termination Benefits	67.677.252	13.535.450	125.769.433	25.153.887
Guarantee Provisions	70.365.262	14.073.052	44.979.730	8.995.946
R&D Discount and				
Investment Incentive	786.846.082	307.400.344	681.250.580	211.159.135
Derivative Instruments	(226.937.017)	(45.387.403)	35.428.880	8.148.642
Rediscount Expenses/Income				
(Net)	(1.093.066)	(218.613)	(4.112.465)	(945.867)
TFRS 15 Revenue from				
Contracts with Customers	(365.809.524)	(73.161.905)	(120.641.229)	(27.747.483)
Employee Benefits	60.989.392	12.197.878	5.435.506	1.250.166
Extended Warranty Income	61.399.068	12.279.814	62.923.849	12.584.770
Dealer Premium Provisions	114.220.170	22.844.034	58.603.104	13.478.714
Lawsuit Provisions	40.926.095	8.185.219	36.735.741	7.347.148
Other (Net)	(21.675.121)	(4.335.023)	(36.932.740)	(8.555.025)
Total		(89.155.578)		(99.293.977)

NOTE 22 - EARNINGS / (LOSS) PER SHARE

	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Net Profit for The Period	569.290.799	250.776.730	329.918.421	145.588.700
Weighted Average Number of Shares with Nominal Value of 1 Piaster	8.400.000.000	8.400.000.000	8.400.000.000	8.400.000.000
Income Per 100 Share with Nominal Value of TRY 1 Each	6,7773	2,9854	3,9276	1,7332

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 23- RELATED PARTY DISCLOSURES

a) Related Party Payable and Receivable Balances:

Group's receivables from related parties are mainly due to trade goods, service sales and rent income. Group's payables to related parties are mainly due to raw material, service purchases and rent expenses.

The Group does not charge interest on its trade receivables from related parties.

30 June 2023	Receivables		Payables	
<u>Related Parties</u>				
	<u>Trade</u>	<u>Non-Trade</u>	<u>Trade</u>	<u>Non-Trade</u>
Itochu Corporation Tokyo (2)	191.908	-	1.695.622.892	-
Isuzu Motors Ltd. Tokyo (2)	43.585.671	-	64.933.826	-
Çelik Motor Ticaret A.Ş. (1)	811.644	-	-	-
Anadolu Motor Üretim ve Paz. A.Ş. (1)	1.228.757	-	-	-
Isuzu Motors Europe NV (1)	268.655	-	-	-
AEH Sigorta Acenteliği A.Ş. (1)	-	-	693.032	-
Oyex-Handels Gmbh (1)	127.375.373	-	-	-
AG Anadolu Grubu Holding A.Ş. (2)	-	-	124.987	-
Migros Ticaret A.Ş. (1)	-	-	410.476	-
Adel Kalemcilik Tic. ve San. A.Ş. (1)	-	-	19.470	-
Ortaklara Borçlar (*)	-	-	-	9.109
Isuzu Motors International Operation Thailand (1)	813.037	-	-	-
Total	174.275.045	-	1.761.804.683	9.109

(*) Non-Trade Payables to Shareholders balance is classified under other payables in balance sheet.

31 December 2022	Receivables		Payables	
<u>Related Parties</u>				
	<u>Trade</u>	<u>Non-Trade</u>	<u>Trade</u>	<u>Non-Trade</u>
Itochu Corporation Tokyo (2)	41.230	-	1.131.841.994	-
Isuzu Motors Ltd. Tokyo (2)	12.010.008	-	33.500.753	-
Çelik Motor Ticaret A.Ş. (1)	2.394.437	-	-	-
Anadolu Motor Üretim ve Paz. A.Ş. (1)	2.199.310	-	-	-
Isuzu Motors Europe NV (1)	76.514	-	-	-
AEH Sigorta Acenteliği A.Ş. (1)	-	-	260.536	-
Oyex-Handels Gmbh (1)	98.006.188	-	-	-
AG Anadolu Grubu Holding A.Ş. (2)	-	-	623.886	-
Migros Ticaret A.Ş. (1)	-	-	2.930.179	-
Adel Kalemcilik Tic. ve San. A.Ş. (1)	-	-	84.517	-
Ortaklara Borçlar (*)	-	-	-	9.109
Isuzu Motors International Operation Thailand (1)	248.377	-	-	-
Toplam	114.976.064	-	1.169.241.865	9.109

(*) Non-Trade Payables to Shareholders balance is classified under other payables in balance sheet.

