

Tümosan Motor ve Traktör Sanayi A.Ş.
and its Subsidiaries

Consolidated Financial Statements and Independent Auditor's
Report for the Year Ended December 31, 2023

Tümosan Motor ve Traktör Sanayi Anonim Şirketi

and its Subsidiaries

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Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Condensed Consolidated Statement of Financial Position****As of 31 December 2023***(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)*

	<i>Notes</i>	Audited	Audited
ASSETS		31 December 2023	31 December 2022
Current Assets			
Cash and cash equivalents	4	296.626.561	645.245.300
Financial investments	5	510.458.461	415.782.374
Trade receivables			
- <i>Trade receivables from related parties</i>	3	561.640.537	293.956.683
- <i>Trade receivables from non-related parties</i>	7	1.069.812.572	537.917.503
Other receivables			
- <i>Other receivables from related parties</i>	3	191.207	17.305.088
- <i>Other receivables from non-related parties</i>	8	4.287.135	8.303.133
Inventories	9	2.124.826.996	1.678.782.600
Prepaid expenses	10	194.346.011	151.765.551
Other current assets	17	211.754.798	154.580.567
Total Current Assets		4.973.944.278	3.903.638.799
Non-Current Assets			
Financial investments		--	3.078.153
Other receivables			
- <i>Other receivables from non-related parties</i>	8	170.082	280.248
Tangible assets	12	3.375.367.781	3.269.313.244
Intangible assets			
- <i>Other intangible assets</i>	13	87.207.646	46.530.319
Investment property	11	74.776.138	74.776.138
Right of use	14	44.211.613	42.193.037
Total Non-Current Assets		3.581.733.260	3.436.171.139
Total Assets		8.555.677.538	7.339.809.938

The accompanying notes form an integral part of the consolidated financial statements.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Condensed Consolidated Statement of Financial Position

As of 31 December 2023 (continued)

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

	Notes	Audited	Audited
		31 December 2023	31 December 2022
LIABILITIES			
Short Term Liabilities			
Short term borrowings	6	1.312.980.587	798.106.921
Short term portion of long-term borrowings	6	30.637.177	40.257.173
Trade payables			
- Trade payables to related parties	3	21.446.613	47.315.267
- Trade payables ton on-related parties	7	1.195.987.233	1.205.313.309
Payables related to employee benefits	16	39.458.640	26.048.674
Other payables			
- Other payables to related parties	3	--	3.889
- Other payables ton on-related parties	8	22.084.563	15.831.817
Deferred income	10	169.834.065	301.100.520
Current period tax liability	25	82.643.346	123.546.733
Short term provisions			
- Short term provisions for employee benefits	16	11.998.128	11.395.491
- Other short-term provisions	15	51.937.443	50.306.231
Liabilities from leasing transactions	14	1.761.477	1.316.465
Total Short-Term Liabilities		2.940.769.272	2.620.542.490
Long Term Liabilities			
Long term borrowings	6	71.687.239	44.227.060
Other payables			
- Other payables ton on-related parties	8	--	574.613
Long term provisions			
- Long term provisions for employee benefits	16	22.372.086	25.397.025
Liabilities from leasing transactions	14	12.858.731	13.154.351
Deferred from leasing transactions	25	601.222.956	443.822.149
Total Long-Term Liabilities		708.141.012	527.175.198
Total Liabilities		3.648.910.284	3.147.717.688
Equity Attributable to the Owners of the Company			
Pain in capital	18	115.000.000	115.000.000
Capital adjustment differences		1.046.518.492	1.046.518.492
Premiums/discounts on shares		116.170.256	116.170.256
Accumulated other comprehensive income			
- Items will not be reclassified in profit or loss		(15.385.976)	(8.342.749)
Reserves on retained earnings		122.586.013	122.586.013
Retained earnings		2.800.160.238	2.412.953.526
Net profit for the period		721.718.231	387.206.712
Total Equity		4.906.767.254	4.192.092.250
Total Equity and Liabilities		8.555.677.538	7.339.809.938

The accompanying notes form an integral part of the consolidated financial statements.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Consolidated Statement of Profit or Loss for the Year Ended December 31, 2023**

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

	<i>Notes</i>	Audited	Audited
		1 January- 31 December 2023	1 January- 31 December 2022
Revenue	19	7.984.708.560	6.946.528.473
Cost of Sales (-)	19	(5.958.404.661)	(5.746.973.047)
Gross Profit		2.026.303.899	1.199.555.426
General administrative expenses (-)	20	(114.792.299)	(80.315.642)
Marketing, sales and distribution expenses (-)	20	(648.880.456)	(686.503.162)
Research and development expenses (-)	20	(103.037.101)	(66.767.442)
Other income from operating	22	93.331.675	68.423.757
Other expenses from operating (-)	22	(176.865.111)	(90.079.095)
Main operation profit		1.076.060.607	344.313.842
Incomes from investment activities	24	137.892.087	120.784.007
Operating profit before financial expenses		1.213.952.694	465.097.849
Financial income	23	97.640.574	46.732.241
Financial expenses (-)	23	(258.251.773)	(166.226.789)
Net monetary gain/loss		232.882.892	373.654.116
Period income before tax		1.286.224.387	719.257.417
Tax expense	25	(564.506.156)	(332.050.705)
- Current tax expense for the period		(404.757.607)	(266.274.379)
- Deferred tax income/ (expenses)		(159.748.549)	(65.776.326)
Net profit for the period		721.718.231	387.206.712
Distribution of net profit for the period			
Equity holders of the company		721.718.231	387.206.712
Non-controlling interest		--	--
Number of shares	26	115.000.000	115.000.000
Gains per share	26	6,28	3,37

The accompanying notes form an integral part of the consolidated financial statements.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Consolidated Statement of Other Comprehensive Income for the Year Ended December 31, 2023**

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

	<i>Note Reference</i>	Audited	Audited
		1 January- 31 December 2023	1 January- 31 December 2022
Profit for the period		721.718.231	387.206.712
Other comprehensive income section			
<u>Items will not to be reclassified to profit or loss</u>			
- Actuarial differences	16	(9.390.969)	(10.428.439)
- Deferred tax income / (expense)	25	2.347.742	2.085.688
Total other comprehensive income		(7.043.227)	(8.342.751)
Total comprehensive income		714.675.004	378.863.961

Distribution of total comprehensive income

Parent share

Non-controlling interest

The accompanying notes form an integral part of the consolidated financial statements.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Consented Consolidated Interim Statement of Change in Equity for the Year Ended December 31,2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

				Other comprehensive income will not be reclassified in profit or loss				
	Paid-In Share Capital	Capital Adjustment Differences	Share issuance premiums	Accumulated remeasurement gains/losses of defined benefit plans	Reserves on Retained Earnings	Retained Earnings	Net Profit for the Period	Total Equities
Balance at 1 January 2022	115.000.000	1.046.518.492	116.170.256	--	109.560.446	2.290.996.712	134.982.381	3.813.228.287
Transfers	--	--	--	--	13.025.567	121.956.814	(134.982.381)	
Profit fot the period	--	--	--	--	--	--	387.206.712	387.206.712
Other comprehensive income	--	--	--	(8.342.749)	--	--	--	(8.342.749)
Actuarial differences	--	--	--	(8.342.749)	--	--	--	(8.342.749)
Balance at 31 December 2022	115.000.000	1.046.518.492	116.170.256	(8.342.749)	122.586.013	2.412.953.526	387.206.712	4.192.092.250
Balance at 1 January 2023	115.000.000	1.046.518.492	116.170.256	(8.342.749)	122.586.013	2.412.953.526	387.206.712	4.192.092.250
Transfers	--	--	--	--	--	387.206.712	(387.206.712)	
Profit for the period	--	--	--	--	--	--	721.718.231	721.718.231
Other comprehensive income	--	--	--	(7.043.227)	--	--	--	(7.043.227)
Actuarial differences	--	--	--	(7.043.227)	--	--	--	(7.043.227)
Balance at 31 December 2023	115.000.000	1.046.518.492	116.170.256	(15.385.976)	122.586.013	2.800.160.238	721.718.231	4.906.767.254

The accompanying notes form an integral part of the consolidated financial statements.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Condensed Consolidated Interim Statement of Cash Flow for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

	Notes	Audited 1 January- 31 December 2023	Audited 1 January- 31 December 2022
Net profit for the period		721.718.231	387.206.712
Reconciliation between net cash provided by operating activities and net income			
Depreciation and amortization	12,13,14	262.392.544	220.244.831
Provision for employee termination	16	11.131.284	9.775.123
Provision for doubtful receivables	7	(1.195.954)	3.015.676
Fair value and profit of sale of financial assets			
- Fair value losses (gains) on financial assets	24	(137.892.087)	(120.784.007)
Tax income/expense	25	564.506.156	332.050.705
Interest income	23,24	(97.640.574)	(46.732.241)
Litigation and guarantee provision	15	27.370.361	3.879.924
Provisions for unused vacation	16	6.498.079	6.677.630
Provision of depreciation/(reverse) of inventory	9	(1.714.370)	1.145.461
Interest expenses from leases	14	2.155.043	1.751.633
Interest expenses	23	256.096.730	164.475.156
Monetary gains and losses		144.028.520	16.656.853
Net cash provided by operating activities before changes in operating assets and liabilities			
Changes in assets and liabilities			
Change in trade receivables and other receivables		(788.919.643)	(324.413.614)
Change in inventories		(444.330.026)	495.815.113
Change in prepaid expenses and other current assets and liabilities		(99.754.691)	(58.591.798)
Change in trade payables and other payables		(29.520.486)	286.653.835
Change in related to employee benefits		13.409.966	6.598.750
Change in deferred income		(131.266.455)	54.355.370
Employee severance indemnity paid	16	(15.926.979)	(4.681.738)
Cash outflows related to leasing agreements	14	(3.532.052)	(2.848.861)
Paid/(retake) taxes	25	(370.680.995)	(166.490.494)
Net cash used / (received) from operations		(113.067.398)	1.265.760.019
Cash flows from investing activities			
Changes in financial investments		3.078.153	--
Cash Inflows Arising from the Acquisition of Equity Instruments or Debt Instruments of Other Entities or Funds, Net		43.216.000	27.300.228
Purchase of property, plant and equipment and intangible assets	12,13	(405.853.619)	(393.598.748)
Sales of property, plant and equipment		3.399.039	1.634.060
Net cash generated / (used) in investing activities		(356.160.427)	(364.664.460)
Finansal faaliyetlerde kullanılan net nakit			
Financial borrowings, net		532.713.849	(213.812.644)
Interest received		97.640.574	46.732.241
Interest paid		(256.096.730)	(164.475.156)
Net cash generated from financial activities		374.257.693	(331.555.559)
Net increase/(decrease) in cash and cash equivalents		(94.970.132)	569.540.000
Inflation effects on property, plant and equipment		(253.648.607)	(48.655.491)
Cash and cash equivalent at the beginning of the period	4	645.245.300	124.360.791
Cash and cash equivalents at the end of the period	4	296.626.561	645.245.300

The accompanying notes form an integral part of the consolidated financial statements.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Condensed Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

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Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

1 Organization and Nature of Operation

Tümosan Motor ve Traktör Sanayi A.Ş. (formerly known as Alçelik Çelik Yapı İnşaat Sanayi ve Ticaret Anonim Şirketi) ("Tümosan" or "the Company"), was established in 1975 to produce engine parts, transfer organs and similar equipment, but then concentrated its activities on diesel engine and tractor production. Tümosan, which is the first diesel engine producer of Turkey, along with providing diesel engines to tractors produced under the same brand, produced diesel engines for many years for other companies producing diesel vehicles.

The Company was taken into the scope and program of privatization on 18 August 1998 and the shares belonging to Mechanics and Chemistry Institution Corporation were transferred to Directorate of Privatization Administration and it was decided that privatization procedures shall be completed within a year.

Four companies participated in the privatization tender of the Company held on 24 April 2000 and at the end of the tender, Anadolu Ortak Girişim Grubu took the first place when Konya Selçuklu Ortak Girişim took the second place. At the end of the tender, since the sale contracts forwarded respectively to the ventures could not be signed within the specified time frame, their indemnities were recorded as revenue and the tender could not be concluded positively.

Tümosan, which continued its activities in a more limited frame after the tender, was adhered to Sümer Holding on 7 February 2003. For privatization purposes, the second tender was held in 2004 and Tümosan was acquired by Alçelik Çelik Yapı İnşaat Sanayi ve Ticaret A.Ş. through asset sale and the takeover was completed on 1 July 2004.

26% of the Company's shares were offered to public at Istanbul Stock Exchange on 5 December 2012. Since 5 December 2012, the shares of the Company are listed at Istanbul Stock Exchange.

The headquarters and factory of the Company is at the following addresses:

Headquarters:

Maltepe Mahallesi Londra Asfaltı Caddesi No:28/1 Topkapı, 34010, Zeytinburnu/İstanbul/Turkey

Factory:

Büyükkayacık Mahallesi Aksaray Çevre Yolu Caddesi No:7/1 Selçuklu/Konya/Turkey

Information regarding the Company's shareholding interests and their shares is as follows:

	31 December 2023	31 December 2022
Name/Title	Shareholding Rates %	Shareholding Rates %
Ereğli Tekstil Turizm Sanayi ve Ticaret A.Ş.	60,87	60,87
Muzaffer Albayrak	1,74	1,74
Ahmet Albayrak	1,74	1,74
Bayram Albayrak	1,74	1,74
Nuri Albayrak	1,74	1,74
Kazım Albayrak	1,74	1,74
Mustafa Albayrak	1,74	1,74
Share publicly open in stock Exchange	28,69	28,69
Total	100,00	100,00

The main shareholder of the Company is Ereğli Tekstil Turizm Sanayi ve Ticaret A.Ş. ("Ereğli Tekstil") which is controlled by Albayrak Family.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

1 Organization and Nature of Operation (continued)

As of 31 December 2023, The Company has 755 personnel. (31 December 2022: 581).

Subsidiaries Included in the Consolidation

Tümosan Döküm A.Ş.: The company engages in all kinds of casting and machining operations and trading.

TTM Tümosan Teknoloji Mühendislik Sanayi ve Ticaret A.Ş.: The Company engages to develop new products in defense and weapons, have R&D activities, contribute the production of existing products, and operate arms and related industry product purchases and sales. Company not actively operate as of the reporting date. (Former Title: Tümosan Savunma A.Ş.).

Tümosan Teknoloji Mühendislik Sanayi Ticaret A.Ş.: The company was established through a partial division that was registered by Tümosan Motor ve Traktör Sanayi A.Ş. in the trade registry on April 5, 2022, following the expert report determination regarding the partial division dated December 11, 2021.

The consolidated financial statements as of December 31, 2023, have not been affected by the partial division transaction, as 100% of the company's capital is owned by Tümosan Motor ve Traktör Sanayi A.Ş.

