

**OTOKAR OTOMOTİV VE SAVUNMA
SANAYİ ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH
OF CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 30 JUNE 2024**

(ORIGINALLY ISSUED IN TURKISH)

**(Convenience translation of a report and condensed consolidated financial statements
originally issued in Turkish)**

Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi;

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi ("the Company") and its subsidiaries ("the Group") as of June 30, 2024 and the interim condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and explanatory notes. Group management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Turkish Accounting Standard 34, Interim Financial Reporting ("TAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Ferzan Ülgen, CPA
Partner

31 July 2024
İstanbul, Turkey

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 30 JUNE 2024 AND 31 DECEMBER 2023**

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

		(Limited Reviewed)	(Audited)
	Notes	30 June 2024	31 December 2023
Assets			
Current assets			
Cash and cash equivalents	4	2,903,363	8,526,591
Trade receivables	9	10,370,397	10,678,190
<i>Due from related parties</i>	22	3,793,200	4,134,629
<i>Due from other parties</i>	9	6,577,197	6,543,561
Other receivables		4,626	5,323
Inventories	10	12,433,192	9,268,167
Prepaid expenses	14	294,581	210,387
Other current assets	14	967,272	1,362,931
Total current assets		26,973,431	30,051,589
Non-current assets			
Trade receivables	9	527,127	613,810
Other receivables		25,723	11,153
Investments accounted for using the equity method	5	71,178	106,470
Financial investments	7	63,655	35,783
Property, plant, and equipment	11	3,871,250	3,738,179
Right of use assets	11	121,760	126,867
Intangible assets	12	5,389,998	4,831,869
<i>Goodwill</i>		47,251	56,450
Other intangible assets	12	5,342,747	4,775,419
Deferred tax asset	20	616,916	970,909
Prepaid expenses	14	64,757	33,068
Total non-current assets		10,752,364	10,468,108
Total assets		37,725,795	40,519,697

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

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 30 JUNE 2024 AND 31 DECEMBER 2023**

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

		(Limited Reviewed)	(Audited)
	Notes	30 June 2024	31 December 2023
Liabilities			
Current liabilities			
Short-term borrowings	6	7,785,380	16,212,778
<i>Bank loans</i>	6	7,715,431	16,139,673
<i>Short-term lease liabilities</i>	6	69,949	73,105
Short-term portion of long-term borrowings	6	1,628,074	1,031,059
<i>Bank loans</i>	6	545,813	933,596
<i>Issue of debt instruments</i>	6	1,082,261	97,463
Trade payables	9	3,640,696	5,112,709
<i>Due to related parties</i>	22	141,450	694,335
<i>Due to other parties</i>	9	3,499,246	4,418,374
Derivative instruments	8	9,376	32,248
Employee benefit obligations	14	350,521	511,666
Other payables		227,620	44,026
Current tax liabilities	20	-	26,280
Liabilities from customer contracts	14	2,566,261	963,205
Government promotion and subsidies		2,856	5,193
Short-term provisions	13	1,592,372	2,061,208
<i>Provisions for employee benefits</i>	13	159,573	136,132
<i>Other provisions</i>	13	1,432,799	1,925,076
Other current liabilities	14	157,274	79,235
Total current liabilities		17,960,430	26,079,607
Non-current liabilities			
Long-term borrowings	6	10,428,513	2,878,998
<i>Bank loans</i>	6	9,819,106	893,633
<i>Long-term lease liabilities</i>	6	109,407	114,343
<i>Issue of debt instruments</i>	6	500,000	1,871,022
Government promotion and subsidies		10,180	24,900
Long-term provisions	13	504,959	417,865
<i>Provisions for employee benefits</i>	13	504,959	417,865
Liabilities from customer contracts	14	449,243	761,420
Total non-current liabilities		11,392,895	4,083,183
Total liabilities		29,353,325	30,162,790
Equity			
Paid-in share capital		120,000	120,000
Inflation adjustment on share capital		1,520,370	1,520,370
Restricted reserves		1,268,789	1,191,388
Accumulated other comprehensive income / (expense) that will not be reclassified to statement of profit or loss		(534,038)	(417,138)
<i>Defined benefit plans remeasurement gain (losses)</i>		(534,038)	(417,138)
Accumulated other comprehensive income and expense that may be reclassified to statement of profit or loss		(698,933)	(985,646)
<i>Currency translation differences</i>		(698,933)	(985,646)
Retained earnings		8,070,015	6,473,199
Net profit or loss for the period		(1,373,733)	2,454,734
Total equity		8,372,470	10,356,907
Total liabilities and equity		37,725,795	40,519,697

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

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS ENDED 30 JUNE 2024 AND 2023**

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

		(Limited Reviewed)	(Limited Reviewed)	(Limited Reviewed)	(Limited Reviewed)
		1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
	Notes				
Revenue	15	12,971,195	7,663,771	11,535,455	6,787,333
Cost of sales (-)	15	(11,021,483)	(6,379,068)	(10,009,861)	(5,164,466)
GROSS PROFIT (LOSS)		1,949,712	1,284,703	1,525,594	1,622,867
Marketing expenses (-)	16	(1,902,705)	(1,018,632)	(1,589,751)	(965,309)
General administrative expenses (-)	16	(888,347)	(396,326)	(630,073)	(335,143)
Research and development expenses (-)	16	(492,683)	(250,093)	(481,101)	(238,804)
Other operating income	17	1,777,995	743,149	3,012,582	2,518,998
Other operating expenses (-)	17	(906,765)	(436,161)	(1,782,602)	(1,599,383)
OPERATING PROFIT (LOSS)		(462,793)	(73,360)	54,649	1,003,226
Income from investing activities		821	38	767	36
Share of profit (losses) of investments accounted for using the equity method, net	5	(26,009)	(6,720)	11,787	34,413
OPERATING PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		(487,981)	(80,042)	67,203	1,037,675
Financial income	18	573,997	205,879	925,922	539,148
Financial expense (-)	19	(3,131,272)	(1,576,607)	(3,051,445)	(2,010,187)
Monetary gain/ (loss)		2,064,482	1,155,502	2,239,141	853,141
PROFIT (LOSS) BEFORE TAX		(980,774)	(295,268)	180,821	419,777
Tax income/(expense) from continued operations					
Current year tax income / (expense)	20	-	-	(242,919)	16,751
Deferred tax income/ (expense)	20	(392,959)	(626,070)	(122,011)	115,391
PROFIT (LOSS) FOR THE PERIOD		(1,373,733)	(921,338)	(184,109)	551,919
Items that will not be reclassified to statement of profit or loss					
Defined benefit plans remeasurement gains/(losses)	13	(155,866)	(77,369)	(59,917)	55,930
Deferred tax income/(expense)	20	38,966	19,341	11,761	(11,409)
Items that may be reclassified to statement of profit or loss					
Currency translation differences of investments accounted for using the equity method	5	(9,283)	(5,180)	30,985	20,809
Currency translation differences		295,996	175,199	(201,569)	(111,950)
Other comprehensive income /(expense)		169,813	111,991	(218,740)	(46,620)
TOTAL COMPREHENSIVE INCOME (EXPENSE)		(1,203,920)	(809,347)	(402,849)	505,299
Earnings per share (Kr)	21	(11.448)	(7.678)	(4.552)	9.733

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

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIODS
ENDED 30 JUNE 2024 AND 2023

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

					Accumulated other comprehensive income (expense) that will not be reclassified to statement of profit or loss	Accumulated other comprehensive income (expense) that may be reclassified to statement of profit or loss			
		Paid in share capital	Inflation adjustment on share capital	Restricted reserves	Remeasurement profits (losses) on defined benefit plans	Currency translation differences	Retained earnings	Net profit or loss for the period	Total equity
1 January 2023- 30 June 2023	Beginning of the period	24,000	1,571,415	1,191,388	(307,257)	(856,029)	4,000,878	2,517,276	8,141,671
	Transfers	-	-	-	-	-	2,517,276	(2,517,276)	-
	Share capital increase	96,000	(51,045)	-	-	-	(44,955)	-	-
	Total comprehensive income	-	-	-	(48,155)	(170,583)	-	(184,109)	(402,847)
	Closing balances	120,000	1,520,370	1,191,388	(355,412)	(1,026,612)	6,473,199	(184,109)	7,738,824
1 January 2024- 30 June 2024	Beginning of the period	120,000	1,520,370	1,191,388	(417,138)	(985,646)	6,473,199	(2,454,734)	10,356,907
	Transfers	-	-	77,401	-	-	2,377,333	(2,454,734)	-
	Dividend paid	-	-	-	-	-	(780,517)	-	(780,517)
	Total comprehensive income	-	-	-	(116,900)	286,713	-	(1,373,733)	(1,203,920)
	Closing balances	120,000	1,520,370	1,268,789	(534,038)	(698,933)	8,070,015	(1,373,733)	8,372,470

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

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CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 30 JUNE 2024 AND 2023**