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 23- RELATED PARTY DISCLOSURES (cont'd)

b) Related Party Transactions:

1 January-30 June 2023

<u>Sales to Related Parties</u>	<u>Goods and Services Sales</u>	<u>Fixed Assets Sales</u>	<u>Other Income</u>	<u>Total Income/ Sales</u>
Isuzu Motors Ltd. Tokyo (2)	84.408.970	-	-	84.408.970
Çelik Motor Ticaret A.Ş. (1)	2.849.990	-	-	2.849.990
Anadolu Motor Üretim ve Paz. A.Ş. (1)	3.523.893	-	-	3.523.893
Isuzu Motors International Operation Thailand (1)	3.678.892	-	-	3.678.892
AEH Sigorta Acenteliği A.Ş. (1)	500.000	-	-	500.000
Isuzu Motors Europe NV (1)	1.134.632	-	-	1.134.632
Oyex-Handels Gmbh (1)	16.883.954	-	-	16.883.954
Garenta Ulaşım Çözümleri A.Ş (1)	1.030.120	-	-	1.030.120
Total	114.010.451	-	-	114.010.451

1 January-30 June 2022

<u>Sales to Related Parties</u>	<u>Goods and Services Sales</u>	<u>Fixed Assets Sales</u>	<u>Other Income</u>	<u>Total Income/ Sales</u>
Isuzu Motors Ltd. Tokyo	14.700.816	-	-	14.700.816
Itochu Corporation Tokyo	1.613.226	-	-	1.613.226
Çelik Motor Ticaret A.Ş.	1.844.444	-	-	1.844.444
Anadolu Motor Üretim ve Paz. A.Ş.	1.639.252	-	-	1.639.252
Isuzu Motors International Operation Thailand	1.802.542	-	-	1.802.542
Isuzu Motors Europe NV	380.464	-	-	380.464
Oyex-Handels Gmbh	19.747.109	-	-	19.747.109
Total	41.727.853	-	-	41.727.853

1 January-30 June 2023

<u>Purchases from Related Parties</u>	<u>Goods and Services Purchases</u>	<u>Fixed Assets Purchases</u>	<u>Other Expense</u>	<u>Total Expense/ Purchases</u>
Itochu Corporation Tokyo (2)	937.506.204	-	-	937.506.204
Isuzu Motors International Operation Thailand (1)	579.077.615	-	-	579.077.615
AG Anadolu Grubu Holding A.Ş. (2)	15.773.235	-	-	15.773.235
Isuzu Motors Ltd. Tokyo (2)	67.633.102	-	-	67.633.102
Isuzu Motors Europe NV (1)	20.385	-	-	20.385
Çelik Motor Ticaret A.Ş. (1)	403.303	-	-	403.303
Garenta Ulaşım Çözümleri A.Ş (1)	434.590	-	-	434.590
Adel Kalemcilik Tic. ve San. A.Ş. (1)	42.658	-	-	42.658
Anadolu Bilişim Hizmetleri A.Ş. (1)	53.647	-	-	53.647
Migros Ticaret A.Ş. (1)	1.409.986	-	-	1.409.986
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	11.532	-	-	11.532
Oyex-Handels Gmbh (1)	14.836.415	-	-	14.836.415
Anadolu Eğitim Sosyal Yardım Vakfı (1)	4.000.000	-	-	4.000.000
Total	1.621.202.672	-	-	1.621.202.672

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 23- RELATED PARTY DISCLOSURES (cont'd)

b) Related Party Transactions: (cont'd)

1 January-30 June 2022

<u>Purchases from Related Parties</u>	<u>Goods and Services Purchases</u>	<u>Fixed Assets Purchases</u>	<u>Other Expense</u>	<u>Total Expense/Purchases</u>
Itochu Corporation Tokyo	532.619.580	-	-	532.619.580
Isuzu Motors International Operation Thailand	230.228.987	-	-	230.228.987
AG Anadolu Grubu Holding A.Ş.	7.109.963	-	-	7.109.963
Isuzu Motors Ltd. Tokyo	5.319	-	24.028.810	24.034.129
Çelik Motor Ticaret A.Ş.	176.205	-	-	176.205
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	9.017.946	-	-	9.017.946
Adel Kalemcilik Tic. ve San. A.Ş.	18.352	-	-	18.352
Anadolu Bilişim Hizmetleri A.Ş.	39.412	-	-	39.412
Migros Ticaret A.Ş.	917.665	-	-	917.665
Anadolu Motor Üretim ve Paz. A.Ş.	17.845	-	-	17.845
Total	780.151.274	-	24.028.810	804.180.084

c) Donations to Anadolu Eğitim ve Sosyal Yardım Vakfı:

As per the Main Articles of Association of the Group, at least 2% - 5% of the Group's profit before tax following the distribution of 1st dividend shall be donated to Anadolu Eğitim ve Sosyal Yardım Vakfı as long as it is subject to tax exemption. TRY 4.000.000 donation made to Anadolu Eğitim ve Sosyal Yardım Vakfı by the Group in 2023 (31 December 2022 : TRY 11.427.000).

d) Benefits to Top Management:

	<u>1 January-30 June 2023</u>	<u>1 January-30 June 2022</u>	<u>1 April-30 June 2023</u>	<u>1 April-30 June 2022</u>
Salaries and Other Short-Term Liabilities	23.969.762	9.131.126	11.812.568	4.565.563
Total	23.969.762	9.131.126	11.812.568	4.565.563

The benefits provided to top management (General managers and Directors) include salaries, bonuses, premiums, and the employer's share of social security..

NOTE 24- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing its profit and market value through the optimization of the debt and equity balance.

The Group's equity comprised of cash and cash equivalents in Note 4 and equity items in Note 17.

Risks, associated with each capital class, and the capital cost are evaluated by the top management. It is aimed that the capital structure will be set in balance by means of new borrowings or repaying the existing debts as well as dividend payments and new share issuances based on the top management evaluations.

The Group monitors capital by using debt to total capital ratio. This ratio is calculated by dividing the net debt by total capital. The net debt is calculated by excluding the cash and cash equivalent amounts from the total debt amount (including credits, leasing and commercial debts as indicated in the balance sheet).

	<u>30 June 2023</u>	<u>31 December 2022</u>
Net Debt	4.414.054.470	2.488.824.688
Total Equity	3.759.533.894	3.390.243.095
Net Debt/Total Equity	1,17	0,73

General strategy of the Group based on shareholders' equity is not different from previous periods.

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 24- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(a) Capital risk management (cont'd)

The Group conducts hedging contracts (including derivative financial instruments) for the purpose of diversifying foreign currency fluctuation risks.

(b) Price risk

The Group has no financial assets that will expose it to price risk.

(c) Market risk

The Group is subject to the financial risks related to the changes in the exchange rate (Please see (d) below) and interest rate (Please see (e) below) due to its operations and other (Please see (f) below). Also due to having financial instruments, the Group also bears the risk of other parties not meeting the requirements of agreements (Please see (g) below).

Market risks seen at the level of the Group are measured in accordance with sensitivity analyses.

The market risk of the Group incurred during the current year or the method of handling the encountered risks or the method of measuring those risks are not different from the previous year.

(d) Foreign exchange risk management

Foreign currency transactions may result in foreign currency risk.

The Group maintains foreign currency time deposit accounts in banks as the Group has receivables and payables in foreign currencies. As a consequence, the Group is exposed to foreign currency exchange risk due to the changes in exchange rates used for converting assets and liabilities into TRY. Foreign exchange risk arises from future trade operations and the differences between assets and liabilities.

Foreign Currency Position Sensitivity Analysis

30 June 2023

	<u>Appreciation of Foreign Currency</u>	<u>Profit / Loss Depreciation of Foreign Currency</u>
In case of US Dollar increases / decreases in 10% against TRY;		
1 - USD denominated net asset / (liability)	(27.407.332)	27.407.332
2- USD denominated hedging instruments (-)	-	-
3- Net Effect of US Dollar (1 +2)	(27.407.332)	27.407.332
In case of Euro increases / decreases in 10% against TRY;		
4- EURO denominated net asset / (liability)	39.699.530	(39.699.530)
5- EURO denominated hedging instruments (-)	-	-
6- Net Effect of Euro (4+5)	39.699.530	(39.699.530)
Increase / decrease in other foreign currencies by 10%:		
7- Other foreign currency denominated net asset / (liability)	(9.828.236)	9.828.236
8- Other foreign currency hedging instruments (-)	-	-
9- Net Effect of Other Exchange Rates (7+8)	(9.828.236)	9.828.236
TOTAL (3+6+9)	2.463.962	(2.463.962)

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 24- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(d) Foreign exchange risk management (cont'd)