The activities of the Company are to carry out R&D activities in technology and engineering, develop new products, make prototypes, provide technical consultancy and develop software, participate in all kinds of domestic and international tenders for the Ministry of National Defense and other public institutions, based on the main contract, in other activities.

The condensed consolidated interim financial statements as of 31 December 2023 prepared by fully consolidating the subsidiaries stated below to the Company.

Company	Rate of Control	
	31 December 2023	31 December 2022
Tümosan Döküm A.Ş.	%100	%100
TTM Tümosan Teknoloji Mühendislik San. ve Tic. A.Ş.	%100	%100
Tümosan Teknoloji Mühendislik San. Tic. A.Ş.	%100	%100

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

2 Principles of Presentation of the Financial Statement

2.1 Basis of Presentation

(a) Form and Preparation of the Financial Statements

As of December 31, 2023, the consolidated financial statements and notes thereto have been prepared in accordance with the provisions of the Capital Markets Board's ("CMB") Communiqué Serial II - 14.1 No: "Principles Regarding Financial Reporting in Capital Markets," published in the Official Gazette dated June 13, 2013 and numbered 28676 ("Communiqué"), as well as the Turkish Accounting Standards ("TAS") issued and enforced by the Public Oversight, Accounting and Auditing Standards Authority ("POA"). TAS comprises the Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS"), and related appendices and interpretations.

The consolidated financial statements have been presented in accordance with the formats specified in the Financial Statement Examples and Usage Guide published by the Capital Markets Board ("CMB") and the TFRS Taxonomies published by the Public Oversight, Accounting and Auditing Standards Authority ("POA").

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets measured at fair value, investment properties, and property, plant, and equipment. The methods used for fair value measurement are also disclosed in Note 2.5.

(c) Restatement of Financial Statements during High Inflation Periods

The financial statements and related amounts for previous periods have been restated for changes in the general purchasing power of the functional currency and, as a result, have been expressed in the measurement unit currency in effect at the end of the reporting period in accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies."

TAS 29, including consolidated financial statements, is applicable to the financial statements of every entity, including consolidated financial statements, whose functional currency is the currency of a hyperinflationary economy. In the presence of high inflation in an economy, TAS 29 requires the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy to be expressed in the measurement unit currency in effect at the end of the reporting period.

As of the reporting date, since the cumulative change in the general purchasing power over the last three years, based on the Consumer Price Index ("CPI"), exceeds 100%, businesses operating in Turkey are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for reporting periods ending on or after December 31, 2023.

In accordance with the announcement issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on November 23, 2023, regarding the adjustment of the financial statements of companies subject to independent audit for inflation, businesses applying Turkish Financial Reporting Standards are required to present their financial statements for annual reporting periods ending on or after December 31, 2023, adjusted for the effects of inflation in accordance with the relevant accounting principles set forth in TAS 29.

The Group has presented the financial statements of its subsidiaries, which have only the functional currency of Turkish Lira (TL), adjusted for the effects of inflation in accordance with the accounting principles specified in TAS 29, as of December 31, 2023.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

2 Principles of Presentation of the Financial Statement (continued)

2.1 Basis of Presentation (continued)

(c) Restatement of Financial Statements during High Inflation Periods (continued)

The relevant inflation rates calculated based on the Consumer Price Index ("CPI") published by the Turkish Statistical Institute ("TÜİK") for the respective years are provided in the table below:

Date	Index	Adjustment Coefficient	Three-year cumulative inflation rates
31.12.2023	1.859,38	1,00000	268%
31.12.2022	1.128,45	1,64773	156%
31.12.2021	686,95	2,70672	74%

The main outlines of TAS 29 indexation procedures are as follows:

- All items except those expressed in current purchasing power as of the reporting date are indexed using the respective adjustment coefficients. Amounts for past years have also been indexed in the same manner.
- Monetary assets and liabilities are not indexed since they are expressed in terms of current purchasing power as of the financial position statement date. Monetary items represent cash and items that are expected to be received or paid in cash.
- Non-current assets, investments, and similar assets are indexed based on their historical costs, provided that they do not exceed market values. Depreciation expenses are adjusted accordingly. Amounts within equity are reclassified based on the application of general price indices for the periods in which these amounts were included in or originated within the Company.
- All items in the income statement, except for those affected by the indexing of non-monetary items in the balance sheet, are indexed using the coefficients calculated based on the periods when income and expense accounts were initially reflected in the financial statements, excluding those affecting the income statement.
- The gains or losses arising from general inflation in the net monetary position are the difference between adjustments made in non-monetary assets, equity items, and income statement accounts. These gains or losses in the net monetary position are included in the income statement.

The impact of applying TAS 29 "Financial Reporting in Hyperinflationary Economies" is summarized as follows:

Restatement of the Statement of Financial Position

Restatement of the amounts in the statement of financial position is carried out for items that are not expressed in the measurement unit currency effective at the end of the reporting period. Accordingly, monetary items are not restated as they are expressed in the currency current at the reporting period end. Non-monetary items, however, need to be restated unless they are already presented at their current amounts at the end of the reporting period.

The gains or losses arising from the restatement of non-monetary items are included in the income statement and presented separately in the statement of profit or loss and other comprehensive income.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

2 Principles of Presentation of the Financial Statement (continued)

2.1 Basis of Presentation (continued)

(c) Restatement of Financial Statements during High Inflation Periods (continued)

Restatement of the Statement of Profit or Loss

Restatement of all items in the statement of profit or loss is carried out to express them in the measurement unit currency effective at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Depreciation and amortization expenses for property, plant, and equipment, as well as intangible assets, have been adjusted using the restated balances.

Restatement of the Cash Flow Statement

All items in the cash flow statement are expressed in the measurement unit currency effective at the end of the reporting period.

Consolidated Financial Statements

The financial statements of a subsidiary, which has the functional currency of a hyperinflationary economy, are restated by applying the general price index before being included in the consolidated financial statements prepared by the parent company. In the case of such a subsidiary being a foreign subsidiary, the restated financial statements are translated at the closing rate. When consolidating financial statements with different reporting period ends, all monetary or non-monetary items are restated in accordance with the measurement unit currency effective at the date of the consolidated financial statements.

(d) Functional Currency and Reporting Currency

The attached financial statements are presented in Turkish Lira (TL), which is the functional currency of the Group. All financial information is presented in TL unless otherwise indicated.

(e) Comparative Information

The attached consolidated financial statements are prepared on a comparative basis with the previous period to enable the determination of the Group's financial position, performance, and trends in cash flows. Comparative information is reclassified and relevant differences are explained in the related notes when deemed necessary to ensure consistency with the presentation of the current period financial statements.

(f) Foreign Currency

Foreign currency transactions are translated into the Group's functional currency at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the reporting date. The foreign exchange gain or loss on monetary items represents the difference between the amount translated at the beginning of the period using the effective interest rate and the amount translated at the end of the period using the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are translated into the functional currency at the exchange rates prevailing at the dates when the fair values were determined. Non-monetary items denominated in foreign currencies and measured at historical cost are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the translation are recognized in profit or loss, except for differences arising from the effective portion of cash flow hedges recorded in other comprehensive income.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

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for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

2 Principles of Presentation of the Financial Statement (continued)

2.1 Basis of Presentation (continued)

(g) Principles of Consolidation

As of December 31, 2023, and December 31, 2022, the consolidated financial statements include the accounts of the Company and its subsidiaries.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

The table below shows the percentage (%) of effective ownership and total voting rights of all subsidiaries included within the consolidation scope under the direct or indirect joint control of the Company as of December 31, 2023, and December 31, 2022:

Company	Rate of Control	
	31 December 2023	31 December 2022
Tümosan Döküm A.Ş.	%100	%100
TTM Tümosan Teknoloji Mühendislik San. ve Tic. A.Ş.	%100	%100
Tümosan Teknoloji Mühendislik San. Tic. A.Ş.	%100	%100

(ii) Non-Controlling interests

Adjustments for non-controlling interests are calculated based on the proportional amount of the net assets of subsidiaries at the acquisition date. Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Loss of control

If the Group loses control over its subsidiaries, the assets and liabilities of the subsidiaries, as well as the non-controlling interests and other amounts related to the subsidiaries' equity, are removed from the Group's records. Any resulting gains or losses are recognized in profit or loss. The remaining interests in the former subsidiaries are measured at their fair values as of the date when control is lost.

(iv) Consolidation elimination transactions

During the preparation of the consolidated financial statements, intercompany balances, transactions, and unrealized gains and losses arising from intercompany transactions are eliminated reciprocally. Unrealized gains arising from transactions with investments accounted for using the equity method are eliminated to the extent of the Group's ownership interest in the investment. Similarly, unrealized losses are eliminated in the same manner as unrealized gains, provided that there is no impairment of value.

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(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

2 Principles of Presentation of the Financial Statement (continued)

2.2 Statement of Compliance with TFRS

The attached consolidated financial statements have been prepared in accordance with TFRS, reflecting the principle of presenting a true and fair view of the financial position, performance, and cash flows of the Company and its subsidiaries through classification and adjustments based on their legal records.

The Company and its subsidiaries maintain their accounting records in accordance with the Uniform Chart of Accounts, Turkish Commercial Code, and Turkish Tax Laws, and prepare their legal financial statements in Turkish Lira (TL) accordingly.

The consolidated financial statements were approved by the Company's Board of Directors on May 20, 2024. The Company's General Assembly and certain regulatory authorities have the right to amend the financial statements after their publication.

2.3 Changes in Accounting Policies

Changes in accounting policies arising from the initial application of a new TFRS are applied retrospectively or prospectively in accordance with the transition provisions of that TFRS. Material accounting errors identified are applied retrospectively, and the financial statements of previous periods are restated. Changes in accounting estimates are applied prospectively if they relate to a single period. However, if they relate to future periods, they are applied both in the period of change and prospectively.

New and Amended Standards and Interpretations

The accounting policies applied in the preparation of the consolidated financial statements for the year ended December 31, 2023, are consistent with those used in the previous year, except for the new and amended TFRS and TFRS interpretations effective as of January 1, 2023, as summarized below. The effects of these standards and interpretations on the Group's financial position and performance are disclosed in the relevant paragraphs.

(a) Changes and interpretations applicable from 2023 onwards include:

- TMS 1 (Amendments) - Disclosure of Accounting Policies
- TMS 8 (Amendments) - Definition of Accounting Estimates
- TMS 12 (Amendments) - Deferred Tax Related to Single Transactions Involving Assets and Liabilities
- TFRS 12 (Amendments) – International Tax Reform - Second Column Model Rules

TMS 1 (Amendments) - Disclosure of Accounting Policies

This amendment requires entities to apply materiality when disclosing their accounting policies.

This amendment to TAS 1 will be applied to annual reporting periods beginning on or after January 1, 2023, with early application permitted.

TMS 8 (Amendments) - Definition of Accounting Estimates

With this amendment, the definition of "change in accounting estimates" has been replaced with the definition of "accounting estimate," and additional explanatory paragraphs and examples related to estimates have been added. Furthermore, clarification has been provided regarding the prospective application of estimates and the retrospective correction of errors, thereby clarifying the differences between these concepts.

The changes made to TFRS 8 will be applicable to annual reporting periods beginning on or after January 1, 2023, with early application also permitted.

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Notes to the Consolidated Financial Statements

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2 Principles of Presentation of the Financial Statement (continues)

2.3 Changes in Accounting Policies (continued)

New and Revised Standards and Interpretations (continued)

(a) Amendments and interpretations effective from 2023 (continued)

TMS 12 (Amendments) - Deferred Tax Related to Single Transactions Involving Assets and Liabilities

With these changes, it has been clarified that the exemption from reflecting an asset or liability for the first time in the financial statements does not apply to transactions where taxable and deductible temporary differences of equal amounts arise at the time when the asset or liability is initially recognized.

The changes made to TFRS 12 will be applicable to annual reporting periods beginning on or after January 1, 2023, with early application also permitted.

TFRS 12 (Amendments) International Tax Reform – Pillar Two Model Rules

The amendments provide a temporary exemption regarding the requirements related to deferred tax assets and liabilities in the second column. This change in TFRS 12 is effective for annual reporting periods beginning on or after January 1, 2023.

(b) Standards not yet effective and amendments and interpretations to existing standards

The company has not yet implemented the following standards with the changes and comments brought to the previous standards:

- TFRS 17 – Insurance Contracts
- TFRS 17 – Insurance Contracts and the Initial Application of TFRS 17 and TFRS 9 – Comparative Information
- TFRS 4 (Amendments) – Extension of the Temporary Exemption Period from Applying TFRS 9
- TMS 1 (Amendments) – Classification of Liabilities as Current or Non-current
- TMS 1 (Amendments) – Classification of Liabilities as Current or Non-current
- TMS 1 (Amendments) – Long-term Liabilities with Covenants
- TMS 7 and TFRS 7 (Amendments) – Supplier Finance Arrangements
- TSRS 1 – General Requirements for Disclosure of Sustainability-related Financial Information
- TSRS 2 – Climate-related Disclosures

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2 Principles of Presentation of the Financial Statement (continued)

2.3 Changes in Accounting Policies (continued)

New and Revised Standards and Interpretations (continued)

b) Standards not yet effective and amendments and interpretations to existing standards (continued)

TFRS 17 Insurance Contracts

TFRS 17 requires the measurement of insurance obligations at a current fulfillment value and provides a more systematic measurement and presentation approach for all insurance contracts. These requirements are designed to achieve consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance and reinsurance companies as well as pension companies for one year and will replace IFRS 4 Insurance Contracts as of January 1, 2025.

TFRS 17 (Amendments) Initial Application of Insurance Contracts with TFRS 17 and TFRS 9 - Comparative Information

Changes have been made to TFRS 17 to reduce implementation costs, facilitate disclosure of results, and ease the transition.

Additionally, with the change regarding comparative information, companies that simultaneously apply TFRS 7 and TFRS 9 are allowed to present comparative information for financial assets as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset previously.

The changes will be applied when TFRS 17 is first adopted.

TFRS 4 (Amendments) Extension of Temporary Exemption Period for the Implementation of TFRS 9

With the postponement of the effective date of TFRS 17 for insurance and reinsurance as well as pension companies to January 1, 2024, the end date of the temporary exemption period for the application of TFRS 9 granted to these companies has been revised to January 1, 2024.

TMS 1 (Amendments) Classification of Liabilities as Short-term or Long-term

The aim of these changes is to assist companies in the decision-making process of whether certain debt and other obligations without a specific maturity should be classified as short-term (expected to be paid within one year) or long-term, thereby ensuring consistent application of the requirements of the standard.

The changes made in IFRS 1 will be applicable with a one-year deferral and will be applied in annual reporting periods beginning on or after January 1, 2024, although early application is permitted.