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

		(Limited Reviewed)	(Limited Reviewed)
	Notes	1 January – 30 June 2024	1 January – 30 June 2023
CASH FLOWS FROM OPERATING ACTIVITIES		(3,021,990)	(1,576,917)
Net profit / (loss) for the period		(1,373,733)	(184,109)
Adjustments to reconcile net profit (loss) for the period to cash flows from operating activities		1,259,313	395,770
Adjustments for depreciation and amortization		657,341	617,025
Adjustments in relation to impairment:		272,591	214,993
- Provision for inventories	10	272,591	214,993
Adjustments in relation to provision		576,206	560,995
- Provision for employee benefits	13	117,541	231,427
- Provision for warranty expenses	13	403,025	485,816
- Adjustments for other provisions		55,640	(156,248)
Adjustments in relation to interest income and expenses:		2,264,529	1,377,632
- Adjustment in relation to interest income	18	(503,634)	(609,358)
- Adjustment in relation to interest expense	19	2,768,163	1,986,990
Adjustments in relation to unrealised foreign exchange gains and losses	6	312,610	834,446
Adjustments in relation to fair value gains and losses		(50,744)	141,117
- Adjustments related to fair value losses (gains) on financial assets		(27,872)	120,617
Fair value losses/(gains) on financial derivative instruments		(22,872)	20,500
Adjustments for undistributed profits of investments accounted for using equity method		26,009	(11,787)
- Adjustments for undistributed profits of joint ventures	5	26,009	(11,787)
Adjustment on tax income / (expense)		392,959	364,930
Adjustments in relation to gains or losses on sales of property, plant, and equipment		(821)	(767)
- Losses / (gains) on sale of property, plant and equipment		(821)	(767)
Monetary gain/ (loss)		(3,191,367)	(3,702,814)
Changes in net working capital		(2,874,939)	(1,634,260)
Change in trade receivables		394,476	(1,538,566)
Change in inventories		(3,437,616)	(2,479,880)
Change in trade payables		(1,472,013)	201,445
Other changes		1,640,214	2,182,741
- (Increase)/ decrease in other assets related to activities		265,904	33,445
- Increase/ (decrease) in other liabilities related to activities		1,374,310	2,149,296
Cash flows from operations		(2,989,359)	(1,422,599)
Payments in relation to employee benefits	13	(32,631)	(154,318)
CASH FLOWS FROM INVESTING ACTIVITIES		(796,645)	(1,134,007)
Proceeds from sales of property, plant, and equipment intangible assets		821	1,076
- Proceeds from sale of property, plant and equipment and intangible assets		821	1,076
Cash outflows due to purchase of property, plant and equipment and intangible assets		(1,294,246)	(1,744,441)
- Cash outflows due to purchase of property, plant, and equipment	11	(309,832)	(313,811)
- Cash outflows due to purchase of intangible assets	12	(984,414)	(1,430,630)
Interest Received		496,780	609,358
CASH FLOWS FROM FINANCING ACTIVITIES		(268,353)	3,803,634
Cash inflow from to borrowings		14,224,710	18,473,919
- Proceeds from bank borrowings	6	14,224,710	18,473,919
Cash outflow due to repayment of borrowings		(11,791,835)	(13,478,728)
- Repayments of borrowings	6	(11,791,835)	(13,478,728)
Cash outflows on debt payments from leasing agreements	6	(55,370)	24,326
Dividends paid		(780,517)	-
Interest paid		(1,865,341)	(1,215,883)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES		(4,086,989)	1,092,712
Effect of monetary loss on cash and cash equivalents		(1,463,723)	(782,807)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(5,550,711)	309,903
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	8,447,220	5,641,232
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	2,896,509	5,951,135

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

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED 30 JUNE 2024

(Amounts expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

Otokar Otomotiv ve Savunma Sanayi A.Ş. (“Otokar” or the “Company”), was established in 1963 and is registered in Istanbul, Turkey and operating under the Turkish Commercial Code.

The Group operates in the automotive industry and off-road vehicles, military vehicles, minibuses, midibuses and autobuses, light truck comprise the majority of its production.

The registered addresses of the Company are as follows:

Headquarters: _Aydınevler Mahallesi, Saygı Cad, No: 58 34854 Maltepe/İstanbul

Plant: Atatürk Cad, No: 6 54580 Arifiye / Sakarya

The information regarding the subsidiary of the Group within the scope of consolidation is as follows:

Subsidiaries	Country	Main activity	Field of activity
Otokar Europe SAS	France	Sales and marketing	Automotive
Otokar Land Systems LLC	United Arab Emirates	Sales and marketing	Automotive and defense industry
Otokar Europe Filiala Bucuresti SRL	Romania	Sales and marketing	Automotive
Otokar Italia S.R.L	Italy	Sales and marketing	Automotive
Joint Ventures	Country	Main activity	Field of activity
Al Jasoor Heavy Vehicle Industry LLC	United Arab Emirates	Sales and marketing	Automotive and defense industry

Otokar and its subsidiaries will be referred as the “Group” for the purpose of the preparation of this consolidated financial statements.

Otokar Central Asia Limited Company was established on November 5, 2019 in Astana International Financial Center (AIFC), a special-status region that accepts the principles of British Law in Kazakhstan, in order to increase its international sales and follow up export activities. Since the financial activities of Otokar Central Asia Limited Company have not started yet, the investment was presented under financial investments in the condensed interim consolidated financial statements.

The period-end and the average number of personnel employed in the Group are as follows:

	30 June 2024		31 December 2023	
	Period end	Average	Period end	Average
Total personnel number	3,834	3,662	3,580	3,069

The condensed interim consolidated financial statements for the period ended June 30, 2024 were authorized for issue and signed by the Board of Directors of Otokar on 31 July 2024.

Otokar is registered to the Capital Market Board (“CMB”) and its shares are listed on the Borsa Istanbul A.Ş. (“BIST”) since 1995. As of June 30, 2024 27.85% of the shares are quoted on the BIST.

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

As of June 30, 2024, the principal shareholders and their respective shareholding percentages are as follows:

	(%)
Koç Holding A.Ş.	47,38
Ünver Holding A.Ş.	24,81
Other	27,81
	100,00

Otokar Otomotiv ve Savunma Sanayi A.Ş. is controlled by Koç Holding A.Ş.

The parent company (Koç Holding A.Ş.), is controlled by Koç Family and the companies owned by Koç Family.

The shareholder, Ünver Holding A.Ş. is controlled by Ünver Family.

The Group conducts part of its business transactions with the Koç Holding A.Ş. and related parties. There are certain related parties which are both customers and vendors of the Group.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation of consolidated financial statements

The interim condensed consolidated financial statements attached herewith have been prepared in accordance with the provisions of the Capital Markets Board ("CMB") Series II-14,1 No, Communiqué on Principles Regarding Financial Reporting in Capital Markets, published in the Official Gazette on June 13, 2013, based on the Turkish Financial Reporting Standards ("TFRS") enacted by the Public Oversight, Accounting, and Auditing Standards Authority ("POA") in accordance with Article 5 of the mentioned communiqué.

The interim condensed consolidated financial statements for the period ended 30 June 2024 have been prepared in accordance with TFRS's IAS 34 Interim Financial Reporting. Therefore, these interim condensed consolidated financial statements should be evaluated together with the consolidated financial statements for the year ended December 31, 2023.

The consolidated financial statements have been presented in accordance with the formats specified in the 'Financial Statement Examples User Guide' as announced by the Public Oversight Accounting and Auditing Standards Authority (POA) on July 3, 2024, regarding the 'TMS Taxonomy Announcement'.

The Company and its Subsidiaries registered in Turkey maintain their accounting records and prepare their statutory financial statements in accordance with the principles and conditions set forth by the Capital Markets Board (CMB), the Turkish Commercial Code (TCC), tax regulations, and the Uniform Chart of Accounts issued by the Ministry of Finance. The consolidated financial statements have been prepared on the historical cost basis, except for derivative instruments, which are measured at fair value, and include the necessary adjustments and reclassifications to present them fairly in accordance with TFRS.

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED 30 JUNE 2024

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

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

2.1 Basis of presentation of consolidated financial statements (Continued)

Functional and presentation currency

Items included in the consolidated financial statements of the Subsidiaries and Joint Ventures of the Group are measured using the currency of the primary economic environment in the entity operates ("the functional currency"). The consolidated financial statements are presented in TRY, which is the Company's functional and presentation currency.

Financial statements of foreign subsidiaries, joint ventures, and associates

The assets and liabilities, presented in the financial statements of the foreign subsidiaries and joint ventures prepared in accordance with the Group's accounting policies, are translated into TRY at the exchange rate at the date of the balance sheet whereas income and expenses are translated at the average exchange rates for the respective periods. Exchange differences resulting from using the exchange rates at the balance sheet date and the average exchange rates are recognised in the currency translation differences under the equity.

Financial reporting in hyperinflationary economies

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on November 23, 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting year ending on or after December 31, 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of June 30, 2023, and December 31, 2023 on the purchasing power basis as of June 30, 2024.