Foreign Currency Position Sensitivity Analysis

31 December 2022

	<u>Profit / Loss</u>	
	<u>Appreciation of Foreign Currency</u>	<u>Depreciation of Foreign Currency</u>
In case of US Dollar increases / decreases in 10% against TRY;		
1 - USD denominated net asset / (liability)	(126.913)	126.913
2- USD denominated hedging instruments (-)	-	-
3- Net Effect of US Dollar (1 +2)	(126.913)	126.913
In case of Euro increases / decreases in 10% against TRY;		
4- EURO denominated net asset / (liability)	19.693.080	(19.693.080)
5- EURO denominated hedging instruments (-)	-	-
6- Net Effect of Euro (4+5)	19.693.080	(19.693.080)
Increase / decrease in other foreign currencies by 10%:		
7- Other foreign currency denominated net asset / (liability)	(21.243.931)	21.243.931
8- Other foreign currency hedging instruments (-)	-	-
9- Net Effect of Other Exchange Rates (7+8)	(21.243.931)	21.243.931
TOTAL (3+6+9)	(1.677.764)	1.677.764

NOTE 24- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(d) Foreign exchange risk management (cont'd)

	30 June 2023					Statement of Foreign Currency Position					31 December 2022				
	TRY Amount	US Dollars	Euro	Yen	Other	TRY Amount	US Dollars	Euro	Yen	Other	TRY Amount	US Dollars	Euro	Yen	Other
1. Trade Receivables	1.164.505.859	224.372	39.636.659	234.764.522	98.843	485.378.844	344.461	23.328.107	81.093.010	608.059					
2a. Monetary Financial Assets	378.505.230	411.336	12.789.557	41.304.982	11.500	143.543.759	2.019.682	3.581.552	242.626.628	4.352					
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-					
3. Other	-	-	-	-	-	-	-	-	-	-					
4. Current Assets (1+2+3)	1.543.011.089	635.708	52.426.216	276.069.504	110.343	628.922.603	2.364.143	26.909.659	323.719.638	612.411					
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)	1.543.011.089	635.708	52.426.216	276.069.504	110.343	628.922.603	2.364.143	26.909.659	323.719.638	612.411					
10. Trade Payables	2.407.087.726	4.664.233	75.697.117	836.012.467	1.505	1.466.507.524	4.932.017	55.803.103	1.825.504.968	1.505					
11. Financial Liabilities	409.532.003	5.409.894	9.557.955	-	-	224.101.194	-	11.221.443	-	-					
12a. Monetary Other Liabilities	-	-	-	-	-	12.800.041	-	11.586	88.364.203	-					
12b. Non-Monetary Other Liabilities	494.184.525	3.394.739	14.394.000	2.121.562	-	58.708.640	-	2.939.724	-	-					
13. Current Liabilities (10+11+12)	3.310.804.254	13.468.866	99.649.072	838.134.029	1.505	1.762.117.399	4.932.017	69.975.856	1.913.869.171	1.505					
14. Trade Payable	-	-	-	-	-	-	-	-	-	-					
15. Financial Liabilities	224.869.481	-	7.972.738	-	-	172.666.998	-	8.645.973	-	-					
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-	-	-					
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-	-	-					
17. Non-current Liabilities (14+15+16)	224.869.481	-	7.972.738	-	-	172.666.998	-	8.645.973	-	-					
18. Total Liabilities (13+17)	3.535.673.735	13.468.866	107.621.810	838.134.029	1.505	1.934.784.397	4.932.017	78.621.829	1.913.869.171	1.505					
19. Off-balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	2.019.266.640	2.500.000	69.300.000	-	-	1.276.386.072	2.500.000	61.590.865	-	-					
19.a. Total Amount of Hedged Assets	-	-	-	-	-	256.978.112	-	12.890.865	-	-					
19.b. Total Amount of Hedged Liabilities	(2.019.266.640)	(2.500.000)	(69.300.000)	-	-	(1.019.407.960)	(2.500.000)	(48.700.000)	-	-					
20.Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	26.603.994	(10.333.158)	14.104.406	(562.064.525)	108.838	(29.475.722)	(67.874)	9.878.695	(1.590.149.533)	610.906					
21.Monetary Items Net Foreign Currency Assets / (Liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)	(1.498.478.121)	(9.438.419)	(40.801.594)	(559.942.963)	108.838	(1.247.153.154)	(2.567.874)	(48.772.446)	(1.590.149.533)	610.906					
22. Fair Value of Financial Instruments Used for Currency Hedge	226.937.017	-	8.060.560	-	-	(35.428.880)	-	(1.777.229)	-	-					
23. Hedged Foreign Currency Assets	(2.019.266.640)	(2.500.000)	(69.300.000)	-	-	(1.276.386.072)	(2.500.000)	(61.590.865)	-	-					
24. Hedged Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-					
25. Export	1.555.908.752	-	-	-	-	2.222.058.141	-	-	-	-					
26. Import	2.092.469.180	-	-	-	-	2.877.536.476	-	-	-	-					