TFRS 16 (Amendments) Lease Obligation in Sale and Leaseback Transactions

The changes in TFRS 16 describe how a seller-lessee subsequently measures sales and leaseback transactions that meet the requirements of revenue recognition in IFRS 15 to be accounted for as sales.

The changes in TFRS 16 will be applicable in annual reporting periods beginning on or after January 1, 2024, although early application is permitted.

TMS 1 (Amendments) Long-term Liabilities Containing Credit Agreement Terms The changes in IFRS 1 explain how changes in conditions that an entity must meet after the end of its reporting period affect the classification of a liability.

The changes in IFRS 1 will be applicable in annual reporting periods beginning on or after January 1, 2024, although early application is permitted.

The potential effects of these standards, amendments, and improvements on the Company's financial position and performance are being evaluated.

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2 Principles of Presentation of the Financial Statement (continued)

2.4 Changes and Errors in Accounting Estimates

Significant changes in accounting policies and significant accounting errors identified are applied retrospectively, and the financial statements of previous periods are restated. Changes in accounting estimates are applied prospectively; if they relate to only one period, they are applied in the current period in which the change is made, and if they relate to future periods, they are applied both in the period of the change and in future periods. There have been no significant changes in the company's accounting estimates.

2.5 Summary of Significant Accounting Policies

(a) Financial Instruments

(i) Financial Assets

Classification

The company accounts for its financial assets in three categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. Classification is based on the business model the company uses for managing financial assets and the contractual cash flow characteristics of the financial asset.

The company classifies its financial assets at the date of initial recognition. Financial assets are not reclassified after initial recognition except in cases where there is a change in the company's business model; in such cases, financial assets are reclassified on the first day of the reporting period following the change.

Accounting and Measurement

"Financial assets measured at amortized cost" are non-derivative financial assets held within a business model whose objective is to hold assets to collect contractual cash flows, and those cash flows represent solely payments of principal and interest on the principal amount outstanding on specified dates in the contract terms. The company's financial assets measured at amortized cost include "cash and cash equivalents," "trade receivables," "other receivables," and "financial investments." These assets are initially recognized in the financial statements at their fair values and subsequently measured at amortized cost using the effective interest rate method. Gains and losses arising from the measurement of financial assets measured at amortized cost and classified as non-derivative financial assets are recognized in the profit or loss statement.

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2 Principles of Presentation of the Financial Statement (continued)

2.5 Summary of Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(i) Financial assets (continued)

Financial assets measured at fair value through other comprehensive income" are non-derivative financial assets held within a business model whose objective is both to collect contractual cash flows and to sell financial assets, and those cash flows represent solely payments of principal and interest on the principal amount outstanding on specified dates in the contract terms. Gains or losses arising from these financial assets, excluding impairment gains or losses and foreign exchange gains or losses, are reflected in other comprehensive income.

The company may choose, at initial recognition, to irrevocably designate subsequently arising changes in fair value of equity investments as other comprehensive income. In such cases, dividends received from such investments are recognized in the profit or loss statement.

Financial assets measured at fair value through profit or loss" comprise financial assets other than those measured at amortized cost and those measured at fair value through other comprehensive income. Gains and losses arising from the valuation of these assets are recognized in the profit or loss statement.

Exclusion from Financial Statements

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset are transferred in a transaction. Any rights created or retained by the company in transferring financial assets are separately recognized as assets or liabilities.

Impairment

Financial assets and contract assets are assessed for impairment using the "Expected Credit Loss" (ECL) model. The impairment model is applied to both amortized cost financial assets and contract assets. Loss allowances are measured based on the following:

– 12-month ECLs: ECLs resulting from possible default events within the 12 months after the reporting date.

–Lifetime ECLs: ECLs resulting from possible default events over the expected lifetime of a financial instrument.

Lifetime ECL measurement is applied when there is a significant increase in credit risk of a financial asset after initial recognition of credit risk on the reporting date. In other cases where such an increase does not occur, 12-month ECL calculation is applied. The entity may determine that if a financial asset has low credit risk at the reporting date, the credit risk of the financial asset has not significantly increased. However, lifetime ECL measurement (simplified approach) is always applicable for trade receivables and contract assets without a significant financing component.

Trade receivables

The trade receivables arising from the provision of goods or services to customers are recognized at the original invoice amount and subsequently measured at the present value of the estimated future cash flows using the effective interest method. Short-term receivables without a stated interest rate are recognized at the invoice amount unless the effect of discounting the cash flows is immaterial.

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2 Principles of Presentation of the Financial Statement (continued)

2.5 Summary of Significant Accounting Policies (continued)

(a) Financial instruments (continued)

(i) Financial assets (continued)

In the financial statements, for trade receivables accounted for at amortized cost and not containing a significant financing component (short-term, less than 1 year), a simplified approach is applied for impairment calculations. Under this approach, if there is no impairment loss for trade receivables due to specific reasons (excluding incurred impairment losses), impairment allowances for trade receivables are measured at an amount equal to lifetime expected credit losses.

Following the allocation of impairment allowances, if all or a portion of the impaired receivable amount is collected, the collected amount is deducted from the allocated impairment allowance and recorded as other income from operating activities.

Income or expenses related to maturity differences in commercial transactions and gains or losses from foreign exchange are accounted for within the "Other Income/Expenses from Operating Activities" account in the profit or loss statement.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and other short-term investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank deposits with maturities longer than three months but less than one year are classified under short-term financial investments.

(ii) Financial Liabilities

Financial liabilities are measured at fair value at initial recognition. Transaction costs that are directly attributable to the acquisition of the financial liability are added to this fair value. Financial liabilities are classified as either equity-based financial instruments or other financial liabilities.

Equity-Based Financial Instruments

Financial liabilities related to purchase options granted to non-controlling interests are reflected in the financial statements at their discounted value in accordance with the amortization schedule of the respective option.

Other Financial Liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, which includes interest expense calculated at the effective interest rate. The effective interest method is a way of calculating the amortized cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument, or a shorter period if appropriate, to the net present value of the financial liability.

Trade payables

Trade payables represent obligations to pay for goods and services acquired from suppliers in the ordinary course of business. Trade payables are initially measured at fair value and subsequently measured at amortized cost using the effective interest method.

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2 Principles of Presentation of the Financial Statement (continued)

2.5 Summary of Significant Accounting Policies (continued)

(b) Property, Plant and Equipment

(i) Accounting and Measurement

Property, Plant and Equipment are measured at cost, less accumulated depreciation and any impairment provisions.

Cost includes expenditures directly attributable to the acquisition of the asset. The cost of assets constructed by the group includes the following items:

- Material and direct labor costs;
- Costs directly attributable to bringing the asset to the working condition for its intended use by the group;
- Costs of dismantling or restoring parts of the asset, if the group has an obligation for disposal or restoration of the site, including dismantling or restoration of parts, relocation of parts, and restoration of the area where the parts are placed;
- Capitalized borrowing costs.

Costs for property, plant, and equipment purchased in foreign currency include gains or losses transferred from equity arising from cash flow hedges specific to the asset. Purchased software is capitalized as part of the related equipment when it serves as an integral component necessary for the equipment's functionality.

When the parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate components (significant parts) of the property, plant, and equipment.

Real estate properties and machinery and equipment are accounted for using the revaluation model. Increases in value are recognized under equity in the "Revaluation surplus" account.

The gains or losses resulting from the disposal of a tangible asset (the calculated difference between the net proceeds from the disposal of the asset and its carrying amount) are recognized in profit or loss.

Except for those accounted for using the revaluation model, tangible assets acquired before January 1, 2005, are reflected at their historical cost adjusted for the effects of inflation as of December 31, 2004, less accumulated depreciation and impairment losses. Tangible assets acquired on or after January 1, 2005, are reflected at their cost less accumulated depreciation and impairment losses.

(ii) Subsequent Expenses

Expenditures incurred after an asset is put into service are capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

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2 Principles of Presentation of the Financial Statement (continued)

2.5 Summary of Significant Accounting Policies (continued)

(b) Property, Plant and Equipment (continued)

(iii) Amortization

Property, Plant and Equipment items, excluding those measured using the revaluation model, are depreciated from the date they are readily available for use or, for assets constructed by the group, from the date they are completed and ready for use.

Depreciation is calculated using the straight-line method over the estimated useful lives of tangible fixed asset items, after deducting estimated residual values from their costs. Depreciation is generally recognized in profit or loss unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term or their useful lives if the group does not have a reasonable certainty of obtaining ownership of the leased asset at the end of the lease term. Land is not subject to depreciation.

The estimated remaining useful lives of significant tangible fixed asset items in the current period are as follows:

<u>Explanation</u>	<u>Lifetime (Year)</u>
Underground and surface structures	7-11
Buildings	34-50
Plant, machinery, and equipment	1-25
Motor vehicles	1-6
Furniture and fixtures	1-50
Incidental costs	5-17

Depreciation methods, useful lives, and residual values are reviewed and updated as of each reporting date.

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2 Principles of Presentation of the Financial Statement (continued)

2.5 Summary of Significant Accounting Policies (continued)

(c) Intangible assets

(i) Accounting and Measurement

Other intangible assets with finite useful lives acquired by the group are measured at their cost less accumulated amortization and, if any, accumulated impairment losses.

(ii) Susequent Costs

Subsequent costs are capitalized only if they are expected to increase the future economic benefits associated with the relevant intangible assets. All other expenditures, including those incurred in generating internally generated goodwill and trademarks, are expensed as incurred.

(iii) Redemption

For intangible assets other than goodwill, accumulated amortization is recognized in profit or loss on a straight-line basis over their estimated useful lives from the date they are ready for use, using the straight-line method.

The estimated remaining useful lives for the current period are as follows:

Explanation	Lifetime (Year)
Rights	1-15
Development cost	1-10

Depreciation methods, useful lives, and residual values are reviewed and adjusted as necessary at each reporting date.

(d) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value at the reporting date, with fair value gains and losses recognized in profit or loss.

Investment properties are derecognized from the balance sheet when they are sold or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Gains or losses arising from the retirement or disposal of investment property are included in profit or loss when they occur.

Transfers occur when there is a change in the use of an investment property. In a transfer from an investment property carried at fair value to owner-occupied property, the estimated cost in the subsequent accounting is the fair value of the property at the date of change in use. If owner-occupied property is reclassified as investment property, the entity applies the accounting policy used for tangible fixed assets until the date of change in use.

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2 Principles of Presentation of the Financial Statement (continued)

2.5 Summary of Significant Accounting Policies (continued)

(e) Impairment of assets

Non-Financial Assets

The Group evaluates whether there are indicators of impairment for non-financial assets other than inventories and deferred tax assets at each reporting date. If such indicators exist, the recoverable amount of the asset is estimated. For goodwill and indefinite-life intangible assets, the recoverable amount is estimated annually at the same time. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use. Value in use is determined by discounting the estimated future cash flows to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Assets that cannot be individually tested for impairment are grouped for impairment testing, into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Goodwill allocated to CGUs is tested for impairment by distributing the goodwill impairment loss expected to be allocated to the CGUs deriving from a corporate merger.

Impairment losses are recognized in profit or loss. Impairment losses recognized on CGUs are firstly allocated to reduce the carrying amount of any goodwill allocated to the CGUs and then to other assets within the CGUs (groups of CGUs) on a pro-rata basis.

Impairment losses on goodwill are not reversed. For other assets, previously recognized impairment losses are reversed to the extent that the recoverable amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment losses been recognized for the asset in prior periods.

(f) Inventories

Inventory consists of raw materials, products manufactured in production facilities, and merchandise owned by the Company as of the reporting date. The related raw materials, products, and merchandise are held for internal consumption, production, and sales purposes. Goods in transit are included in inventory if the right of use and ownership have passed to the Company as of the reporting date.

Finished goods are held for sale as part of the normal course of business. They comprise assets produced in the Company's production facilities, acquired from subsidiaries and third parties, and are readily marketable at their current state.

Stocks are valued at the lower of cost and net realizable value.

Net realizable value represents the estimated selling price in the ordinary course of business, less the estimated completion costs and the estimated selling expenses necessary to make the sale.

The cost of inventories includes all acquisition costs, conversion costs, and other costs incurred in bringing the inventories to their present location and condition.

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2 Principles of Presentation of the Financial Statement (continued)

2.5 Summary of Significant Accounting Policies (continued)

(g) Employee benefits

(i) Provision for employee termination

According to the current Turkish Labor Law, the Group is obliged to make certain payments to employees leaving their jobs due to retirement. The provision for termination benefits represents the present value of the Group's estimated future obligation if its employees were to retire. The provision for termination benefits is accrued in the financial statements as if all employees were entitled to such payment. The provision for termination benefits is calculated based on the severance pay ceiling announced by the Government. As of December 31, 2023, and 2022, the severance pay ceilings are 23,490 TL and 15,371 TL, respectively.

According to Turkish Financial Reporting Standards, companies are required to calculate certain benefit plans using actuarial valuation methods. The basic statistical assumptions used to calculate retirement estimates, to determine the total obligation in the financial statements, are disclosed in Note 16 as of December 31, 2023, and 2022.

All changes in the provision for termination benefits, excluding actuarial gains and losses, are recognized in profit or loss. Actuarial gains and losses are recognized in the statement of other comprehensive income within the "Actuarial gain/(loss)" account and are presented directly under equity.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured without discounting and expensed as services are provided. Short-term liabilities for cash bonuses or profit-sharing plans expected to be paid under legal or constructive obligations as a result of employees' past service are recognized. Short-term provisions for employees include provisions for bonuses and accrued unused leave entitlements.

(h) Subsequent Events

Events occurring after the reporting period encompass all events between the end of the reporting period and the date when the financial statements are authorized for issue, even if they arise after the announcement of any profit-related information or other selected financial data to the public.

If events requiring adjustments after the balance sheet date are identified, the Group corrects the amounts recognized in the financial statements to reflect the new circumstances. Events that do not require adjustments after the balance sheet date, but are significant, are disclosed in the notes to the financial statements.

(i) Provisions

Provisions are recognized when there is a present obligation arising from past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured. Provisions are determined by discounting the estimated future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks associated with the liability. The amount of discount is recognized as a financial expense.

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2 Principles of Presentation of the Financial Statement (continued)

2.5 Summary of Significant Accounting Policies (continued)

(i) Recording Revenue

When the Group transfers a promised good or service to a customer and satisfies its performance obligation, it records the revenue in its financial statements. A good or service is considered transferred when control of the asset is transferred to the customer (or as it is transferred)

The Group recognizes revenue in its financial statements based on the following fundamental principles:

- (a) Identification of contracts with customers
- (b) Determination of performance obligations in the contract
- (c) Determination of the transaction price in the contract
- (d) Allocation of the transaction price to the performance obligations in the contract
- (e) Recognition of revenue when each performance obligation is satisfied

The Group recognizes a contract with a customer as revenue when all of the following conditions are met:

- (a) The parties to the contract have approved the contract (in writing, orally, or based on other commercial practices) and are committed to performing their respective obligations.
- (b) The Group can identify each party's rights regarding the goods or services to be transferred.
- (c) The Group can identify the payment terms for the goods or services to be transferred.
- (d) The contract has commercial substance.
- (e) It is probable that the Group will collect the consideration to which it is entitled in exchange for the goods or services to be transferred to the customer.