Pursuant to the decision of the Capital Markets Board (SPK) dated December 28, 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of IAS 29 starting from their annual financial reports for the periods ending on December 31, 2023.

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024**

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

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

2,1 Basis of presentation of consolidated financial statements (Continued)

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK). As of June 30, 2024, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Indices	Adjustment Coefficients
June 30, 2024	2.319,29	1,00000
December 31, 2023	1.859,38	1,24735
June 30, 2023	1.351,59	1,71597

The main factors of the Group's adjustment process for financial reporting in hyperinflationary economies are as follows:

- Current period condensed consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" are applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first represented in the financial statements.
- The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary gain/(loss) account in the condensed consolidated income statement.

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

2.2 Accounting errors and changes in accounting estimates

The Group recognizes, evaluates, and presents similar events and transactions consistently, accounting errors identified are restated retrospectively. The Group has applied the accounting policies consistent with the prior period.

If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively. The accounting policies used in the preparation of these condensed interim consolidated financial statements for the period ended 30 June 2024 are consistent with those used in the preparation of consolidated financial statements for the year ended 31 December 2023.

2.3 Changes in accounting policies

The Group changes accounting policies when it is believed that the change will lead to better presentation of transactions and events in the financial statements. When the intentional change can affect the prior period results, the change is applied retrospectively as though it was already applied before. Accounting policy changes arising from the application of a new standard are applied considering the transition principles of the related standard, if any, retrospectively or forward. If no transition principle for the standard exists, the changes are applied retrospectively.

2.3.1 New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of June 30, 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2024 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2024 are as follows:

Amendments to TAS 1 - Disclosure of Accounting Policies

In March 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period.

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

2.3 Changes in accounting policies (Continued)

Amendments to TAS 1 - Disclosure of Accounting Policies (Continued)

In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments must be applied retrospectively in accordance with TAS 8. The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16. The amendments did not have a significant impact on the financial position or performance of the Group.

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

2.3 Changes in accounting policies (Continued)

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments did not have a significant impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

2.3 Changes in accounting policies (Continued)

Amendments to TAS 21 - Lack of exchangeability

In May 2024, POA issued amendments to TAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

iii) The amendments which are effective immediately upon issuance

Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. The amendments did not have a significant impact on the financial position or performance of the Group.

iv) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to IFRS 9 and IFRS 7 as well as IFRS 18 and IFRS 19 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS.

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

2.3 Changes in accounting policies (Continued)

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

In May 2024, IASB issued amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7). The amendment clarifies that a financial liability is derecognised on the 'settlement date'. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendment also clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features as well as the treatment of non-recourse assets and contractually linked instruments. Additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income are added with the amendment. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

In May 2024, IASB issued IFRS 19, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. An entity that is a subsidiary, does not have public accountability and has a parent (either ultimate or intermediate) which prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards may elect to apply IFRS 19. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

2.4 Significant accounting judgments and estimates

Group accounting

The condensed interim consolidated financial statements include the accounts of the parent company, Otokar and its subsidiaries on the basis set out in sections below, the financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with TFRS, the results of subsidiaries are included or excluded from their effective dates of acquisition or disposal, respectively.

The table below sets out the subsidiaries of the Company and shows the total interest of the Company in these companies on 30 June 2024 and 31 December 2023:

Subsidiaries	2023		2022	
	Direct and indirect ownership (%)	Proportion of effective interest (%)	Direct and indirect ownership (%)	Proportion of effective interest (%)
Otokar Europe SAS	100,00	100,00	100,00	100,00
Otokar Land Systems Limited	100,00	100,00	100,00	100,00
Otokar Europe Filiala Bucuresti SRL	100,00	100,00	100,00	100,00
Otokar Central Asia Limited	100,00	100,00	100,00	100,00
Otokar Italia S.R.L	100,00	100,00	100,00	100,00

Joint Ventures

Joint Ventures are established by Otokar and its subsidiaries through a contract to undertake an economic activity, managed jointly by one or more entrepreneurial partners. Otokar ensures this joint control by leveraging the shares it owns directly or indirectly.

Under the equity method, an investment in a joint venture is initially recognized at acquisition cost. After the acquisition date, the investor's share of the profit or loss of the investee is reflected in the financial statements by increasing or decreasing the carrying amount of the investment. The investor's share of the profit or loss of the investee is recognized as the investor's profit or loss. Distributions received from the investee (such as dividends) reduce the carrying amount of the investment. The carrying amount of the investment should be adjusted for the investor's share of changes in the investee's other comprehensive income. In applying the equity method for Joint Ventures, the proportion of Otokar's direct and indirect voting rights has been considered. The table below sets out the company and shows the total interest of the Company in these companies on 30 June 2024 and 31 December 2023:

Join ventures	Direct and indirect ownership (%)	Proportion of effective interest (%)	Direct and indirect ownership (%)	Proportion of effective interest (%)
Al Jasoore Heavy Vehicle Industry LLC	49,00	49,00	49,00	49,00

(*) Al Jasoore Heavy Vehicles Industry LLC, owned 49% of shares by Otokar Land Systems LLC which is a subsidiary of the Group, was established on 28 May 2017 with the purpose of selling and marketing in the UAE.

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NOTE 3 - SEGMENT REPORTING

The Group does not prepare segment reporting and follows financial statements by one operating unit.

The Group's operations are considered as a single operating segment. Chief Executive Decision Makers (composed of key management, board members, general manager, and assistant general managers) follow the activities and the results of these activities holistically in a single segment, therefore segment reporting is not performed.

NOTE 4 - CASH AND CASH EQUIVALENTS

	30 June 2024	31 December 2023
Banks		
- Time deposits	2,004,884	7,381,249
- Demand deposits	891,560	1,065,843
Other	65	128
Cash and Cash Equivalents in the Cashflow Statements	2,896,509	8,447,220
Interest accrual	6,854	79,371
	2,903,363	8,526,591

As of 30 June 2024, time deposit accounts with a total amount of TRY 2,004,884 thousand, corresponding to TRY 423,224 thousand, are in foreign currency, the effective interest rate is %1,53 per annum, and the average maturity is 2 day. The remaining amount of TRY 1,581,660 thousand the effective interest rate is %49,63 per annum with an average maturity of 47,5 day.

(As of 31 December 2023, time deposit accounts with a total amount of TRY 7,381,249 thousand, corresponding to TRY 464,046 thousand, are in foreign currency, the effective interest rate is %0,01 per annum, and the average maturity is 1 day. The remaining amount of TRY 6,917,203 thousand the effective interest rate is %44,93 per annum with an average maturity of 30 day).

As of 30 June 2024, the Group has restricted bank deposit amounting to TRY 0.02 thousand (31 December 2023: TRY 3,822 thousand).

NOTE 5 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As of 30 June 2024, and 31 December 2023, the details of carrying value and ownership rate subject to equity accounting of the joint venture is as follows:

	30 June 2024		31 December 2023	
Joint ventures	(%)	Amount	(%)	Amount
Al Jasoor	49	71,178	49	106,470
		71,178		106,470

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NOTE 5 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

The movements of joint ventures for the periods ended on June 30, 2024 and 2023 are as follows:

	2024	2023
Beginning- 1 January	106,470	495,438
Shares of profit /(loss)	(26,009)	11,787
Dividend paid	-	(391,781)
Currency translation differences	(9,283)	30,985
Closing- 30 June	71,178	146,429

The summary of the financial statements of Al Jasoor Heavy Vehicle Industry LLC as of June 30, 2024 and December 31, 2023 is as follows:

	30 June 2024	31 December 2023
Total assets	430,474	692,837
Total liabilities	(285,213)	(475,551)
Net assets	145,261	217,286
Ownership of the Group	49%	49%
Net asset share of the Group	71,178	106,470

NOTE 6 - BORROWINGS

Short-term financial borrowings

30 June 2024		Annual average effective interest rate (%)	TRY equivalent
	Maturities		
Bank loans			
TRY loans	29 July 2024 - 22 May 2025	44.84	3,431,263
EUR loans	6 September 2024 - 7 March 2025	6.69	3,928,696
USD loans	1 November 2024 - 25 February 2025	5.54	355,472
			7,715,431
Borrowings from lease liabilities			
EUR lease liabilities	-	2.00	15,558
TRY lease liabilities	-	30.00	54,391
			69,949
Total short term borrowings			7,785,380

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NOTE 6 - BORROWINGS (Continued)

Long-term bank loans (*)

30 June 2024		Annual average effective interest rate (%)	TRY equivalent
	Maturities		
Bank loans			
TRY loans	2 May 2024 12 March 2024	17.14	545,813
			545,813
Issue debt instruments (**)			
Short-term portion of issued bonds		37.25	1,082,261
			1,082,261
Short-term portions of total long-term borrowings			1,628,074

(*) Bearing fixed interest rate

(**) The Group issued a bond on March 3, 2023, with a principal amount of 500,000,000 TRY to be privately placed with qualified investors in the domestic market. The bond has a maturity of 740 days, carries a fixed interest rate of 33% per annum and pays coupons every 6 months. The bond will mature on March 12, 2025.