NOTE 24- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(e) Interest rate risk management

The Group is exposed to interest rate risk due to variable and fixed interest rates. Group's financial liabilities and assets with fixed and variable interest rates (guarantee etc.) are respectively shown at Note 5.

As of 30 June 2023, if the market interest rate had increased/decreased by 100 basis point with all other variables held constant, period income before tax and consolidated equity of participations of the Group would have been higher/lower by TRY 9.460.520 (31 December 2022: higher/lower by TRY 7.868.862 TRY).

(f) Credit risk management

Holding financial instruments also carries the risk of the other party's not meeting the requirements of the agreement. The Group's collection risk is mainly derived from trade receivables. Trade receivables are evaluated by the management of the Group depending on their past experiences and current economic conditions and are presented in financial statements when necessary allowances for doubtful receivables are provided.

Most of trade receivables are comprised of receivables from costumers who has given an adequate amount of guarantees. An effective control system was established to collect the receivables. Credit risk arising from transactions is followed and these risks are taken into account when assessing each debtor. Because there are so many costumers. The Group's credit risk is dispersed and there is no important credit risk concentration.

Fair Value and Hedging Disclosures

Determination of the fair value of financial assets and liabilities are explained below:

Level 1: Valuation of the financial assets and liabilities over the stock exchange prices of similar assets and liabilities resulting from the transactions in active markets.

Level 2: Valuation of the financial assets and liabilities over the price calculated on the basis of the data that is directly or indirectly observable in the market other than the stock exchange price of the relevant asset or liability determined on the first level.

Level 3: Valuation of the financial assets and liabilities carried out in the absence of observable data in the market for determining the fair value of the relevant asset or liability.

Derivative Financial Instruments

In order to hedge these risks, the Group enters into forward foreign currency transaction agreements as a financial instrument where necessary.

As of 30 June 2023, the Group's foreign currency transaction agreement, which is a derivative financial instrument, is as follows

<u>Financial assets carried at fair value</u>	Level 1	Level 2	Level 3	Total
Derivative assets (Note 8)	-	227.853.406	-	227.853.406
Buildings (Note 10)	-	579.409.974	-	579.409.974
Lands (Note 10)	-	2.312.257.500	-	2.312.257.500
Total	-	3.119.520.880	-	3.119.520.880
<u>Financial liabilities carried at fair value</u>	Level 1	Level 2	Level 3	Total
Derivative liabilities (Note 8)	-	916.389	-	916.389
Total	-	916.389	-	916.389

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 24- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Derivative Financial Instruments (cont'd)

In order to hedge these risks, the Group enters into forward foreign currency transaction agreements as a financial instrument where necessary.

As of 31 December 2022, the Group's foreign currency transaction agreement, which is a derivative financial instrument, is as follows:

<u>Financial assets carried at fair value</u>	Level 1	Level 2	Level 3	Total
Derivative assets (Note 8)	-	4.840.568	-	4.840.568
Buildings (Note 10)	-	574.689.373	-	574.689.373
Lands (Note 10)	-	2.312.257.500	-	2.312.257.500
Total	-	2.891.787.441	-	2.891.787.441

<u>Financial liabilities carried at fair value</u>	Level 1	Level 2	Level 3	Total
Derivative liabilities (Note 8)	-	40.269.448	-	40.269.448
Total	-	40.269.448	-	40.269.448

NOTE 25- EVENTS AFTER REPORTING PERIOD

On July 5, 2023, with the "Legislative Proposal on the Amendment of Certain Laws and the Decree Law No. 375 on the Amendment of Certain Laws and the Decree Law No. 375 on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on February 6, 2023", the corporate tax rate has been increased from 20% to 25% as a result of the increase of the corporate tax rate by 5 points and it is proposed to terminate the regulation exempting the income from the sale of real estate from corporate tax.

Considering the date of implementation of the law, the estimated financial impact expected to increase the deferred tax liability carried at present amounts to TRY 22.201.520.