When assessing the collectability of consideration, the business considers only the customer's ability to pay the amount when due and their intention to do so.

Service revenues are recognized in the period in which the service is provided. Revenues from long-term maintenance and repair contracts are recognized by spreading them evenly over the contract periods, and amounts attributable to future periods are deferred and reflected as deferred revenue in the financial statements.

If significant financing is involved in sales, the reasonable price is determined by discounting future collections using the implicit interest rate included in the financing cost. The difference between their fair values and nominal values is considered interest income on an accrual basis.

Interest income is accrued for the period based on the effective interest rate, which discounts the estimated cash inflows from the relevant financial asset over its expected life to the carrying amount of the asset, representing the remaining principal balance.

(j) Incentives

Unconditional government grants are recognized as income when the grant becomes receivable. Other government grants are recognized at fair value when there is reasonable assurance that the necessary conditions will be met and the grant will be received, and they are deferred and recognized as income systematically over the useful life of the related asset.

Incentives received related to costs incurred by the Group are systematically recognized as income in profit or loss in the periods in which the costs are incurred.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

2 Principles of Presentation of the Financial Statement (continued)

2.5 Summary of Significant Accounting Policies (continued)

(k) Related Parties

A party is considered related to the Group if one of the following criteria applies:

(a) The party directly or indirectly through one or more intermediaries::

(i) Controls the Group, is controlled by the Group, or is under common control with the Group (including parent entities, subsidiaries, and joint ventures in the same line of business)

(ii) Holds a significant portion of the Group's voting power, or

(iii) Shares joint control over the Group;

(b) The party is an investee of the Group;

(c) The party is a joint venture in which the Group is a joint venturer;

(d) The party is a member of the key management personnel of the Group or its parent entity;

(e) The party is a close family member of any individual mentioned in (a) or (d);

(f) The party is an entity controlled, jointly controlled, or significantly influenced by any individual mentioned in (d) or (e) who holds significant voting power directly or indirectly;

(g) The party provides benefit plans to employees of the entity or an entity related to the entity after termination of employment.

Transactions with related parties involve the transfer of resources, services, or obligations between related parties, regardless of whether there is a consideration.

Certain business relationships with related parties may occur as part of normal operations.

(l) Finance income and expense

Finance income includes interest income earned from cash and cash equivalents and income earned from financial instruments held for risk management purposes and accounted for in profit or loss. Interest income is recognized in profit or loss on an accrual basis using the effective interest method.

Finance costs include interest expenses on borrowings and interest expenses from lease arrangements.

Borrowing costs that are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognized in profit or loss using the effective interest method. Exchange differences on financial assets and liabilities are reported net in finance income or finance costs based on the net position of exchange rate movements.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

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2 Finansal Tabloların Sunumuna İlişkin Esaslar (continued)

2.5 Summary of Significant Accounting Policies (continued)

(m) Tax

The income tax expense on profit for the period includes both current and deferred taxes. Current and deferred taxes related to items recognized in equity or other comprehensive income are recognized in profit or loss excluding tax effects in the income statement.

(i) Current tax

The current tax is the expected tax liability or asset for the current year calculated based on tax rates enacted or substantively enacted as of the end of the reporting period, applied to the taxable income or loss for the year. It includes adjustments for tax liabilities related to prior years. The current tax liability also includes tax liabilities arising from dividend distribution notifications. Further details on the application in Turkey are provided in Note 25.

(ii) Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases. Deferred tax is not recognized for temporary differences arising in the following circumstances:

- Temporary differences arising from the initial recognition of assets or liabilities resulting from transactions that neither affect accounting profit nor taxable profit or loss from an entity merger;
- Temporary differences related to investments in subsidiaries, associates, and jointly controlled entities where it is probable that the reversal will not occur in the foreseeable future, and the Group can control the timing of the reversal.
- Taxable temporary differences arising from the initial recognition of goodwill.
- The Group measures deferred tax liabilities and deferred tax assets consistently with the expectations of how they will recover their assets' carrying amounts or settle their liabilities at the end of the reporting period, considering the tax consequences. For investment properties measured using the fair value method, it is assumed that the carrying amount of the investment property will be recovered through sale unless there is evidence to the contrary.
- Deferred tax is measured using the tax rates that are expected to apply at the time when the temporary differences will reverse, based on the tax rates that are enacted or substantively enacted at the end of the reporting period.
- Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or different taxable entities intend to settle their current tax assets and liabilities on a net basis or simultaneously.
- Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses and credits can be utilized in future periods. Deferred tax assets are reviewed at each reporting date, and the portion of deferred tax assets that is unlikely to be realized is reduced.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

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for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

2 Finansal Tabloların Sunumuna İlişkin Esaslar (continued)

2.5 Summary of Significant Accounting Policies (continued)

(m) Tax (continued)

(iii) Tax Risk

When determining the amounts of current tax expense and deferred tax expense, the Group takes into account uncertain tax positions and whether there will be additional tax and interest liabilities to be paid. This assessment may involve many professional judgments related to future events and is based on estimates and assumptions. If new information arises that would change the Group's professional judgment regarding the adequacy of its current tax liabilities, any changes in tax liability will affect the tax expense for the period in which the change is identified.

(n) Cash flow statement

In the cash flow statement, cash flows for the period are classified and reported based on operating, investing, and financing activities. Cash flows from operating activities represent the cash flows related to the Group's operating activities. The Group presents cash flows from operating activities using the indirect method, where cash flows from operating activities are adjusted for the effects of non-cash transactions, past or future transactions of non-cash items related to net profit/loss, accruals or deferrals of cash inflows and outflows, and the effects of income or expense items related to investing or financing activities.

Cash flows related to investing activities show the cash flows used and generated by the Group in investment activities, including investments in tangible and intangible assets and financial investments.

Cash flows related to financing activities depict the sources used by the Group in financing activities and the repayments of these sources.

Cash and cash equivalents represent short-term, highly liquid investments with a maturity of less than three months at the time of acquisition, which are held in cash and banks and have no significant risk of value fluctuations.

(o) Dividends

Dividend receivables are recorded as income when declared. Dividend liabilities, as a component of profit distribution, are recognized in the financial statements when the decision for profit distribution is made at the General Assembly.

(p) Segmental Reporting of Financial Information

Due to the absence of distinct operating segments with different risk and return characteristics in the Group's product or service offerings, and the absence of identifiable operating segments with distinct geographical areas having different risk and return characteristics, reporting by segments has not been performed.

(r) Income and Expenses from Investment Activities

Income from investment activities consists of gains from investment fund appreciation and interest income from financial bonds.

There are no expenses from investment activities.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

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(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

2 Finansal Tabloların Sunumuna İlişkin Esaslar (continued)

2.5 Summary of Significant Accounting Policies (continued)

(s) Other income and expense from main operations

Other income from core activities includes income from doubtful receivables or provision reversals, proceeds from the sale of fixed assets, revenue from scrap and raw material sales, rental income, and other income related to activities other than the main operations.

Other expenses from core activities consist of donations, exchange rate losses arising from items not related to financial statements other than debt instruments, rediscount interest expenses, and other expenses related to activities other than the main operations.

Exchange rate gains or losses are presented as net amounts within other income from core activities or other expenses from core activities, depending on whether the exchange rate movements result in a net gain or loss for the company.

(t) Determination of fair value

Grup's various accounting policies and disclosures require the determination of fair values for both financial and non-financial assets and liabilities. Fair values are determined using the following methods for measurement and disclosure purposes. Additional information regarding the assumptions used in determining fair values is provided in the specific notes to the assets or liabilities, where applicable.

(i) Trade and other receivables

Commercial and other receivables are estimated to have fair values determined by discounting the future cash flows at the market interest rates at the measurement date. Short-term receivables without a specified interest rate are valued at their original invoice amount if the discounting effect is deemed immaterial. These fair values are determined at initial recognition and at the end of each reporting period for disclosure purposes.

(ii) Other non-derivative financial yükümlülükler

The fair values of other non-derivative financial liabilities are determined at initial recognition and at the end of each reporting period for disclosure purposes. Fair value is calculated by discounting the future cash flows of principal and interest payments at the market interest rates at the measurement date. For the liability component of convertible securities, the market interest rate is determined with reference to similar liabilities without conversion options. For financial lease transactions, the market interest rate is determined based on similar lease agreements.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

2 Finansal Tabloların Sunumuna İlişkin Esaslar (continued)

2.6 Significant Accounting Estimates, Judgments, and Assumptions

Preparation of financial statements in accordance with TFRS requires management to make decisions, estimates, and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates

The significant judgments made by management in the application of the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied in the financial statements for the year ended December 31, 2023.

Estimates and the underlying assumptions are continually reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The information regarding significant estimates that have a material effect on the amounts recognized in the financial statements is disclosed in the footnotes as specified below:

- Note 2.5 (b, c) Useful lives of property, plant and equipment and intangible assets
- Note 7 Allowance for impairment of trade receivables
- Note 11 Fair values of investment properties
- Note 12 Fair values of land, land, buildings, plant, machinery, and equipment
- Note 15 Provisions, contingent assets and liabilities
- Note 16 Assumptions used for provisions for termination benefits
- Note 25 Tax assets and liabilities
- Note 27 Determination of fair values

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

3 Related Parties Disclosures

In the financial statements, partners, key management personnel, board members, their families, and companies controlled by them or affiliated with them, along with joint ventures and affiliates, are considered related parties. Various transactions have been conducted with related parties during the normal course of the Group's operations.

Details of transactions between the Group and other related parties are disclosed below.

The relationships between the Group and certain related parties disclosed in this note are as follows. These companies are controlled by the Albayrak family and are presented as related parties.

Related Party

Definition

Ereğli Tekstil Turizm San. ve Tic. A.Ş. ("Ereğli Tekstil")	Shareholder
Albayrak Turizm Seyahat İnşaat Tic. A.Ş. ("Albayrak İnşaat")	Related Party
Albayrak Holding A.Ş. ("Albayrak Holding")	Related Party
Albil Merkezi Hizmetler ve Ticaret A.Ş. ("Albil")	Related Party
Birlikte Dağıtım A.Ş. ("Birlikte Dağıtım")	Related Party
Birun Otelcilik A.Ş. ("Birun Otelcilik")	Related Party
Kademe Atık Teknolojileri San.A.Ş. ("Kademe")	Related Party
Platform Tur. Taş. Gıda İnş. Tem. Hiz. San.ve Tic. A.Ş. ("Platform Turizm")	Related Party
Reklam Piri Medya İletişim A.Ş. ("Reklam Piri")	Related Party
Piri Medya A.Ş. ("Piri Medya")	Related Party
Varaka Kağıt Sanayi A.Ş. ("Varaka Kağıt")	Related Party
Yeşil Adamlar Atık Yönetimi ve Taşımacılık A.Ş. ("Yeşil Adamlar")	Related Party
Transbaş Trabzon Serbest Bölge İşletmeciliği A.Ş. ("Transbaş")	Related Party
Albayrak92 Private Ltd. ("Albayrak92")	Related Party
Bayfa Geri Dön.Tur. Taş. San.ve Tic. Ltd. Şti ("Bayfa")	Related Party
Trabzon Liman İşletmeciliği A.Ş. ("Trabzon Liman")	Related Party
Dolu Akaryakıt Pazarlama A.Ş. ("Dolu Akaryakıt")	Related Party
Sukkar Şeker Üretim A.Ş. ("Sukkar")	Related Party
Mogadishu Alport ("Mogadishu")	Related Party
Plaket Yapı Turizm San. ve Tic. A.Ş. ("Plaket Yapı")	Related Party
Nakil Lojistik A.Ş. ("Nakil")	Related Party
Mezra Ziraat A.Ş. ("Mezra Ziraat")	Related Party
Güneş Turizm Sanayi İnşaat ve Tic.A.Ş. ("Güneş Turizm")	Related Party
Asist Oto Kiralama Turizm Ticaret A.Ş.("Asist Oto")	Related Party
Ketebe Kitap ve Dergi Yayıncılığı A.Ş. ("Ketebe")	Related Party
Alport Conakry S.A.("Alport Conakry")	Related Party
Albayrak Construction Sarlu.("Albayrak Construction Sarlu")	Related Party
Albayrak Agro-Business-Sarlu.("Albayrak Agro - Business – Sarlu")	Related Party
Albayrak Vakfı ("Albayrak Vakfı")	Related Foundation

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Condensed Consolidated Financial Statements for the Year Ended 31****December 2023***(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)***3 Related Parties Disclosures (continued)**

31 December 2023 Accounts receivable and payable from related parties as of the reporting date are as follows.

31 December 2023	Receivables		Payables
	Short-Term		Short-Term
	Trade	Other	Trade
Kademe	401.063.716	31.929	194.670
Albayrak İnşaat	77.754.403	--	--
Varaka Kağıt	31.465.621	--	--
Albil	24.441.657	159.224	12.149.668
Mezra Ziraat	8.674.000	--	--
Platform Turizm	5.420.095	--	--
Alport Conakry	5.411.577	--	--
Ereğli Tekstil	3.279.198	--	--
Mogadishu	1.973.986	--	--
Yeşil Adamlar	679.648	--	--
Albayrak Construction Sarlu	597.458	--	--
Sukkar	289.369	--	--
Albayrak Agro - Business – Sarlu	267.635	--	--
Ketebe Kitap	173.534	54	--
Dolu Akaryakıt	140.765	--	--
Transbaş	7.875	--	--
Asist Oto	--	--	80.560
Birlikte Dağıtım	--	--	637.322
Reklam Piri	--	--	7.895.133
Nakil Lojistik	--	--	489.260
Total	561.640.537	191.207	21.446.613