The Group issued a bond on June 9, 2023, with a principal amount of 500,000,000 TRY to be privately placed with qualified investors in the domestic market. The bond has a maturity of 752 days, carries a fixed interest rate of 41,5% per annum, and pays coupons every 6 months, The bond will mature on 30 June 2025.

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NOTE 6 - BORROWINGS (Continued)

Long term loans (*)		Annual effective interest rate	TRY
30 June 2024	Maturities	(%)	equivalent
Bank loans			
	5 August 2025-		
TRY Loans	26 June 2026	44.91	9,641,714
EUR Loans	14 April 2026		177,392
			9,819,106
Borrowings from lease liabilities			
EUR lease liabilities	-	2.00	4,376
TRY lease liabilities	-	30.00	105,031
			109,407
Issued debt instruments (**)			
Long-term portion of issued bonds		47.00	500,000
			500,000
Total long-term borrowings			10,428,513

(*) Bearing fixed interest rate

(**) The Group issued a bond on 18 October 2023, with a principal amount of 500,000,000 TRY to be privately placed with qualified investors in the domestic market. The bond has a maturity of 752 days, carries a fixed interest rate of 47,0% per annum, and pays coupons every six months. The bond will mature on 20 October 2025.

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NOTE 6 - BORROWINGS (Continued)

Short-term bank loans

30 June 2024	Maturities	Annual effective interest rate (%)	TRY equivalent
Bank loans			
EUR loans	13 December 2024	6.75	3,722,095
USD loans	19 February 2024 – 1 November 2024	5.58	281,810
TRY loans	5 January 2024 – 17 December 2024	39.47	12,135,768
			16,139,673

Short-term lease liabilities

EUR lease liabilities	-	2.00	50,348
TRY lease liabilities	-	30.00	22,757
			73,105

Total short-term borrowings **16,212,778**

31 December 2023	Maturities	Annual effective interest rate (%)	TRY equivalent
Short-term portion of long-term financial liabilities (*)			
Bank loans			
TRY loans	11 January 2024 - 18 November 2024	20.45	933,596
			933,596
Issued debt securities (**)			
Short-term portion of issued bonds		40.50	97,463
			97,463
Short-term portions of total long-term borrowings			1,031,059

(*) Fixed interest rate.

(**) The Group has issued a bond with a maturity of 740 days, an annual fixed interest rate of 33%, semi-annual coupon payments, and a redemption date of March 12, 2025, for a total amount of TL 500,000,000 to be sold to qualified investors without a public offering in Turkey. The swap transaction was completed on March 3, 2023. The Group has issued a bond with a maturity of 752 days, an annual fixed interest rate of 41.5%, semi-annual coupon payments, and a redemption date of June 30, 2025, for a total amount of TL 500,000,000 to be sold to qualified investors without a public offering in Turkey. The swap transaction was completed on June 9, 2023. The Group has issued a bond with a maturity of 752 days, an annual fixed interest rate of 47%, semi-annual coupon payments, and a redemption date of October 20, 2025, for a total amount of TL 500,000,000 to be sold to qualified investors without a public offering in Turkey. The swap transaction was completed on October 18, 2023.

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NOTE 6 - BORROWINGS (Continued)

Long-term borrowings (*)

31 December 2023	Maturities	Annual effective interest rate (%)	TRY equivalent
Bank loans			
TRY loans	4 November 2024 - 5 August 2025	14.00	893,633
			893,633
Borrowings from lease liabilities			
EUR loans	-	2.00	78,749
TRY loans	-	30.00	35,594
			114,343
Issued debt securities (**)			
Long-term portion of issued bonds		40.50	1,871,022
			1,871,022
Total long-term borrowings			2,878,998

(*) Fixed interest rate.

(**) The Group has issued a bond with a maturity of 740 days, an annual fixed interest rate of 33%, semi-annual coupon payments, and a redemption date of March 12, 2025, for a total amount of TL 500,000,000 to be sold to qualified investors without a public offering in Turkey. The swap transaction was completed on March 3, 2023.

The Group has issued a bond with a maturity of 752 days, an annual fixed interest rate of 41.5%, semi-annual coupon payments, and a redemption date of June 30, 2025, for a total amount of TL 500,000,000 to be sold to qualified investors without a public offering in Turkey. The swap transaction was completed on June 9, 2023.

The Group has issued a bond with a maturity of 752 days, an annual fixed interest rate of 47%, semi-annual coupon payments, and a redemption date of October 20, 2025 for a total amount of TL 500,000,000 to be sold to qualified investors without a public offering in Turkey. The swap transaction was completed on October 18, 2023.

As of June 30, 2024 the Group has not provided any collateral for the loans it has utilized (December 31, 2023: None).

The Group has no financial commitments arising from its borrowings.

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NOTE 6 - BORROWINGS (Continued)

The Group has no financial commitments arising from its borrowings.

The movements of borrowings over the periods ended on 30 June 2024 and 2023 are as follows:

	2024	2023
1 January	20,122,834	15,512,158
Monetary gain/ (loss)	(3,958,254)	(3,030,981)
Borrowing received during the period	14,224,710	18,473,919
Cash outflows related to debt payments from leasing agreements	(55,370)	(24,326)
Changes in lease obligations under TFRS 16	84,450	143,197
Principal payments (-)	(11,791,835)	(13,478,728)
Change in interest accruals	902,822	771,108
Change in exchange rates	312,610	834,446
30 June	19,841,967	19,200,793

NOTE 7 - FINANCIAL INVESTMENT

Otokar Central Asia Limited company was established on November 5, 2019 in Astana International Financial Centre (AIFC), a special-status region that accepts the principles of British Law in Kazakhstan, in order to increase overseas sales and follow up export activities.

Financial Investment, including Otokar Central Asia Limited's equity investment amount 763 thousand TRY and the Group's investments in the Private Venture Capital Investment Fund 62,892 thousand TRY.

NOTE 8 - DERIVATIVE INSTRUMENTS

Derivative instruments consist of the forward contracts which are entered in order to hedge foreign currency risk arising from Group's foreign currency sales.

30 June 2024	Contract amount	Current period contract maturity	Fair value liabilities
Forward transactions	1,663,002	2 July 2024 - 4 November 2024	(9,376)
Short-term derivative instruments	1,663,002		(9,376)
Total derivative instruments	1,663,002		(9,376)
31 December 2023	Contract amount	Current period contract maturity	Fair value assets
Forward transactions	5,739,838	4 January 2024 - 4 November 2024	(32,248)
Short-term derivative instruments	5,739,838		(32,248)
Total derivative instruments	5,739,838		(32,248)

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Trade receivables

	30 June 2024	31 December 2023
Trade receivables, net	6,819,928	6,824,912
Notes receivables, net	-	4,540
Subtotal	6,819,928	6,829,452
Less: provision for doubtful receivables	(242,731)	(285,891)
Trade receivables from third parties	6,577,197	6,543,561
Trade receivables from related parties (Note 22)	3,793,200	4,134,628
Short-term trade receivables	10,370,397	10,678,189
Long-term trade receivable, net	527,127	613,810
Long-term trade receivables	527,127	613,810

As of June 30, 2024, the average maturity of short-term trade receivables is between 60-90 days (excluding notes receivables) (December 31, 2023: 60-90 days).

As of June 30, 2024 and December 31, 2023 the fair values of trade receivables approximate to their carrying values due to short-term maturity of those receivables.

Guarantees received for trade receivables

The Group's receivables mainly arise from sales to midibus and bus dealers and from sales of defense vehicles. As of June 30, after the provision for doubtful receivables from the Group's dealers, the remaining total receivables amounting to TRY 1,458,498 thousand (December 31, 2023: TRY 868,222 thousand) are secured by guarantees and mortgages totaling TRY 1,458,498 thousand (December 31, 2023: TRY 868,222 thousand). The Group manages the credit risk related to the collection of its remaining receivables using the methods described in the Credit Risk section of Note 23 in the consolidated financial statements.

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Legal follow up has been started for trade receivable balances which are overdue for 1-5 years.

The movement of the provision for doubtful receivables for the periods ended June 30, 2024 and 2023 are as follows:

	2024	2023
1 January	285,892	275,111
Collections	(61,677)	(46,559)
Currency translation differences	1,625	5,918
Exchange differences	16,891	85,689
30 June	242,731	320,159

Trade payables

	30 June 2024	31 December 2023
Trade payables, net	3,499,246	4,418,374
Short-term other trade payables	3,499,246	4,418,374
Trade payables to related parties (Note 22)	141,450	694,335
Short-term trade payables	3,640,696	5,112,709

As of 30 June 2024, average payment term for trade payables is 45-60 days (31 December 2023: 45-60 days).