31 December 2022 Accounts receivable and payable from related parties as of the reporting date are as follows:

31 December 2022	Receivables		Payables	
	Short-Term		Short-Term	
	Trade	Other	Trade	Other
Kademe	141.621.429	--	2.533	--
Albayrak İnşaat	120.000.476	12.862.170	50.513	--
Varaka Kağıt	25.673.667	--	29.777.739	--
Mogadishu	2.065.954	--	--	--
Alport Conakry	1.442.964	--	--	--
Asist Oto	1.152.400	--	--	--
Yeşil Adamlar	1.036.830	--	--	--
Albayrak Construction Sarlu	602.472	--	--	--
Albayrak Agro - Business – Sarlu	269.882	--	--	--
Dolu Akaryakıt	77.129	--	--	--
Transbaş	12.976	--	--	--
Trabzon Liman	504	--	--	--
Ereğli Tekstil	--	4.414.280	--	3.889
Albil	--	--	9.509.352	--
Birlikte Dağıtım	--	--	545.726	--
Reklam Piri	--	--	408.175	--
Piri Medya	--	--	1.565	--
Nakil Lojistik	--	--	7.019.664	--
Plaket Yapı	--	28.638	--	--
Total	293.956.683	17.305.088	47.315.267	3.889

(*) The Group's non-trade receivables from related parties arise from intra-group financing activities. Interest is accrued on the receivable at regular intervals, in accordance with market interest rates.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

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3 Related Party Disclosures (continued)

Purchases and Expenses

The purchases and expenses from related parties for the periods of January 1 to December 31, 2023, and January 1 to December 31, 2022, are as follows:

	1 January- 31 December 2023			1 January- 31 December 2022	
Purchase	Purchase of Goods and Service	Kira	Other	Purchase of Goods and Service	Other
Kademe	658.144.514	--	35.850	506.166.134	51.242
Dolu Akaryakıt	6.601.137	--	--	--	--
Varaka Kağıt	33.913.982	--	22.314.095	63.415.997	--
Albil	26.345.325	180.764	1.228.964	19.464.773	--
Güneş Turizm	236.178	--	--	319.057	--
Birlikte Dağıtım	2.459.241	--	422.465	2.566.546	--
Ketebe	10.860	--	24.901	--	--
Asist Oto	--	--	172.429	--	--
Nakil	--	47.589.506	40.000	32.858.413	--
Albayrak İnşaat	--	--	--	4.860.801	--
Albayrak Holding	--	3.369.865	--	3.262.504	--
Platform Turizm	--	204.000	906.000	965.330	--
Piri Medya	--	--	28.962	--	--
Reklam Piri	--	--	758.925	549.864	--
Ödül Sigorta	--	--	--	175.421	--
Total	727.711.237	51.344.135	25.932.591	634.604.840	51.242

Sales and Income

The sales and revenues from related parties for the periods of January 1 to December 31, 2023, and January 1 to December 31, 2022, are as follows:

	1 January- 31 December 2023				1 January - 31 December 2022		
Sale	Sale of Goods and Service	Interest	Rent	Other	Sale of Goods and Service	Interest	Rent
Kademe	86.812.432	--	1.248.600	67.478.848	95.147.155	--	1.659.066
Mezra Ziraat	13.017.735	--	--	--	2.614.794	45.769	--
Ereğli Tekstil	3.803.414	--	--	--	--	--	3.740.914
Alport Conakry	2.755.759	--	--	--	--	--	--
Sukkar	2.371.880	--	--	275.654	--	--	--
Nakil Lojistik	2.006.181	--	147.646	--	41.122	--	--
Trabzon Liman	1.587.913	--	--	--	--	--	--
Varaka Kağıt	916.871	--	90.000	188.425	5.453.819	--	86.506
Albayrak İnşaat	480.051	18.868.170	--	13.184.746	68.335.043	--	5.530.036
Asist Oto	117.230	--	--	--	1.089.935	16.888	--
Yeşil Adamlar	--	--	--	--	722.489	--	--
Platform Turizm	--	4.609.246	--	--	292.869	--	--
Ketebe	--	--	238.516	--	29.166	--	300.379
Sukkar	--	--	--	--	--	--	--
Birlikte Dağıtım	--	--	--	51.150	--	--	--
Albil	--	--	--	--	--	71.011	--
Total	113.869.466	23.477.416	1.724.762	81.178.823	173.726.392	133.668	11.316.901

Benefits for Top Management

The total benefits and perks provided to senior management for the year ended December 31, 2023, amounted to 8,879,844 TL (2022: 6,616,933 TL).

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

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4 Cash and Cash Equivalents

As of 31 December 2023, and 31 December 2022, cash and cash equivalents are as follows:

	31 December 2023	31 December 2022
Banks		
-Current Account	296.626.561	645.245.300
-Deposit Account	--	--
Total	296.626.561	645.245.300

As of 31 December 2023, there is no account under any blockage or pledge (31 December 2022: None).

The interest rate risk, foreign exchange risk, and related sensitivity analyses for the financial assets and liabilities owned by the Group are explained in Note 27.

5 Financial Investments

As of 31 December 2023 and 31 December 2022, short term financial investments are as follows:

	31 December 2023	31 December 2022
Investment Funds (*)	510.458.461	415.782.374
Total	510.458.461	415.782.374

(*) As of 31 December 2023, the investment funds consist of Hedef Portföy Free Funds investments acquired by the Group through Hedef Portföy Portföy Yönetimi A.Ş. The relevant investments are accounted for as financial assets reflected in fair value gain/loss. The total nominal amount of funds held by the Group is 67,154,912, with a fair value of 510,458,461 TL (fair value as of 31 December 2022: 415,782,374 TL).

6 Financial Liabilities

Bank Loans

As of 31 December 2023 and 31 December 2022, financial borrowings of The Group are as follows:

	31 December 2023	31 December 2022
Short-Term Credits		
Short Term Bank Loans	1.312.980.587	798.106.921
Short-Term Portion of Long-term Borrowings	30.637.177	40.257.173
Total	1.343.617.764	838.364.094
Long-Term Credits		
Long Term Bank Loans	71.687.239	44.227.060
Total	71.687.239	44.227.060

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****for the Year Ended December 31, 2023**

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6 Financial Liabilities (continued)**Bank Loans (continued)**

The maturity and terms of the outstanding loans as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023		31 December 2022	
	Effective Interest Rate %	TL Amount	Effective Interest Rate %	TL Amount
Short-Term Credits				
- Turkish Liras	7,50-18,14%	1.302.174.421	7,50-18,14%	798.106.921
- USD	Rotatif	10.806.166	--	--
The Short-Term Portions of Long-Term Loans				
- Turkish Liras	12,97-18,14%	30.637.177	12,97-18,14%	40.257.173
Long-Term Credits				
- Turkish Liras	12,97-18,14%	71.687.239	12,97-18,14%	44.227.060
Total Credits		1.415.305.003		882.591.154

As of 31 December 2023, the Group has real estate mortgages totaling 2,420,000,000 TL related to the loans utilized. (As of 31 December 2022, there were real estate mortgages totaling 692,046,258 TL related to the loans utilized).

7 Trade Receivables and Payables**Short-Term Trade Receivables**

As of 31 December 2023 and 31 December 2022, short-term trade receivables from unrelated parties consist of the following items:

	31 December 2023	31 December 2022
Notes Receivables	113.751.345	85.742.877
Accounts Receivables	203.581.283	144.118.411
DBS Receivables (*)	772.033.007	340.581.952
Provisions for doubtful receivables (**)	(19.553.063)	(32.525.737)
Total	1.069.812.572	537.917.503

(*) The Direct Borrowing System (DBS) is a system that guarantees trade payments between the Company and the dealer. The dealer makes purchases from the Company within the DBS limit defined by the bank. At maturity, the dealer makes the payment to the bank, a third party, and the bank then makes the payment to the Group.

(**) The movement table regarding provisions for doubtful trade receivables of the Group is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Opening Balance as of January 1	(32.525.737)	(56.177.222)
Increase / Decrease During the Period	1.195.954	(3.086.761)
Expected Credit Losses	--	71.085
Monetary Loss / Gain	11.776.720	26.667.161
Closing Balance as of December 31	(19.553.063)	(32.525.737)

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****for the Year Ended December 31, 2023**

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

7 Trade Receivables and Payables (continued)**Short-Term Trade Receivables (continued)**

As of 31 December 2023 and 31 December 2022, trade payables to unrelated parties consist of the following items:

	31 December 2023	31 December 2022
Sellers	805.666.845	794.512.769
Debt Notes	331.897.996	408.291.062
Other Trade Payables	58.422.392	2.509.478
Total	1.195.987.233	1.205.313.309

8 Other Receivables and Payables**Other Short-term Receivables**

As of 31 December 2023 and 31 December 2022, the Group's short-term other receivables from unrelated parties are as follows:

	31 December 2023	31 December 2022
Receivables from personnel	2.404.994	5.751.367
Returned taxes	1.224.810	1.832.153
Deposito and guarantees given	657.331	719.613
Total	4.287.135	8.303.133

Other Long-term Receivables

As of 31 December 2023 and 31 December 2022, the Group's long-term other receivables from unrelated parties are as follows

	31 December 2023	31 December 2022
Deposito and guarantees given	170.082	280.249
Total	170.082	280.249

The nature and level of risks associated with other receivables are disclosed in Note 27.

Other Short-term Payables

As of 31 December 2023 and 31 December 2022, short-term other payables to unrelated parties consist of the following items:

	31 December 2023	31 December 2022
Installed Tax Payables	10.688.633	861.921
Returned Deposito and Guarantees	6.168.051	6.557.397
Payables to Tax Office	5.035.096	8.333.250
Other Payables	192.783	79.249
Total	22.084.563	15.831.817

Other Long-term Payables

As of 31 December 2023 and 31 December 2022, long-term other payables to unrelated parties consist of the following items:

	31 December 2023	31 December 2022
Installed Tax Payables	--	574.613
Total	--	574.613

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

9 Inventories

As of 31 December 2023 and 31 December 2022, the Group's inventory details are as follows:

	31 December 2023	31 December 2022
Raw Materials and Supplies	1.583.848.736	1.324.152.072
Semi-finished goods	205.962.142	231.451.193
Goods	273.135.326	73.731.885
Trade Goods	34.921.085	27.159.596
Goods in road	18.041.115	17.127.049
Other Inventories	8.918.592	6.875.175
Impairment of Inventories (-)(*)	--	(1.714.370)
Total	2.124.826.996	1.678.782.600

As of 31 December 2023 and 31 December 2022, there are no liens or mortgages on inventory.

(*) The movement table regarding inventory write-down of the Group is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Balance at 1 January	1.714.370	568.909
Provision Reversed / Allocated During the Period	(1.040.444)	1.145.461
Monetary Loss / Gain	(673.926)	--
Balance at 31 December	--	1.714.370

10 Prepaid Expenses and Deferred Income

Short-term Prepaid Expenses

The remaining amount of prepaid expenses from unrelated parties classified as current assets as of 31 December 2023 and 31 December 2022 consists of the following items:

	31 December 2023	31 December 2022
Advances given	152.464.406	134.291.306
Expenses from upcoming months	41.019.297	17.191.757
Work Advance	750.073	233.351
Personnel Advance	112.235	49.137
Total	194.346.011	151.765.551

Short-term Deferred Income

The details of short-term deferred income from unrelated parties as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Advances received	169.834.065	300.919.270
Income from upcoming months	--	181.250
Total	169.834.065	301.100.520

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Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

11 Investment Property

The details of investment properties of the Group as of 31 December 2023 and 31 December 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Cost Value		
1 January opening balance	74.776.138	74.776.138
Balance at 31 December	74.776.138	74.776.138
Less: Accumulated Depreciation		
Opening Balance as of January 1	--	--
Depreciation for the Current Period	--	--
Closing Balance as of the Period End	--	--
Net Book Value at the Beginning of the Period	74.776.138	74.776.138
Net Book Value at the End of the Period	74.776.138	74.776.138

The fair value of the investment property located in Bakırköy World Trade Center, belonging to the subsidiary, has been determined using the market value method authorized by the Capital Markets Board (CMB) by RM Ritim Gayrimenkul Değerleme A.Ş.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Condensed Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

12 Propety, Plant and Equipment

The movement tables for property, plant and equipment for the year ending 31 December 2023 are summarized as follows

	Land	Subsurface and Superstructure	Buildings	Plant and Machinery	Vehicles	Fixed Assets	Investments Under Construction	Special Costs	Total
Cost Value									
1 January Cost	1.862.933.316	38.982.475	405.097.913	957.157.721	126.030.587	189.342.274	112.247.270	80.408.583	3.772.200.139
Addition	--	--	--	126.858.951	20.505.559	24.418.320	170.683.171	154.538	342.620.539
Transfers	--	138.633	2.716.168	172.963.955	--	--	(175.902.651)	--	(83.895)
Disposal	--	--	(3.095.383)	--	(10.499.417)	(41.385)	(309.721)	--	(13.945.906)
Balance at 31 December	1.862.933.316	39.121.108	404.718.698	1.256.980.627	136.036.729	213.719.209	106.718.069	80.563.121	4.100.790.877
Less: Accumulated Depreciation									
1 January	--	(6.238.896)	(23.052.127)	(175.128.835)	(59.536.482)	(159.169.988)	--	(79.760.567)	(502.886.895)
Current period depreciation	--	(2.393.548)	(7.237.849)	(194.203.143)	(16.854.025)	(12.184.706)	--	(209.797)	(233.083.068)
Disposal	--	--	113.497	--	10.431.644	1.726	--	--	10.546.867
Balance at 31 December	--	(8.632.444)	(30.176.479)	(369.331.978)	(65.958.863)	(171.352.968)	--	(79.970.364)	(725.423.096)
1 January 2023 Net Book Value	1.862.933.316	32.743.579	382.045.786	782.028.886	66.494.105	30.172.286	112.247.270	648.016	3.269.313.244
31 December 2023 Net Book Value	1.862.933.316	30.488.664	374.542.219	887.648.649	70.077.866	42.366.241	106.718.069	592.757	3.375.367.781

The Group has mortgages totaling 2,821,967,995 TL on tangible fixed assets (as of 31 December 2022: 692,046,258 TL).

(*) The Group's plant, machinery, and equipment have been valued using the "Cost Approach" method by RM Ritim Gayrimenkul Değerleme A.Ş., an independent appraisal company licensed by the Capital Markets Board (SPK) and unrelated to the Group.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

12 Property, Plant and Equipment (continued)

The movement tables for property, plant and equipment for the year ending 31 December 2022 are summarized as follows

	Land	Subsurface and Superstructure	Buildings	Plant and Machinery	Vehicles	Fixed Assets	Investments Under Construction	Special Costs	Total
Cost Value									
1 January Cost	1.862.933.316	30.197.510	403.928.025	791.742.096	59.708.764	177.317.583	7.957.490	79.987.642	3.413.772.426
Addition	--	--	--	58.056.147	68.723.940	12.024.691	224.855.676	420.941	364.081.395
Transfers	--	8.784.965	1.169.888	108.882.761	--	--	(120.565.896)	--	(1.728.282)
Disposal	--	--	--	(1.523.283)	(2.402.117)	--	--	--	(3.925.400)
Balance at 31 December	1.862.933.316	38.982.475	405.097.913	957.157.721	126.030.587	189.342.274	112.247.270	80.408.583	3.772.200.139
Less: Accumulated Depreciation									
1 January	--	(4.194.099)	(15.778.345)	(361.725)	(56.136.587)	(148.721.223)	--	(79.669.635)	(304.861.614)
Current period depreciation	--	(2.044.797)	(7.273.782)	(174.859.039)	(5.599.306)	(10.448.765)	--	(90.932)	(200.316.621)
Disposal	--	--	--	91.929	2.199.411	--	--	--	2.291.340
Balance at 31 December	--	(6.238.896)	(23.052.127)	(175.128.835)	(59.536.482)	(159.169.988)	--	(79.760.567)	(502.886.895)
1 January 2022 Net Book Value	1.862.933.316	26.003.411	388.149.680	791.380.371	3.572.177	28.596.360	7.957.490	318.007	3.108.910.812
31 December 2022 Net Book Value	1.862.933.316	32.743.579	382.045.786	782.028.886	66.494.105	30.172.286	112.247.270	648.016	3.269.313.244

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Condensed Consolidated Financial Statements for the Year Ended 31 December 2023**

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

13 Intangible Assets

The intangible assets for the years ending 31 December 2023 and 31 December 2022 consist of development expenses, rights, and licenses, with movements as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Cost Value		
1 January Cost	393.606.467	362.360.832
Addition	63.233.080	29.517.353
Transfers	83.895	1.728.282
Balance at 31 December	456.923.442	393.606.467
Less: Accumulated Depreciation		
1 January	(347.076.148)	(332.546.322)
Current period depreciation	(22.639.648)	(14.529.826)
Balance at 31 December	(369.715.796)	(347.076.148)
1 January Net Book Value	46.530.319	29.814.510
31 December Net Book Value	87.207.646	46.530.319

There are no liens or mortgages on the intangible assets of the Group.

14 Leasing Transactions**Right of Use Assets**

In accordance with the retrospective application of TFRS 16, the Group recognizes a right-of-use asset and a lease liability in its financial statements on the date the lease commences.

The right-of-use asset is initially recognized using the cost method and includes the following:

- The initial measurement amount of the lease liability,
- All initial direct costs incurred by the Group.

When applying the cost method, the Group measures the right-of-use asset at its corrected cost, which is the initial measurement of the lease liability, adjusted for accumulated amortization and impairment losses, and corrected for the remeasurement of the lease liability.

The Group applies the depreciation provisions in TFRS 16 Property, Plant, and Equipment when depreciating the right-of-use asset.

	1 January 2023	Appreciation within the period	31 December 2023
<u>Cost Value</u>			
Buildings	61.276.934	8.688.404	69.965.338
Total			
<u>Accumulated Depreciation</u>			
Buildings	(19.083.897)	(6.669.828)	(25.753.725)
Total	(19.083.897)	(6.669.828)	(25.753.725)
Net Value	42.193.037	2.018.576	44.211.613

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****for the Year Ended December 31, 2023***(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)***14 Leasing Transactions (continued)****Right of Use Assets (continued)**

	1 January 2022	Appreciation within the period	31 December 2022
<u>Cost Value</u>			
Buildings	57.849.837	3.427.097	61.276.934
Total	57.849.837	3.427.097	61.276.934
<u>Accumulated Depreciation</u>			
Buildings	(13.685.513)	(5.398.384)	(19.083.896)
Total	(13.685.513)	(5.398.384)	(19.083.896)
Net Value	44.164.324	(1.971.287)	42.193.037

Liabilities from Lease Transactions

As of 31 December 2023 and 31 December 2022, the details of liabilities from lease transactions are as follows:

	31 December 2023	31 December 2022
Liabilities from Lease Transactions (short-term)	1.761.477	1.316.465
Liabilities from Lease Transactions (long-term)	12.858.731	13.154.351
Total	14.620.208	14.470.816

The movements of liabilities from lease transactions for the years ending 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Opening balance	14.470.816	21.059.694
Payments	(3.532.052)	(2.848.861)
Interest expense (Note 23)	2.155.043	1.751.633
Increase	8.688.404	3.427.096
Monetary Loss / Earnings	(7.162.003)	(8.918.746)
Balance at end of the period	14.620.208	14.470.816

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****for the Year Ended December 31, 2023***(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)***15 Provisions, Contingent Assets and Liabilities****a) Provisions**

The details of provisions allocated by the Group as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Provision For Guarantee (*)	46.318.593	43.545.127
Provision For Litigation (**)	5.618.850	6.761.104
Short-term Provision	51.937.443	50.306.231

(*) The movements of provisions for warranty expenses by periods are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	43.545.127	53.619.252
Appreciation within the period	25.432.587	12.715.321
Monetary Loss / Earnings	(22.659.121)	(22.789.446)
Balance at end of the period	46.318.593	43.545.127

(**) The movements of provisions for legal claims by periods are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	6.761.104	23.552.919
Appreciation / (Depreciation) within the period	1.937.774	(8.835.397)
Monetary Loss / Earnings	(3.080.028)	(7.956.418)
Balance at end of the period	5.618.850	6.761.104

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****for the Year Ended December 31, 2023***(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)***15****Provisions, Contingent Assets and Liabilities (continued)****b) Collateral - Pledge - Mortgages - Guarantees ("CPM")**

The total and breakdown of types of letters of guarantee issued by the Group as of 31 December 2023 and 31 December 2022 are shown below.

Grup Tarafından Verilen TRİ'ler (TL Cinsinden)	31 December 2023	31 December 2022
A. Total Amount of GPMs Given for own Legal personality	50.615.264	46.871.158
B. The total amount of GPM's provided for entities included in full consolidation scope.	--	--
C. The total amount of GPM's provided to secure the debts of third parties for the purpose of conducting ordinary commercial activities (*)	2.532.932.480	5.225.891.887
D. The total amount of other provided GPM's	--	--
i. Total amount of GPM's provided in favor of the parent company	--	--
ii. Total amount of GPM's provided in favor of other group companies not covered under items B and C	--	--
iii. Total amount of GPM's provided in favor of third parties not covered under item C	--	--
Total	2.583.547.744	5.272.763.045

The monetary positions of the letters of guarantee issued by the Group as of 31 December are shown below.

	31 December 2023	31 December 2022
Turkish Liras	2.557.157.575	5.270.206.738
USD	26.390.169	876.526
Euro	--	1.679.781
Total	2.583.547.744	5.272.763.045

(*) Group and Ziraat Bankası ("Bank") signed an agreement in December 2010. Under this agreement, if a customer who purchases a tractor through a Tümosan tractor dealer (Dealer) network using credit facilitated by the Bank fails to repay this credit, the Bank has the right to request from the Group the difference between 75% of the determined comprehensive insurance value for the tractor by the Association of Turkish Insurance and Reinsurance Companies and the income from the sale of the tractor through enforcement. However, the Company reflects any difference requested by the Bank directly to the relevant dealer who made the tractor sale. Therefore, while the collateral mentioned above is provided to the Bank by the Company, the liability is ultimately transferred to the Dealer

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16 Employee Benefits

Employee Benefits Payable

As of 31 December 2023 and 31 December 2022, the details of short-term liabilities related to benefits provided to employees are as follows:

	31 December 2023	31 December 2022
Payable to personnel	17.946.353	15.830.186
Social security will be paid	15.810.534	6.239.838
Tax and funds will be paid	5.701.753	3.978.650
Total	39.458.640	26.048.674

Short-term Provisions to Employee Benefits

As of 31 December 2023 and 31 December 2022, the short-term provisions for benefits provided to employees are as follows:

	31 December 2023	31 December 2022
Provision of leave	11.998.128	11.395.491
Total	11.998.128	11.395.491

The movement of provisions for accrued leave over the years is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	11.395.491	9.312.507
Make provision within the period	6.498.079	6.677.630
Monetary Loss / Earnings	(5.895.442)	(4.594.646)
Balance at end of the period	11.998.128	11.395.491

The Group is obligated to pay its employees or their beneficiaries the unused annual leave pay corresponding to the accrued but untaken annual leave days at the date of termination of the employment contract, based on the salary at the date of termination. The liability for unused leave is the undiscounted total obligation as of the reporting date for all employees for their entitled but untaken leave days.

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Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

16 Employee Benefits (continued)

Long-term Provisions to Employee Benefits

As of 31 December 2023 and 31 December 2022, the long-term provisions for benefits provided to employees are as follows:

	31 December 2023	31 December 2022
Employee Termination Provision	22.372.086	25.397.025
Total	22.372.086	25.397.025

Within the framework of current laws in Turkey, the Group is obliged to make severance payments to its employees who have completed one year of service and are terminated without any valid reason, called up for military service, deceased, reached the required years of service for retirement, or reached retirement age. The severance pay to be paid is equivalent to one month's salary for each year of service, capped at 23,490 TL as of December 31, 2023, and 15,371 TL as of December 31, 2022.

Severance pay obligations are not legally subject to any funding. The provision for severance pay is calculated by estimating the present value of the Group's potential liability arising from employees' retirement. TAS 19 ("Employee Benefits") envisages the development of company obligations using actuarial valuation methods under defined benefit plans. Accordingly, the actuarial assumptions used in calculating the total liabilities are as follows:

Interest rate	31 December 2023	31 December 2022
Interest rate	27,05%	22,30%
Expected inflation rate	23,20%	19,30%
Net Discount rate	3,12%	2,51%

The main assumption is that the maximum liability amount per year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for future inflation effects. Hence, as of December 31, 2023, provisions in the attached financial statements are calculated by estimating the present value of the potential liability arising from employees' retirement in the future.

The movements of the severance pay provision during the year are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	25.397.025	17.413.749
Cost of Service	5.079.637	3.170.860
Interest Cost	6.051.647	6.604.263
Actuarial (loss)/gain	9.390.969	10.428.439
Payments	(15.926.979)	(4.681.738)
Monetary (loss)/gain	(7.620.213)	(7.538.548)
Closing balance	22.372.086	25.397.025

17 Other Assets and Liabilities

The details of other current assets of the Group as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Deferred VAT	211.717.312	154.535.370
Other	37.486	45.197
Total	211.754.798	154.580.567

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

18 Capital, Reserves and Other Equity Components

Share Capital

The capital structure of the Group as of December 31, 2023, and December 31, 2022, is as follows:

	31 December 2023		31 December 2022	
	Share rate %	Share amount (TL)	Share rate %	Share amount (TL)
Ereğli Tekstil	60,87%	70.000.000	60,87%	70.000.000
Public offer	28,69%	12.001.285	28,69%	32.998.715
Other	10,44%	32.998.715	10,44%	12.001.285
Share Capital	100,00%	115.000.000	100,00%	115.000.000
Capital adjustment differences		1.046.518.492		1.046.518.492
Total		1.161.518.492		1.161.518.492

As of December 31, 2023, the entire capital of the Group has been paid, consisting of 115,000,000 shares with a nominal value of 1 TL each, totaling 115,000,000 TL. (December 31, 2022 - Capital: 115,000,000 TL and 115,000,000 shares with a nominal value of 1 TL each).

Restricted Reserves on Retained Earnings

According to Article 519 of the Turkish Commercial Code ("TCC") No. 6102, companies allocate as a general legal reserve up to 5% of their annual profits and 20% of their paid-up capital until the total reaches. If there are losses from previous years, they are deducted from the 5% calculation based on annual profit. Pursuant to Article 519(c) of the TCC, after distributing a dividend of 5% to shareholders, an additional 10% of the amount allocated for distribution to shareholders and other persons participating in the profits is added to the general legal reserve.

The Accumulated Other Comprehensive Income or Expenses not to be Reclassified into Profit or Loss

The accumulated other comprehensive income or expenses not to be reclassified into profit or loss for the Group as of December 31, 2023, and December 31, 2022, are as follows:

Actuarial Differences

	31 December 2023	31 December 2022
Defined Benefit Plans – Remeasurement (Losses) Gains	(15.385.976)	(8.342.749)
Total	(15.385.976)	(8.342.749)

The comparison of relevant equity items presented on a inflation-adjusted basis in the consolidated financial statements of the Company as of December 31, 2023, with the inflation-adjusted amounts in the consolidated financial statements prepared in accordance with legal regulations is as follows:

	Inflation-adjusted amounts in financial statements prepared in accordance with legal regulations	Inflation-adjusted amounts in financial statements prepared in accordance with TFRS	Difference in retained earnings from previous years
Capital Adjustment Differences	1.775.120.233	1.046.518.492	728.601.741
Appropriated Restricted Reserves	423.197.622	122.586.013	300.611.609

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****for the Year Ended December 31, 2023**

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

19 Revenue

The statement of revenue and cost of goods sold for the years ended December 31, 2023, and December 31, 2022, is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Domestic Sales	7.925.149.865	6.786.891.592
Foreign Sales	72.952.419	114.046.112
Other Sales	--	64.837.064
Gross Revenue	7.998.102.284	6.965.774.768
Sales Returns and Allowances (-)	(13.393.724)	(19.246.295)
Revenue	7.984.708.560	6.946.528.473

Cost of Sales	1 January- 31 December 2023	1 January- 31 December 2022
Cost of product sold	(5.646.691.036)	(5.457.640.762)
- Personnel expenses	(127.145.708)	(75.170.131)
- Depreciation expenses	(201.744.005)	(189.987.538)
- Other expenses	(5.317.801.323)	(5.192.483.093)
Cost of trade goods sold	(311.490.108)	(289.332.285)
Other cost of sales	(223.517)	--
Cost of Sales	(5.958.404.661)	(5.746.973.047)
Gross Profit	2.026.303.899	1.199.555.426

The breakdown of revenue by product is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Tractor Sales	6.897.545.293	6.335.837.119
Spare Parts Sales	451.977.106	65.186.461
Engine Sales	164.029.858	146.569.091
Construction Machinery Sales	44.212.931	71.977.187
Agricultural Machinery Sales	8.301.564	5.423.671
Other Sales	418.641.808	321.534.944
Total Revenue	7.984.708.560	6.946.528.473

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****for the Year Ended December 31, 2023**

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

20 Operating Expenses***General administrative expenses***

The general administrative expenses for the years ended December 31, 2023, and December 31, 2022, are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel Expenses	61.215.698	34.415.554
Depreciation and Amortization Charges	20.203.130	13.041.020
Consultancy Expenses	4.566.910	2.822.747
Information Technology Material Expenses	3.425.465	4.576.765
Energy, Fuel, and Water Expenses	3.309.377	3.291.254
Rent Expenses	2.742.867	2.036.297
Travel and Accommodation Expenses	2.103.123	1.906.317
Other Expenses	17.225.729	18.225.688
Total	114.792.299	80.315.642