As of June 30, 2024 and December 31, 2023, the fair values of trade payables approximate to their carrying values due to short-term maturity of those payables.

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NOTE 10 - INVENTORIES

	30 June 2024	31 December 2023
Raw material	5,173,022	4,906,133
Finished goods	3,034,981	1,900,093
Goods in transit	2,255,533	1,411,591
Merchandise goods	1,350,013	1,111,210
Semi-finished goods	967,456	205,008
Less: Impairment for inventories (*)	(347,813)	(265,868)
	12,433,192	9,268,167

(*) An impairment loss of inventory amounting to TRY 36,669 thousand relates to finished goods (December 31, 2023: TRY 10,821 thousand), TRY 8,041 thousand relates to merchandise (December 31, 2023: TRY 10,030 thousand), and TRY 303,103 thousand relates to raw materials (December 31, 2023: TRY 245,017 thousand). The provision for impairment of inventory has been recognized in the cost of goods sold account.

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment and related accumulated depreciation for the periods ended 30 June 2024 and 2023 is as follows:

	1 January 2024	Additions	Disposal	Transfers	Currency translation differences	30 June 2024
Cost						
Land	598,606	-	-	-	-	598,606
Land improvements	194,328	16,391	-	-	-	210,719
Buildings	1,803,693	4,070	-	-	-	1,807,763
Machinery and equipment	2,513,792	76,922	1,422	(2,392)	-	2,589,744
Motor vehicles	204,887	3,799	-	-	-	208,686
Furniture and fixtures	1,503,197	111,197	1,488	-	47	1,615,929
Leasehold improvements	28,498	-	-	-	-	28,498
Construction in progress	142,462	97,453	-	-	(47)	239,868
	6,989,463	309,832	2,910	(2,392)	-	7,299,813
Accumulated depreciation						
Land improvements	(106,601)	(3,227)	-	-	-	(109,828)
Buildings	(929,198)	(24,697)	-	-	-	(953,895)
Machinery and equipment	(1,586,117)	(77,346)	(1,200)	2,392	-	(1,662,271)
Motor vehicles	(126,098)	(7,152)	-	-	-	(133,250)
Furniture and fixtures	(484,540)	(63,310)	(1,024)	-	-	(548,874)
Leasehold improvements	(18,730)	(1,715)	-	-	-	(20,445)
	(3,251,284)	(177,447)	(2,224)	2,392	-	(3,428,563)
Net book value	3,738,179					3,871,250

As of 30 June 2023, there are no pledges or collaterals on property, plant, and equipment (31 December 2022: None).

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2023	Additions	Disposal	Transfers	Currency translation differences	30 June 2023
Cost						
Land	583,337	-	-	-	-	583,337
Land improvements	192,299	-	-	-	-	192,299
Buildings	1,524,130	-	-	-	668	1,524,798
Machinery and equipment	2,292,216	23,456	6,392	(1,387)	125	2,320,802
Motor vehicles	187,486	5,877	-	-	-	193,363
Furniture and fixtures	1,060,380	144,813	4,935	(4,995)	2,462	1,207,595
Leasehold improvements	23,150	-	-	-	-	23,150
Construction in progress	96,346	139,665	-	-	(3,255)	232,756
	5,959,344	313,811	11,327	(6,382)	-	6,278,100
Accumulated depreciation						
Land improvements	(100,172)	(3,262)	-	-	-	(103,434)
Buildings	(888,877)	(19,360)	-	-	-	(908,237)
Machinery and equipment	(1,500,331)	(60,100)	(4,976)	1,376	-	(1,564,031)
Motor vehicles	(112,757)	(6,480)	-	-	-	(119,237)
Furniture and fixtures	(382,583)	(47,234)	(3,576)	4,697	-	(428,696)
Leasehold improvements	(16,156)	(1,237)	-	-	-	(17,393)
	(3,000,876)	(137,673)	(8,552)	6,073	-	(3,141,028)
Net book value	2,958,468					3,137,072

The allocation of accumulated depreciation and amortisation for the periods ended June 30, 2024 and 2023 is as follows:

	30 June 2024	30 June 2023
Research and development expenses	398,267	365,949
Cost of goods sold	89,955	87,100
Right of use of assets	68,012	77,782
Developments projects in progress	36,373	32,969
Depreciation on inventories	43,227	14,916
General administrative expenses	19,127	24,012
Selling and marketing expenses	9,853	14,297
	664,814	617,025

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Right of use assets

The allocation of right of use assets for the periods ended 30 June 2024 and 2023 is as follows:

30 June 2024	Buildings	Motor vehicles	Furniture and fixture	Total
Cost	142,096	214,026	6,190	362,312
Accumulated depreciation	(93,417)	(144,155)	(2,980)	(240,552)
	48,679	69,871	3,210	121,760
30 June 2023	Buildings	Motor vehicles	Furniture and fixture	Total
Cost	103,054	272,173	11,397	386,624
Accumulated depreciation	(70,934)	(133,905)	(2,089)	(206,928)
	32,120	138,268	9,308	179,696

NOTE 12 - INTANGIBLE ASSETS

Movements of intangible assets and related accumulated amortisation for the periods ended 30 June 2024 and 2023 are as follows:

	1 January 2024	Additions	Currency translation differences	Disposals	Transfers	30 June 2024
Cost						
Other intangible assets	368,332	5,030	17	-	-	373,379
Development costs	7,982,312	8,900	-	-	-	7,991,212
Developments projects in progress	2,016,440	970,484	-	-	-	2,986,924
	10,367,084	984,414	17	-	-	11,351,515
Accumulated amortization						
Other intangible assets	(276,174)	(18,834)	(1)	-	-	(295,009)
Development costs	(5,315,491)	(398,268)	-	-	-	(5,713,759)
	(5,591,665)	(417,102)	(1)	-	-	(6,008,768)
Net book value	4,775,419					5,342,747

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NOTE 12 - INTANGIBLE ASSETS (continued)

	1 January 2023	Additions	Currency translation differences	Disposals	Transfers	30 June 2023
Cost						
Other intangible assets	344,585	12,647	-	-	-	357,232
Development costs	7,086,098	-	-	-	-	7,086,098
Developments project in progress	2,380,328	1,417,983	-	-	-	3,798,311
	9,811,011	1,430,630	-	-	-	11,241,641
Accumulated amortization						
Other intangible assets	(239,277)	(27,069)	-	-	-	(266,346)
Development costs	(4,585,534)	(365,949)	-	-	-	(4,951,483)
	(4,824,811)	(393,018)	-	-	-	(5,217,829)
Net book value	4,986,200					6,023,812

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions

	30 June 2024	31 December 2023
Provision for warranty expenses	758,065	861,937
Provision for employee benefits	159,573	136,132
Provision for purchase costs	54,887	41,932
Litigation provisions	20,299	24,534
Provision for collective labor agreement	-	444,045
Other	599,548	552,628
	1,592,372	2,061,208

Provision for warranty expenses

The Group covers the vehicles it has sold for a period of 2 years. Accordingly, as of the balance sheet date, a provision is provided for the warranty expenses for the vehicles under warranty.

As of June 30, 2024 and 2023, the movement of provision for warranty expenses is follows:

	2024	2023
1 January	861,937	711,090
Monetary gain/ (loss)	(176,465)	(127,858)
Additional provisions	403,025	485,816
Disposals/payments (-)	(330,432)	(298,647)
30 June	758,065	770,401

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NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Provision for employment termination benefits

	30 June 2024	31 December 2023
Provision for employment termination benefits	504,959	417,865
Provision for unused vacation	159,573	136,132
	664,532	553,997

Provision for employment termination benefits

The amount payable consists of one month's salary limited to a maximum of TRY 41,428.42 in full for each year of service as of June 30, 2024 (31 December 2023: TRY 23,489.83 in full).

The reserve for employment termination benefits is not legally subject to any funding and there are no funding requirements.

Provision for employment termination benefits is calculated by estimating the present value of the probable obligation that the employees will have to pay in case of retirement.

Turkish Accounting Standards promulgated by POA require actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	30 June 2024	31 December 2023
Net discount rate (%)	2.90	2.90
Turnover rate to estimate the probability of retirement (%)	98.29	98.00

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the real rate free of expected effects of inflation. The termination indemnity ceiling is revised semi-annually and the ceiling amounting to TRY 41,428.42 in full which is effective from 1 January 2023, has been taken into consideration in calculation of retirement benefit provision in the consulate.

As of June 30, 2024 and 2023, the movements of provision for employment termination benefits are as follows:

	2024	2023
1 January	417,865	645,520
Monetary gain/ (loss)	(96,322)	(111,719)
Interest expense and charge for the period	60,182	179,728
Remeasurement differences	155,866	59,917
Payments	(32,630)	(154,318)
30 June	504,961	619,128

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NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Provision for unused vacation

As of June 30, 2024 and 2023, the movements of provision for unused vacation are as follows:

	2024	2023
1 January	136,132	101,301
Monetary gain/ (loss)	(33,918)	(19,614)
Charge for the period, net	57,359	51,699
30 June	159,573	133,386

Commitments and contingencies

As of June 30, 2024 and 31 December 2023, the tables which represent the position of guarantees, pledges and mortgages are as follows:

	30 June 2024	31 December 2023
a. Total amount of guarantees, pledges and mortgages given the name of legal entity	6,147,629	7,135,695
b. Total amount of guarantees, pledges and mortgages given in favour of the parties which are included in the scope of full consolidation	284,177	331,172
c. Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations		
d. Total amount of other guarantees, pledges and mortgages		
	6,431,806	7,466,867

The details of guarantees, pledges, and mortgages in terms of original currencies are as follows:

	30 June 2024		31 December 2023	
	Original currency	TRY equivalent	Original currency	TRY equivalent
TRY	2,687,123	2,687,123	2,359,560	2,359,560
USD	28,505	919,256	59,927	2,200,505
EUR	67,766	2,362,706	58,292	2,368,448
RON	52,885	368,426	52,885	429,521
AED	5,200	45,400	5,200	51,698
CZK	34,690	48,896	34,690	57,135
		6,431,807		7,466,867

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NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Guarantee letters

a) Guarantees given as of June 30, 2024 and December 31, 2023 are as follows:

	30 June 2024	31 December 2023
Bank letters of guarantee	6,431,807	7,466,867
	6,431,807	7,466,867

b) Guarantees received as of June 30, 2024 and December 31, 2023 are as follows:

	30 June 2024	31 December 2023
Bank letters of guarantee	2,115,461	2,305,078
Guarantee notes	6,537	8,012
Mortgages received	20	25
	2,122,018	2,313,115

NOTE 14 - PREPAID EXPENSES, DEFERRED REVENUE, OTHER ASSETS AND
LIABILITIES

a) Prepaid expenses

Prepaid expenses – short-term

	30 June 2024	31 December 2023
Prepaid expenses	294,581	210,387
	294,581	210,387

Prepaid expenses – long-term

	30 June 2024	31 December 2023
Advances given	56,042	27,101
Prepaid expenses	8,715	5,967
	64,757	33,068

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NOTE 14 - PREPAID EXPENSES, DEFERRED REVENUE, OTHER ASSETS AND
LIABILITIES (continued)

b) Other current assets

Other current assets – short term	30 June 2024	31 December 2023
Value added tax receivables	924,813	1,311,116
Other	42,459	51,815
	967,272	1,362,931

c) Liabilities arising from customer contracts

Liabilities arising from customer contracts - short-term

	30 June 2024	31 December 2023
Advances received	2,236,221	559,087
Deferred maintenance revenues	254,887	404,118
Other deferred income (*)	75,153	-
	2,566,261	963,205

Liabilities arising from customer contracts - long- term

	30 June 2024	31 December 2023
Deferred maintenance revenues	449,243	761,420
	449,243	761,420

d) Employee benefits obligation

	30 June 2024	31 December 2023
Payables to employees	81,921	213,424
Social security payables	218,157	173,902
Taxes and funds payable	50,443	124,340
	350,521	511,666

e) Other current liabilities

	30 June 2024	31 December 2023
Deferred special consumption tax	20,328	7,806
Taxes and funds payable	132,939	65,151
Other	4,007	6,278
	157,274	79,235

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NOTE 15 - REVENUE AND COST OF SALES

Net sales	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Domestic sales	4,554,889	2,080,468	4,833,222	2,619,714
Export sales	8,519,400	5,643,335	6,770,867	4,163,588
Gross sales	13,074,289	7,723,803	11,604,089	6,783,302
Less: sales discounts and returns	(103,094)	(60,032)	(68,634)	4,031
Net sales	12,971,195	7,663,771	11,535,455	6,787,333

Sales of the Group for the periods ended June 30, 2024 and 2023 in terms of the products are as follows:

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Commercial vehicle	9,783,012	5,317,819	8,710,500	4,809,837
Military vehicle	1,548,860	1,540,972	539,211	495,598
Other sales (*)	1,639,323	804,980	2,285,744	1,481,897
	12,971,195	7,663,771	11,535,455	6,787,332

(*) Consists of spare parts, service and other sales income.

Cost of sales

	1 January - 30 June 2024	1 April - 30 January 2024	1 January 30 June 2023	1 April - 30 June 2023
Cost of finished goods sold	(10,204,675)	(5,896,630)	(8,629,819)	(3,962,791)
Cost of merchandise goods sold	(816,808)	(482,438)	(1,380,042)	(1,201,675)
Cost of sales	(11,021,483)	(6,379,068)	(10,009,861)	(5,164,466)

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**NOTE 16 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING AND
GENERAL ADMINISTRATIVE EXPENSES**

	1 January - 30 June 2024	1 April - 30 January 2024	1 January - 30 June 2023	1 April - 30 June 2023
Marketing expenses	(1,902,705)	(1,018,632)	(1,589,751)	(965,309)
General administrative expenses	(888,347)	(396,326)	(630,073)	(335,143)
Research and development expenses	(492,683)	(250,093)	(481,101)	(238,804)
	(3,283,735)	(1,665,051)	(2,700,925)	(1,539,256)

NOTE 17 - OTHER OPERATING INCOME AND EXPENSES

	1 January 30 June 2024	1 April 30 June 2024	1 January 30 June 2023	1 April 30 June 2023
Other operating income				
Foreign exchange gains on operating activities	1,184,065	421,586	2,494,438	2,111,279
Gain on forward transactions	427,252	224,860	330,827	320,454
Revenue from charge of due date receivables	104,364	63,022	107,205	44,887
Incentives income	1,475	701	2,437	1,494
Other income	60,839	32,980	77,675	40,884
	1,777,995	743,149	3,012,582	2,518,998

	1 January 30 June 2024	1 April 30 June 2024	1 January 30 June 2023	1 April 30 June 2023
Other operating expenses				
Foreign exchange loss on operating activities	(759,434)	(361,716)	(1,634,256)	(1,479,490)
Doubtful provision	(178)	-	-	-
Loss on forward transactions	(146,395)	(74,409)	(140,509)	(114,584)
Expected credit losses on trade receivables	(758)	(36)	(7,837)	(5,309)
	(906,765)	(436,161)	(1,782,602)	(1,599,383)

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NOTE 18 - FINANCIAL INCOME

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Foreign exchange gains on bank deposits	503,634	163,691	609,358	315,142
Interest income from bank deposits	48,447	21,931	249,547	223,710
Interest income from bank loans	21,916	20,257	67,017	296
	573,997	205,879	925,922	539,148

NOTE 19 - FINANCIAL EXPENSES

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Interest expense	(2,768,163)	(1,511,257)	(1,986,990)	(1,134,944)
Foreign exchange losses on bank borrowings	(334,526)	(59,476)	(979,664)	(829,985)
Foreign exchange losses on bank deposits	(28,583)	(5,874)	(84,791)	(45,258)
	(3,131,272)	(1,576,607)	(3,051,445)	(2,010,187)

NOTE 20 - TAX ASSETS AND LIABILITIES

The general corporate tax rate in Turkey is 25% (31.12.2023: 25%). With Article 15 of Law No. 7351, published in the Official Gazette dated January 22, 2022, and numbered 31727, an amendment was made to Article 32 of the Corporate Tax Law No. 5520. The corporate tax rate for institutions that exclusively earn income from exports and institutions holding an industrial registration certificate and actively engaged in manufacturing activities is applied at a reduced rate of 1 percentage point. With Article 21 of Law No. 7456, published in the Official Gazette dated July 15, 2023, and numbered 32249, the corporate tax reduction rate applied to the income exclusively earned from exports by these institutions was increased to 5 percentage points.

Corporate tax is declared by the end of the fourth month following the end of the relevant fiscal period and is paid in a single installment. In accordance with tax legislation, profits generated over quarterly periods are separated. Temporary tax is calculated and paid at the rate of 20% on export earnings, 24% on manufacturing earnings derived from actual production with an industrial registration certificate, and 25% on other earnings. The amounts paid in this manner are deducted from the tax calculated on the annual profit.