Marketing, Selling and Distribution Expenses

The marketing, sales, and distribution expenses for the years ended December 31, 2023, and December 31, 2022, are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Commission and Bonus Expenses	318.560.924	478.182.240
After-sales Service Warranty Expenses	128.975.294	88.982.959
Sales Transportation Expenses	58.970.673	49.435.858
Advertising and promotion expenses	47.225.231	7.830.253
Personnel Expenses	46.439.347	25.753.080
Depreciation and Amortization Charges	4.680.891	6.815.162
Other Expenses	44.028.096	29.503.610
Total	648.880.456	686.503.162

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****for the Year Ended December 31, 2023**

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

20 Operating Expenses (continued)**Research and development expenses**

The research expenses for the years ended December 31, 2023, and December 31, 2022, are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel Expenses	38.037.513	37.853.098
Depreciation and Amortization Charges	35.764.518	10.401.111
Information Technology Material Expenses	12.834.852	6.446.298
Project and Study Expenses	2.628.848	1.419.960
Initial Material and Supplies Expenses	2.221.628	2.854.151
Other Expenses	11.549.742	7.792.824
Total	103.037.101	66.767.442

21 Expenses by Nature

The personnel expenses for the years ended December 31, 2023, and December 31, 2022, are as follows:

Personnel Expenses	1 January- 31 December 2023	1 January- 31 December 2022
Cost of Sales (Note 19)	127.145.708	75.170.131
General administrative expenses (Note 20)	61.215.698	34.415.554
Marketing, selling and distribution expenses (Note 20)	46.439.347	25.753.080
Research and development expenses (Note 20)	38.037.513	37.853.098
Total	272.838.266	173.191.863

The depreciation and amortization expenses for the years ended December 31, 2023, and December 31, 2022, are as follows

Depreciation ann Amortization	1 January- 31 December 2023	1 January- 31 December 2022
Cost of Sales (Note 19)	201.744.005	189.987.538
Research and development expenses (Note 20)	35.764.518	10.401.111
General administrative expenses (Note 20)	20.203.130	13.041.020
Marketing, selling and distribution expenses (Note 20)	4.680.891	6.815.162
Total	262.392.544	220.244.831

The fees for services obtained from the Independent Auditor/Audit Firm

The disclosure of fees related to services provided by independent audit firms based on the Council's decision published in the Official Gazette on March 30, 2022, and the principles of preparation dated August 19, 2022, according to the Public Oversight, Accounting and Auditing Standards Authority (POA), is as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Independent Audit Fee for Reporting Period	895.008	267.756
Fees for Tax Advisory Services	--	--
Fees for Other Assurance Services	--	--
Fees for Non-audit Services	--	--
Total	895.008	267.756

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****for the Year Ended December 31, 2023**

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22 Income and Expense from Activities**Other Incomes**

In the years ending on December 31, 2023, and December 31, 2022, the group's other income from main activities is as follows:

Other Incomes	1 January- 31 December 2023	1 January- 31 December 2022
Scrap and Raw Material Sales Profits	13.446.612	17.034.889
Profits from Sale of Property, Plant, and Equipment	10.994.125	2.742.538
Rental Income	1.692.470	1.572.132
Provisions no longer required	67.897	8.503.890
Rediscount expenses	--	4.940.785
Other	67.130.571	33.629.523
Total	93.331.675	68.423.757

Other Expenses

In the years ending on December 31, 2023, and December 31, 2022, the group's other expenses from main activities are as follows:

Other Expenses	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange loss	80.157.688	60.513.836
Donations and grants	60.899.349	4.660.753
Interest expenses on discounted notes	554.426	--
Other	35.253.648	24.904.506
Total	176.865.111	90.079.095

23 Financial Income and Expenses**Financial Income**

In the years ending on December 31, 2023, and December 31, 2022, the group's financial income is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Interest Income	97.640.574	46.732.241
Total	97.640.574	46.732.241

Financial Expenses

In the years ending on December 31, 2023, and December 31, 2022, the group's financial expenses are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Interest Expenses	256.096.730	164.475.156
Interest Expenses from Lease Transactions (Note 14)	2.155.043	1.751.633
Total	258.251.773	166.226.789

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

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24 Income and Expense from Investment Activities

In the years ending on December 31, 2023, and December 31, 2022, the group's income from investment activities is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Earnings from Financial Earnings	137.892.087	120.784.007
Total	137.892.087	120.784.007

25 Income Taxes

As of December 31, 2023, the corporate tax rate applied to the Group operating in Turkey is 25% (December 31, 2022: 23%). The corporate tax rate is applied to the taxable income of companies after adding non-deductible expenses and deducting the exemptions specified in tax laws.

According to the Corporate Tax Law, gains from the sale of shares in subsidiaries, founders' shares, usufruct certificates, and pre-emptive rights held for at least two years, as well as gains from the sale of immovables held for the same period after December 5, 2018, will be exempt from tax if 75% of the gain from such sales is recorded in equity accounts within five years from the sale date. The remaining 50% of the gain is subject to corporate tax.

Additionally, there is a withholding tax obligation on dividend distributions, which is accrued at the time of dividend payment. A withholding tax rate of 15% is applied to dividend payments made to non-resident corporations and individuals, excluding dividends paid to resident corporations and individuals through a permanent establishment or representative office in Turkey. The application of withholding tax rates for dividends distributed to non-resident corporations and individuals takes into account the relevant Double Taxation Avoidance Agreements.

Under Turkish tax legislation, tax losses can be carried forward for five years to offset against future taxable profits, but they cannot be carried back.

There is no practice of obtaining agreement with tax authorities regarding taxes to be paid in Turkey. Corporate tax returns must be filed within four months following the end of the accounting period. Tax authorities are authorized to examine tax returns and the accounting records underlying them for up to five years from the beginning of the year following the submission of the returns and may conduct reassessments based on their findings.

Tax losses can be carried forward to future taxable years starting from the year in which the loss occurred. If tax losses are reported to the tax authorities for four consecutive tax periods, the tax authorities gain the right to conduct unplanned audits.

Transfer Pricing Regulation

The Corporate Tax Law addresses the issue of transfer pricing under the title of 'hidden profit distribution through transfer pricing' in Article 13. The General Communiqué on hidden profit distribution through transfer pricing, published on November 18, 2007, sets out the details of the practice.

If taxpayers engage in transactions for the purchase or sale of goods, products, or services with related parties that are not priced according to the arm's length principle, then the profits attributable to such transactions may be deemed as concealed profit distribution through transfer pricing. Such concealed profit distributions through transfer pricing cannot be deducted from the corporate tax base.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****for the Year Ended December 31, 2023***(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)***25****Income Taxes (continued)****Tax Expense**

The details of tax income/expenses for the years ending on December 31, 2023, and December 31, 2022, are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Accounted for in Profit or Loss:</u>		
Current Period Tax Expense:		
Current Tax Expense	(404.757.607)	(266.274.379)
Deferred Tax Income / (Expense):		
Arising from Temporary Differences	(159.748.549)	(65.776.326)
	(564.506.156)	(332.050.705)
<u>Accounted for in Comprehensive Income Statement:</u>		
Deferred Tax Income / (Expense):		
Tax Effects of Actuarial Gains	2.347.742	2.085.688
	2.347.742	2.085.688
Total Tax Income / (Expense)	(562.158.414)	(329.965.017)

Current Period Tax Liability

The details of the current period tax liability recorded are as follows:

	31 December 2023	31 December 2022
Liabilities Related to Current Period Tax Payable	(82.643.346)	(123.546.733)
Balance at 31 December	(82.643.346)	(123.546.733)

The reconciliation of the current period tax liability recorded with the movements throughout the year is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Balance at 1 January	123.546.733	30.630.846
Calculated Corporate Tax	404.757.607	266.274.379
Paid Corporate Tax	(370.680.995)	(166.490.494)
Monetary Gains and Losses	(74.979.999)	(6.867.998)
Balance at 31 December	82.643.346	123.546.733

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****for the Year Ended December 31, 2023**

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25**Income Taxes (continued)****Reconciliation of the effective tax rate**

The reported tax provision for the years ending on December 31, 2023, and December 31, 2022, differs from the amount calculated using the statutory tax rate on pre-tax income. The relevant reconciliation schedule is as follows:

		2023		2022
Net Profit for the Period		721.718.231		387.206.712
Deduction: Current Period Tax Expense		(564.506.156)		(332.050.705)
Pre-tax Profit	%	1.286.224.387	%	719.257.417
Corporate Tax Calculated at Statutory Rate	25%	(321.556.097)	23%	(165.429.206)
Expenses Not Legally Recognized	1,6%	(20.823.012)	1%	(4.912.607)
Exemptions and Deductions	(9)%	114.164.517	(8)%	56.272.757
Inflation Accounting Effects According to TPL	(8)%	108.578.585	--	--
Different Tax Rates, Inflation Effects, and Others	35%	(444.870.149)	30%	(217.981.649)
Total Tax Income Accounted for in Profit or Loss	44%	(564.506.156)	46%	(332.050.705)

Deferred Tax

The Group accounts for deferred tax assets and liabilities arising from temporary timing differences resulting from differences between tax-based consolidated financial statements and consolidated financial statements prepared according to TFRS. These differences typically arise from certain income and expense items being recognized in different periods in the tax-based consolidated financial statements compared to those prepared according to TFRS, and such variances are detailed on the following page.

The tax rate used for deferred tax assets and liabilities in the consolidated financial statements dated December 31, 2023, is 25%.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Condensed Consolidated Financial Statements for the Year Ended 31 December 2023

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

25 Income Taxes (continued)

Deferred Tax (continued)

The recorded deferred tax assets and liabilities

The recorded deferred tax assets and liabilities as of December 31, 2023, and December 31, 2022, consist of the following items:

	<u>Assets</u>		<u>Liabilities</u>		<u>Deferred Tax Assets and Liabilities</u>	
	2023	2022	2023	2022	2023	2022
Adjustment of tangible and intangible	--	--	(594.906.466)	(431.907.652)	(594.906.466)	(431.907.652)
Adjustments related to inventories	--	--	(12.581.921)	(23.238.641)	(12.581.921)	(23.238.641)
Warranty provisions	11.579.648	8.709.025	--	--	11.579.648	8.709.025
Severance pay	5.593.022	5.079.405	--	--	5.593.022	5.079.405
Provisions for doubtful debts	3.413.347	4.838.794	--	--	3.413.347	4.838.794
Accrued expenses for future months	2.971.377	--	--	(507.725)	2.971.377	(507.725)
Leave provisions	2.999.532	2.279.097	--	--	2.999.532	2.279.097
Provisions for legal disputes	1.292.986	1.259.791	--	--	1.292.986	1.259.791
Leases	--	--	(7.397.851)	(5.544.443)	(7.397.851)	(5.544.443)
Impairment adjustments	305.508	342.874	--	--	305.508	342.874
Re-Discounting	--	--	(289.478)	(564.293)	(289.478)	(564.293)
Bank Loans	--	271.613	(4.840.661)	--	(4.840.661)	271.613
Other	--	--	(9.361.999)	(4.839.994)	(9.361.999)	(4.839.994)
Total Deferred Tax Asset /(Liability)	28.155.420	22.780.599	(629.378.376)	(466.602.748)	(601.222.956)	(443.822.149)
Tax amount offsettable	(28.155.420)	(22.780.599)	28.155.420	22.780.599	--	--
Net Deferred Tax Asset /(Liability)	--	--	(601.222.956)	(443.822.149)	(601.222.956)	(443.822.149)

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Condensed Consolidated Financial Statements for the Year Ended 31 December 2023**

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

25 Income Taxes (continued)**Deferred Tax (continued)****Deferred Tax Assets and Liabilities**

The table below shows the movements of deferred tax assets and liabilities as of December 31, 2023, and December 31, 2022:

	31 December 2023	31 December 2022
Deferred Tax Assets	--	--
Deferred Tax Liability	(601.222.956)	(443.822.149)
Balance at 31 December	(601.222.956)	(443.822.149)

The recorded deferred tax asset and liability along with the movements throughout the year are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Balance at 1 January	(443.822.149)	(380.131.511)
Recognized in Profit or Loss	(159.748.549)	(65.776.326)
Recognized in Other Comprehensive Income	2.347.742	2.085.688
Balance at 31 December	(601.222.956)	(443.822.149)

26 Earnings Per Share

Earnings per share is calculated by dividing the net profit for the current period by the weighted average number of outstanding shares traded during the period. In Turkey, companies have the right to increase their capital through bonus share distributions, which may be funded from revaluation reserve or retained earnings. During the calculation of earnings per share, such increases are considered as shares distributed as dividends. Similarly, profit distributions added to the capital are evaluated in the same manner. Therefore, when calculating the weighted average number of shares, it is assumed that these types of shares are in circulation throughout the entire year. Consequently, the weighted average number of shares used in calculating earnings per share takes into account retrospective effects.

	1 January- 31 December 2023	1 January- 31 December 2022
The Weighted Average Number of Shares in Existence during the Period (each 1 TL)	115.000.000	115.000.000
Net Profit for the Period	721.718.231	387.206.712
Earnings per share (TL)	6,28	3,37

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Year Ended December 31, 2023

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27 Financial Instruments- Risk Management and Fair Value

Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity risk
- Market risk

This note presents information about The Group's exposure to each of the above risks, The Group's objectives, policies and processes for measuring and managing risk, and The Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Financial risk management is carried out by each subsidiary within the framework of policies approved by the Group's Board of Directors, in accordance with the general principles set by the Group.

Risk management system

The Group's risk management policies are designed to identify and analyze the risks faced by the Group, set appropriate risk limits and controls, and monitor adherence to these limits. These policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Through training and management standards and procedures, the Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Condensed Consolidated Financial Statements for the Year Ended 31 December 2023**

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

27 Financial Instruments- Risk Management and Fair Value (continued)**Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations, and it arises principally from the Group's receivables from customers.