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

Tax Benefits Obtained Within the Investment Incentive System:

As of June 30, 2024 and December 31, 2023, income tax payables are presented net of prepaid taxes in the balance sheet as follows:

	30 June 2024	31 December 2023
Income tax payable	-	279,997
Prepaid taxes (-)	-	(253,717)
Current tax liabilities / (assets)	-	26,280

The allocation of total tax expense for the periods ended June 30, 2024 and 2023 are as follows:

	1 January - 30 June 2024	1 January - 30 June 2023
Current tax charge (*)	-	(242,919)
Charged to profit for the period	(392,959)	(122,011)
Charged to other comprehensive income /(expense)	38,966	11,761
	(353,993)	(109,147)

As of June 30, 2024 and December 31, 2023, the allocation of deferred tax bases and deferred tax liability computed using the current effective tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Property, plant and equipment and Intangible assets	2,090,130	(79,482)	(522,533)	18,851
Deferred maintenance income	(613,254)	(1,085,700)	153,314	253,530
Provision for warranty expenses	(758,065)	(861,937)	189,516	215,545
Other provisions	(398,740)	(708,440)	99,685	177,110
Provision for employment termination benefits	(504,959)	(409,748)	126,240	102,437
Deferred financial income	(606,140)	-	151,535	-
Deferred financial expenses	(111,252)	(362,663)	27,813	90,666
Investment incentives (*)	-	-	16,700	-
Inventories	(822,432)	(264,471)	205,608	66,118
Other	(676,157)	(233,260)	169,038	46,652
Deferred tax assets, net			616,916	970,909

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

The movement of deferred tax asset for the periods ended June 30, 2024 and 2023 are as follows:

	1 January - 30 June 2024	1 January - 30 June 2023
1 January	970,909	42,027
Deferred tax income charged to profit or loss and other comprehensive income/expense for the period		
- Charged to profit for the period	(392,959)	(122,011)
- Charged to other comprehensive income / (expense)	38,966	11,761
30 June	616,916	(68,223)

NOTE 21 - EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned.

Companies are allowed to increase their capital by distributing free shares to shareholders from accumulated profits with respect to their shares. In calculation of earnings per share, such free shares are considered as issued shares. Therefore, weighted average number of shares in the calculation of earnings per share is found by applying distribution of free shares retrospectively.

Earnings per main share are determined by dividing net income of the shareholders by the weighted average number of shares that have been outstanding during the related year concerned.

	30 June 2024	30 June 2023
Net profit/(loss) for the period	(1,373,733)	(184,109)
Weighted average number of issued shares	12,000,000,000	4,044,198,895
Earnings/(Loss) per share at per value of 1 cent (KR)	(11,448)	(4,552)

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NOTE 22 - RELATED PARTY DISCLOSURES

Due from and due to the related parties at the period end and transactions with related parties during the periods are as follows:

i) Due from and due to related party balances as of June 30, 2024 and December 31, 2023:

Due from related parties	30 June 2024	31 December 2023
Ram Dış Ticaret A.Ş. (1) (**)	3,501,955	3,764,596
Al Jasoor Heavy Vehicles Industry LLC (3) (*)	273,995	346,168
Other (1)	17,250	23,865
	3,793,200	4,134,629

(*) This amount consists of the trade receivables due to the sales to Al Jasoor Heavy Vehicles Industry LLC.

(**) The export registered sales to Ram Dış Ticaret A.Ş. comprise export sales made to third party customers.

- (1) Related parties of the parent company
(2) Shareholder
(3) Joint venture

Due to related parties	30 June 2024	31 December 2023
Zer Merkezi Hizmetler A.Ş. (1)	43,065	74,624
Ram Dış Ticaret A.Ş. (1)	33,967	405,189
Ram Sigorta Aracılık Hizmet A.Ş. (1)	14,364	3,469
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	12,078	10,592
Koç Sistem Bilgi ve İletişim Hiz. A.Ş. (1)	7,370	20,731
Setur Servis Turistik A.Ş. (1)	6,317	20,949
Divan Turizm İşletmeleri A.Ş. (1)	5,843	12,039
Opet Fuchs Madeni Yağ A.Ş. (1)	5,203	6,314
Ford Otosan A.Ş.(2)	3,921	3,289
Akpa Dayanıklı Tük.Paz. A.Ş.(1)	2,792	3,866
Token Finansal Teknolojileri A.Ş.(1)	2,474	-
Koçtaş Yapı Marketleri A.Ş. (2)	550	4,088
Koç Holding A.Ş. (2)	-	81,070
Koç Digital Çözümler A.Ş. (1)	-	24,752
Ark İnşaat (1)	-	7,117
Diğer (1)	3,506	16,246
	141,450	694,335

Advances received from related parties	30 June 2024	31 December 2023
Ram Dış Ticaret A.Ş. (1)	1,817,544	70,783
Al Jasoor Heavy Vehicles Industry LLC (3) (*)	-	30,442
	1,817,544	101,225

(*) These are the advances received due to sales to Al Jasoor Heavy Vehicles Industry LLC, which is a Joint Venture of the Group.

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

ii) Significant sales to related parties and significant purchases from related parties:

	1 January 30 June 2024	1 April 30 June 2024	1 January 30 June 2023	1 April 30 June 2023
Sales of products and services				
Ram Dış Ticaret A.Ş. (1) (*)	1,546,930	1,516,354	507,229	493,497
Al Jasoor Heavy Vehicle Industry (3)	158,825	144,829	968,763	954,535
Other (1)	14	14	-	-
	1,705,769	1,661,197	1,475,992	1,448,032

(*) The export registered sales to Ram Dış Ticaret A.Ş. comprise export sales made to third party customers.

	1 January 30 June 2024	1 April 30 June 2024	1 January 30 June 2023	1 April 30 June 2023
Fixed asset purchases				
Koç Sistem Bilgi ve İletişim Hiz, A.Ş. (1)	20,617	7,192	41,163	27,826
Zer Merkezi Hizmetler A.Ş. (1)	3,973	3,355	5,680	1,704
Arçelik Pazarlama A.Ş. (1)	351	253	89	68
Other (1)	-	-	1,665	1,230
	24,941	10,800	48,597	30,828

- (1) Related parties of the parent company
(2) Shareholder
(3) Joint venture

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

	1 January 30 June 2024	1 April 30 June 2024	1 January 30 June 2023	1 April 30 June 2023
Inventory purchases				
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	282,831	199,644	253,965	162,310
Ram Dış Ticaret A.Ş. (1)	75,005	36,840	47,298	21,966
Opet Fuchs Madeni Yağ A.Ş. (1)	22,186	13,939	23,919	16,328
Opet Petrolcülük A.Ş. (1)	15,400	9,349	20,054	12,243
Wat Motor San,veTic,A.Ş.(1)	14,336	14,109	886	447
Akpa Dayanıklı Tük, Paz, A.Ş. (1)	13,382	8,217	14,075	7,114
Ford Otosan A.Ş. (2)	6,305	4,614	6,303	2,386
Other (1)	4,162	3,356	4,934	3,594
	433,607	290,068	371,434	226,388
Service purchases				
	1 January 30 June 2024	1 April 30 June 2024	1 January 30 June 2023	1 April 30 June 2023
Ram Sigorta Aracılık Hz, A.Ş.(1)(**)	110,016	16,606	54,048	5,514
Ram Dış Ticaret A.Ş.(1)	101,374	26,147	80,183	75,800
Setur Servis Turistik A.Ş.(1)	58,958	34,561	47,054	26,027
Koç Sistem Bilgi ve İletişim Hiz, A.Ş. (1)	47,344	18,929	107,158	71,294
Eltek Elektrik Enerji İth,İhr,Top,Tic, A.Ş. (1)	40,068	23,241	66,398	35,775
Otokoç Otomotiv Tic, ve San, A.Ş.(1)	28,510	15,551	22,948	12,224
Koç Holding A.Ş. (2) (*)	17,323	16,541	16,781	11,795
Divan Turizm İşletmeleri A.Ş.(1)	15,003	13,962	9,140	8,378
Token Finansal Teknolojileri A.Ş. (1)	13,907	6,953	6,091	3,588
Ingage Dijital (1)	7,359	3,116	6,301	2,726
Koç Topluluğu Spor Kulübü	6,577	6,269	1,149	726
Koçdijital Çözümler A.Ş. (1)	6,012	6,012	1,227	1,227
Temel Ticaret A.Ş. (1)	3,358	2,165	-	-
Other(1)	7,907	6,105	9,104	3,868
	463,716	196,158	427,582	258,942

- (*) It includes service cost that are based on finance, law, planning, tax and management provided by Koç Holding A.Ş. to the companies within the group organization, invoiced to Company with the contest of "11-Intercompany Services" in numbered 1 General Communiqué about Concealed Gain Distribution by Transfer Pricing.
- (**) It includes paid and accrued premium as of June 30, 2024 and June 30, 2023 in accordance with insurance policies signed between insurance companies via Ram Sigorta Aracılık Hizmetleri A.Ş. which is an insurance agency.

Bank deposits

30 June 2024 31 December 2023

Yapı ve Kredi Bankası A.Ş. (1)		
- Time deposits	3,306	3,942
- Demand deposits	-	734,951
	3,306	738,893

- (1) Related parties of the parent company
(2) Shareholder
(3) Joint venture

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

Loans	30 June 2024	31 December 2023
Yapı ve Kredi Bankası A.Ş. (1)	504,173	554,970
	504,173	554,970

For the periods ended June 30, 2024 and 2023, financial income and expense with related parties are as follows:

	1 January 30 June 2024	1 April 30 June 2024	1 January 30 June 2023	1 April 30 June 2023
Trade receivables and payables foreign exchange gains				
Ram Dış Ticaret A.Ş. (1)	341,822	166,670	177,737	131,293
Al Jasoor Heavy Vehicle Industry (3)	786	-	16	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	180	128	1,163	1,024
Other (1)	32	29	88	89
	342,820	166,827	179,004	132,406
	1 January 30 June 2024	1 April 30 June 2024	1 January 30 June 2023	1 April 30 June 2023
Trade receivables and payables foreign exchange expenses				
Ram Dış Ticaret A.Ş. (1)	151,612	120,225	30,077	21,105
KoçSistem Bilgi ve İletişim Hizm, A.Ş.(1)	512	163	317	215
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	59	59	5,092	4,272
Other (1)	76	4	16	4
	152,259	120,451	35,502	25,596

- (1) Related parties of the parent company
(2) Shareholder
(3) Joint venture

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

For the periods ended June 30, 2024 and 2023, financial income and expense with related parties are as follows:

	1 January 30 June 2024	1 April 30 June 2024	1 January 30 June 2023	1 April 30 June 2023
Interest income				
Yapı ve Kredi Bankası A.Ş. (1)	24,918	10,219	63,993	7,250
	24,918	10,219	63,993	7,250

	1 January 30 June 2024	1 April 30 June 2024	1 January 30 June 2023	1 April 30 June 2023
Interest expense				
Yapı ve Kredi Bankası A.Ş. (1)	17,377	12,917	92,023	71,624
	17,377	12,917	92,023	71,624

For the periods ended June 30, 2024 and 2023, financial income and expense with related parties are as follows:

	1 January 30 June 2024	1 April 30 June 2024	1 January 30 June 2023	1 April 30 June 2023
Foreign exchange income				
Yapı ve Kredi Bankası A.Ş. (1)	11,540	1,374	30,125	29,672
	11,540	1,374	30,125	29,672

	1 January 30 June 2024	1 April 30 June 2024	1 January 30 June 2023	1 April 30 June 2023
Foreign exchange expenses				
Yapı ve Kredi Bankası A.Ş. (1)	6,856	1,123	12,073	7,525
	6,856	1,123	12,073	7,525

Benefits provided to senior executives

For the period ended June 30, 2024, the total amount of benefits provided to senior management is TRY 159,151 thousand (June 30, 2023: TRY 63,878 thousand). It consists of senior managers, members of the board of directors, general manager, and assistant general managers, this amount includes 131,577 thousand TRY related to separation payments (June 30, 2023: 27,680 thousand TRY). It consists of top-level executives, board members, general manager, and deputy general managers.

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NOTE 23 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Foreign currency risk and related sensitivity analysis

The Group is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. These risks are market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

The recorded amounts of foreign currency assets and liabilities held by the Group by foreign currency type are as follows:

30 June 2024	TRY equivalent (functional currency)	USD	EUR	GBP
1. Trade receivables	9,336,163	125,217	148,762	-
2a. Monetary financial assets (including cash, bank accounts)	572,694	9,129	7,771	1
2b. Non-monetary financial assets	-			
3. Other	(0)	-	-	-
4. Current assets (1+2+3)	9,908,857	134,346	156,533	1
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-			
6b. Non-monetary financial assets	-			
7. Other	120	0	3	-
8. Non-current assets (5+6+7)	120	0	3	-
9. Total assets (4+8)	9,908,977	134,346	156,536	1
10. Trade payables	(2,441,643)	(35,638)	(36,189)	(13)
11. Financial liabilities	(4,259,052)	(10,829)	(111,123)	-
12a. Monetary other liabilities	(2,092,664)	(18,961)	(41,854)	-
12b. Non-monetary other liabilities	-	-	-	-
13. Current liabilities (10+11+12)	(8,793,359)	(65,427)	(189,166)	(13)
14. Trade payables	-	-	-	-
15. Financial liabilities	(177,392)	-	(5,050)	-
16a. Monetary other liabilities	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	(177,392)	-	(5,050)	-
18. Total liabilities (13+17)	(8,970,751)	(65,427)	(194,216)	(13)
Net balance sheet position (9+18)	938,226	68,919	(37,680)	(12)
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	(760,863)	(69,114)	42,925	-
19a. Hedged total assets amount	1,756,420	-	50,000	-
19b. Hedged total liabilities amount	(2,517,283)	(69,114)	(7,075)	-
20. Net foreign currency asset/(liability) position (9+18+19)	177,363	(195)	5,245	-
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	938,114	68,919	(37,683)	-
22. Total fair value of financial instruments used for foreign currency hedging	9,376	8,181	1,196	-
23. Export (as of 30 June 2024)	8,478,092	57,652	179,989	24,920
24. Import (as of 30 June 2024)	4,536,055	54,141	73,408	1,140

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**NOTE 23 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

31 December 2023	TRY equivalent (functional currency)	USD	EUR	GBP
1. Trade receivables	7,602,346	122,801	122,408	-
2a. Monetary financial assets (including cash, bank accounts)	578,097	7,082	11,347	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	8,180,443	129,883	133,755	-
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	98	-	3	-
8. Non-current assets (5+6+7)	98	-	3	-
9. Total assets (4+8)	9,412,827	129,883	133,758	-
10. Trade payables	(2,177,295)	(42,568)	(28,314)	(50)
11. Financial liabilities	(3,209,935)	(7,675)	(91,607)	-
12a. Monetary other liabilities	(371,740)	(5,940)	(6,044)	-
12b. Non-monetary other liabilities	-	-	-	-
13. Current liabilities (10+11+12)	(5,758,970)	(56,183)	(125,965)	(50)
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16a. Monetary other liabilities	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	-	-	-
18. Total liabilities (13+17)	(5,758,970)	(56,183)	(125,965)	(50)
Net balance sheet position (9+18)	2,421,571	73,700	7,793	(50)
Net asset/(liability) position of off-balance sheet derivative				
19. instruments(19a-19b)	(2,202,820)	(67,000)	(7,075)	-
19a. Hedged total assets amount	-	-	-	-
19b. Hedged total liabilities amount	(2,202,820)	(67,000)	(7,075)	-
20. Net foreign currency asset/(liability) position (9+18+19)	218,751	6,700	718	(50)
Net foreign currency asset/(liability) position of				
21. monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	2,421,473	73,700	7,790	(50)
Total fair value of financial instruments used for foreign				
22. currency hedging	32,248	6,591	19,262	-
23. Export (as of 30 June 2023)	6,842,249	40,483	124,194	-
24. Import (as of 30 June 2023)	4,830,676	36,836	88,604	345

**CONVENIENCE TRANSLATION INTOb ENGLISH OF INTERIM CONDENSED
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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

**NOTE 23 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

The following table demonstrates the sensitivity to a possible change of 10% in the USD, Euro and GBP exchange rates, with all other variables held constant, on the Group's income before tax as of June 30, 2024 and December 31, 2023:

30 June 2024	Profit before tax Appreciation Foreign currency	Profit before tax Depreciation Foreign currency
<i>In case 10% appreciation of USD against TRY:</i>		
1- USD net asset/liability	(639)	639
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	(639)	639
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	18,426	(18,426)
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	18,426	(18,426)
<i>In case 10% appreciation of GBP against TRY</i>		
7- GBP net asset/liability	(50)	50
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(50)	50
Total (3+6+9)	17,737	(17,737)
31 December 2023	Profit before tax Appreciation of foreign currency	Profit before tax Depreciation of foreign foreign currency
<i>In case 10% appreciation of USD against TRY:</i>		
1- USD net asset/liability	19,724	(19,724)
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	19,724	(19,724)
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	2,339	(2,339)
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	2,339	(2,339)
<i>In case 10% appreciation of GBP against TRY</i>		
7- GBP net asset/liability	(187)	187
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(187)	187
Total (3+6+9)	21,876	(21,876)

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED 30 JUNE 2024

(Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 24 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Disclosure of fair value measurements by level of the following fair value measurement hierarchy.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2),
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3),

The following table presents the Group's assets that are measured at fair value at 30 June 2024 and 31 December 2023:

30 June 2024

Liabilities	Level 1	Level 2	Level 3	Total
Derivative financial instruments	-	(9,376)	-	(9,376)
	-	(9,376)	-	(9,376)

31 December 2023

Assets	Level 1	Level 2	Level 3	Total
Derivative financial instruments	-	(32,248)	-	(32,248)
	-	(32,248)	-	(32,248)

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The Group considers that carrying amounts reflect fair values of the financial instruments.

Monetary assets – Short-term monetary assets are considered to approximate their respective carrying values due to their short-term nature and low level of credit risk.

**CONVENIENCE TRANSLATION INTOb ENGLISH OF INTERIM CONDENSED
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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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(Amounts expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 24 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS (Continued)

Monetary liabilities - Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The fair values of long-term bank borrowings with fixed interest rates are noted that it is close to approximate their respective carrying values, since the interest rate as of balance sheet date is used. The fair values of short-term bank borrowings are considered to approximate their respective carrying values due to their short-term nature.

NOTE 25 - SUBSEQUENT EVENTS

None.