Exposure to Credit Risk:

The carrying amount of financial assets represents the Group's maximum exposure to credit risk. The details of the maximum exposure to credit risk as of December 31 are shown in the following tables:

	Trade Receivables		Other Receivables		Cash and Cash Equivalents
31 December 2023	Related Parties	Other	Related Parties	Other	Maturity in Banks
The maximum credit risk exposure as of the reporting date (A+B+C+D) (1)	561.640.537	1.069.812.572	191.207	4.457.217	296.626.561
-Part of maximum risk taken under guarantee with collaterals	--	566.909.047	--	--	--
A. Net book value of financial assets that are neither past due nor impaired (2)	561.640.537	1.069.812.572	191.207	4.457.217	296.626.561
B. The book value of overdue but not impaired financial assets	--	--	--	--	--
C. Net book values of impaired assets (3)	--	--	--	--	--
- Overdue (gross book value)	--	19.553.063	--	--	--
- Impairment (-)	--	(19.553.063)	--	--	--
- Portion secured by collateral, etc.	--	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Portion secured by collateral, etc.	--	--	--	--	--
D. Elements containing credit risk outside the balance sheet	--	--	--	--	--

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Consolidated Financial Statements****for the Year Ended December 31, 2023***(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)***27 Financial Instruments- Risk Management and Fair Value (continued)****Credit Risk (continued)**

	Trade Receivables		Other Receivables		Cash and Cash Equivalents
31 December 2022	Related Parties	Other	Related Parties	Related Parties	Bankalardaki Mevduat
The maximum credit risk exposure as of the reporting date (A+B+C+D) (1)	293.956.683	537.917.503	17.305.088	8.583.382	645.245.300
-Part of maximum risk taken under guarantee with collaterals	--	63.768.438	--	--	--
A. Net book value of financial assets that are neither past due nor impaired (2)	293.956.683	537.917.503	17.305.088	8.583.382	645.245.300
B. The book value of overdue but not impaired financial assets	--	--	--	--	--
C. Net book values of impaired assets (3)	--	--	--	--	--
- Overdue (gross book value)	--	32.525.737	--	--	--
- Impairment (-)	--	(32.525.737)	--	--	--
- Portion secured by collateral, etc.	--	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Portion secured by collateral, etc.	--	--	--	--	--
D. Elements containing credit risk outside the balance sheet	--	--	--	--	--

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

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for the Year Ended December 31, 2023

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27 Finansal Instruments- Risk Management and Fair Value (continued)

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damaging the Group's reputation.

The Group aims to maintain sufficient cash to cover expected operating expenses, including the servicing of financial obligations, except in exceptional circumstances such as natural disasters.

The maturities of the Group's financial liabilities, including estimated interest payments, as of December 31, 2023, and December 31, 2022, are as follows:

31 December 2023	Book Value	Total cash outflows according to contract or expected maturities (=I+II+III)	Less than 3 month (I)	3-12 month (II)	Longer than 1 year (III)
<u>Maturities according to contract or expected maturities</u>					
Non-Derivative Financial Assets					
Bank loan	1.415.305.003	1.605.299.507	389.238.138	970.434.466	245.626.903
Trade payables	1.217.433.846	1.218.704.690	1.218.704.690	--	--
Employee Benefit	39.458.640	39.458.640	39.458.640	--	--
Other payables	22.084.563	22.084.563	22.084.563	--	--
Lease transactions	14.620.208	22.966.959	844.762	2.961.464	19.160.733
Total	2.708.902.260	2.908.514.359	1.670.330.793	973.395.930	264.787.636

31 December 2022	Book Value	Total cash outflows according to contract or expected maturities (=I+II+III)	Less than 3 month (I)	3-12 month (II)	Longer than 1 year (III)
<u>Maturities according to contract or expected maturities</u>					
Non-Derivative Financial Assets					
Bank loan	882.591.154	910.209.542	368.256.303	470.495.551	71.457.688
Trade payables	1.252.628.576	1.258.215.294	1.252.079.378	6.135.916	--
Employee Benefit	26.048.674	26.048.674	26.048.674	--	--
Other payables	16.410.319	16.410.319	15.835.706	--	574.613
Lease transactions	14.470.816	24.122.499	760.885	2.672.403	20.689.211
Total	2.192.149.539	2.235.006.328	1.662.980.946	479.303.870	92.721.512

It is not expected that cash flows included in the maturity analysis will occur significantly earlier or in different amounts.

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

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for the Year Ended December 31, 2023

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27 Financial Instruments- Risk Management and Fair Value (continued)

Market Risk

Market risk is the risk that changes in exchange rates, interest rates, or the prices of securities traded in financial markets will affect the Group's income or the value of its financial assets. Market risk management aims to control exposure to market risks within acceptable limits while optimizing returns.

(i) Currency Risk

The Group is exposed to currency risk due to purchases made in foreign currencies and bank loans. The Group manages currency risk by entering into forward foreign exchange contracts and foreign currency options.

As of December 31, 2023, the foreign currency denominated monetary assets and liabilities are as follows:

	31 December 2023			
	TL Equivalent	USD	EURO	GBP
1. Trade receivables	38.405.074	762.083	490.292	--
2a. Monetary assets (including cash on hands and banks)	76.263	2.470	109	--
2b. Non-monetary financial assets	18.512.725	--	568.330	--
3. Other	1.974.848	1.962	--	51.202
4. Current Assets (1+2+3)	58.968.910	766.515	1.058.731	51.202
5. Trade receivables	--	--	--	--
6a. Monetary assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-Current Assets (5+6+7)	--	--	--	--
9. Total Assets (4+8)	58.968.910	766.515	1.058.731	51.202
10. Trade payables	165.871.810	1.266.168	3.938.726	--
11. Financial liabilities	10.825.666	367.080	--	--
12a. Other monetary financial liabilities	153.318.550	928.432	3.859.266	--
12b. Other non-monetary financial liabilities	--	--	--	--
13. Short-Term Liabilities (10+11+12)	330.016.026	2.561.680	7.797.992	--
14. Trade payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
16a. Other monetary financial liabilities	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--
17. Long-Term Liabilities (14+15+16)	--	--	--	--
18. Total Liabilities (13+17)	330.016.026	2.561.680	7.797.992	--
19. Net asset / (liability) position of non-balance sheet currency derivatives (19a-19b)	--	--	--	--
19a. Amount of active-character non-balance sheet currency derivative instruments	--	--	--	--
19a. Amount of passive-character non-balance sheet currency derivative instruments	--	--	--	--
20. Net foreign currency asset / (liability) position (9-18+19)	(271.047.116)	(1.795.165)	(6.739.261)	51.202
21. Monetary items net foreign currency asset / (liability) position (TFRS 7.B23) (=1+2a+3+5+6a-10-11-12a-14-15-16a)	(271.047.116)	(1.795.165)	(6.739.261)	51.202
22. Fair value of foreign currency hedged financial assets	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries

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(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

27 Financial Instruments- Risk Management and Fair Value (continued)

Market Risk (continued)

(i) Currency Risk (continued)

As of December 31, 2022, the foreign currency denominated monetary assets and liabilities are as follows:

	31 December 2022			
	TL Equivalent	USD	EURO	GBP
1. Trade Receivables	27.641.377	816.496	620.735	--
2a. Monetary Assets (Including cash on hands and banks)	1.155.059	58.977	2.623	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	50.228.073	793.721	1.775.120	--
4. Current Assets (1+2+3)	79.024.509	1.669.194	2.398.478	--
5. Trade receivables	--	--	--	--
6a. Monetary assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-Current Assets (5+6+7)	--	--	--	--
9. Total Assets (4+8)	79.024.509	1.669.194	2.398.478	--
10. Trade payables	36.459.662	538.000	1.321.021	--
11. Financial liabilities	--	--	--	--
12a. Other monetary financial liabilities	27.020	--	1.353	--
12b. Other non-monetary financial liabilities	83.944.197	723.631	3.524.603	--
13. Short-Term Liabilities (10+11+12)	120.430.880	1.261.631	4.846.977	--
14. Trade Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
16a. Other monetary financial liabilities	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--
17. Long-Term Liabilities (14+15+16)	--	--	--	--
18. Total Liabilities (13+17)	120.430.880	1.261.631	4.846.977	--
19. Net asset / (liability) position of non-balance sheet currency derivatives (19a-19b)	--	--	--	--
19a. Amount of active-character non-balance sheet currency derivative instruments	--	--	--	--
19a. Amount of passive-character non-balance sheet currency derivative instruments	--	--	--	--
20. Net foreign currency asset / (liability) position (9-18+19)	(41.406.371)	407.563	(2.448.499)	--
21. Monetary items net foreign currency asset / (liability) position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	42.537.827	1.131.194	1.076.104	--
22. Fair value of foreign currency hedged financial assets	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--

Tümosan Motor ve Traktör Sanayi A.Ş. and its Subsidiaries**Notes to the Condensed Consolidated Financial Statements for the Year Ended 31 December 2023**

(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

27 Financial Instruments- Risk Management and Fair Value (continued)**Market Risk (continued)****(i) Currency Risk (continued)***Sensitivity Analysis*

The table below shows the increase in equity and profit/loss that would result from a 10% depreciation of the TL against the specified foreign currencies as of December 31, 2023, and December 31, 2022. This analysis assumes that all other variables, particularly interest rates, remain constant.

31 December 2023		
	Profit/ (Loss)	
	Appreciation of Foreing Currency	Depreciation of Foreing Currency
In the case of change of USD at 10% ratio compared to TL;		
1- USD net asset / liability	(5.298.230)	5.298.230
2- Part of hedged from USD risk (-)		
3- USD net effect (1+2)	(5.298.230)	5.298.230
In the case of change of EUR at 10% ratio compared to TL		
4- EUR net asset / liability	(21.998.179)	21.998.179
5- Part of hedged from EUR risk (-)	--	--
6- EUR net effect (4+5)	(21.998.179)	21.998.179
In the case of change of GBP at 10% ratio compared to TL		
7- GBP net asset / liability	191.702	(191.702)
8- Part of hedged from EUR risk (-)	--	--
9- GBP net effect (7+8)	191.702	(191.702)
TOTAL (3+6+9)	(27.104.707)	27.104.707

31 December 2022		
	Profit/ (Loss)	
	Appreciation of Foreing Currency	Depreciation of Foreing Currency
In the case of change of USD at 10% ratio compared to TL;		
1- USD net asset / liability	762.074	(762.074)
2- Part of hedged from USD risk (-)	--	
3- USD net effect (1+2)	762.074	(762.074)
In the case of change of EUR at 10% ratio compared to TL		
4- EUR net asset / liability	(4.881.058)	4.881.058
5- Part of hedged from EUR risk (-)	--	
6- EUR net effect (4+5)	(4.881.058)	4.881.058
TOTAL (3+6)	(4.118.984)	4.118.984

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27 Finansal Instruments- Risk Management and Fair Value (continued)**Market Risk (continued)****(ii) Interest Rate Risk**

The Group's activities expose it to the risk of changes in interest rates, as its interest-bearing assets and liabilities mature or are repriced at different times or in different amounts. The Group manages this risk by balancing its interest rate-sensitive assets and liabilities as a natural hedge and through limited use of derivative instruments.

As of December 31, 2023, and December 31, 2022, the details of the Group's interest rate-sensitive financial instruments are as follows:

	Recorded Value	
	31 December 2023	31 December 2022
Fixed Interest Instruments		
Financial Assets		
Othe receivables from related parties (Note 3)	191.207	17.305.088
-Cash and cash equivalents (Note 4)	296.626.561	645.245.300
Financial liabilities		
-Borrowings (Note 6)	(1.415.305.003)	(882.591.154)

Sensitivity Analysis of Fair Value for Fixed-Rate Financial Instruments

The Group has not accounted for any fixed-rate financial assets or liabilities under financial assets at fair value through profit or loss, and has not developed any derivative instruments (such as interest rate swaps) for hedging purposes according to the fair value hedge accounting model. Therefore, as of the reporting date, any changes in interest rates will not have an impact on profit or loss.

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27 Finansal Instruments- Risk Management and Fair Value (continued)**Fair Value**

The Group has calculated the fair values of financial instruments using available market information and appropriate valuation methods. However, since judgment is required to determine fair value, the fair value measurements may not reflect the values that would be realized under current market conditions. The Group management has assumed that the carrying values of financial assets and liabilities measured at amortized cost, including receivables from cash and banks, other financial assets, and short-term financial liabilities, are close to their fair values due to their short-term nature and the insignificance of potential losses.

31 December 2023	Financial assets shown at amortized cost	Fair value difference reflected in profit or loss	Financial liabilities shown at amortized cost	Book value	Fair Value
<u>Financial Assets</u>					
Cash and Cash Equivalents	296.626.561	--	--	296.626.561	296.626.561
Trade Receivables	1.631.453.109	--	--	1.631.453.109	1.631.453.109
Other Receivables	4.648.424	--	--	4.648.424	4.648.424
Financial Investments	--	510.458.461	--	510.458.461	510.458.461
<u>Financial Liabilities</u>					
Financial Liabilities	--	--	1.415.305.003	1.415.305.003	1.415.305.003
Trade Payables	--	--	1.217.433.846	1.217.433.846	1.217.433.846
Other Payables	--	--	22.084.563	22.084.563	22.084.563
Payables from Lease Transactions	--	--	14.620.208	14.620.208	14.620.208
Employee Benefits Payables	--	--	39.458.640	39.458.640	39.458.640

31 December 2022	Financial assets shown at amortized cost	Fair value difference reflected in profit or loss	Financial liabilities shown at amortized cost	Book value	Fair Value
<u>Financial Assets</u>					
Cash and Cash Equivalents	645.245.300	--	--	645.245.300	645.245.300
Trade Receivables	831.874.186	--	--	831.874.186	831.874.186
Other Receivables	25.888.470	--	--	25.888.470	25.888.470
Financial Investments	--	415.782.374	--	415.782.374	415.782.374
<u>Financial Liabilities</u>					
Financial Liabilities	--	--	882.591.154	882.591.154	882.591.154
Trade Payables	--	--	1.252.628.576	1.252.628.576	1.252.628.576
Other Payables	--	--	16.410.319	16.410.319	16.410.319
Payables from Lease Transactions	--	--	14.470.816	14.470.816	14.470.816
Employee Benefits Payables	--	--	26.048.674	26.048.674	26.048.674

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(Amounts are expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated)

27 Finansal Instruments- Risk Management and Fair Value (continued)**Market Risk (continued)****Fair Value (continued)***Classification of Fair Value Measurement*

The following table provides the valuation methods for financial instruments measured at fair value. The valuation methods are defined by levels as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

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

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

31 December 2023	Level 1	Level 2	Level 3	Total
Fair Value Difference Reflected in Profit or Loss for Financial Assets	510.458.461	--	--	510.458.461
Fair Value Difference Reflected in Other Comprehensive Income for Financial Assets	--	--	--	--

31 December 2022	Level 1	Level 2	Level 3	Total
Fair Value Difference Reflected in Profit or Loss for Financial Assets	415.782.374	--	--	415.782.374
Fair Value Difference Reflected in Other Comprehensive Income for Financial Assets	--	--	3.078.153	3.078.153

Foreign currency denominated financial assets and liabilities are translated at the exchange rates close to the market prices at the balance sheet date.

The following methods and assumptions have been used to estimate the fair value of each financial instrument, where it is practicable to determine such value.

Financial Assets

Due to their short-term nature and insignificant credit risk, the carrying amounts of cash and cash equivalents, accrued interest, and other financial assets are considered to be close to their fair values. Trade receivables are considered to be close to their fair values after deducting the provision for doubtful receivables.

Financial Liabilities

The carrying amounts of trade payables and other monetary liabilities are considered to be close to their fair values due to their short-term nature. Trade payables are expected to be close to their fair values due to their short-term nature.

28 Subsequent Events

None.