

**OTOKAR OTOMOTİV VE SAVUNMA  
SANAYİ ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH  
OF CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE INTERIM PERIOD 1  
JANUARY - 30 JUNE 2023**

**(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, 2023 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, SMMM  
Partner

26 July 2023  
Istanbul, 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 2023 AND 31 DECEMBER 2022**

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

		<b>(Limited Reviewed)</b>	<b>(Audited)</b>
	<b>Notes</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	3,468,079	1,671,457
Financial investments		-	60,000
Trade receivables	9	5,282,907	4,159,008
<i>Due from related parties</i>	22	1,327,194	1,631,795
<i>Due from other parties</i>	9	3,955,713	2,527,213
Other receivables		1,648	906
Inventories	10	6,086,236	3,869,853
Derivative instruments	8	-	2,450
Prepaid expenses	14	135,341	123,213
Other current assets	14	856,198	725,028
<b>Total current assets</b>		<b>15,830,409</b>	<b>10,611,915</b>
<b>Non-current assets</b>			
Trade receivables	9	595,118	731,962
Other receivables		3,675	5,257
Investments accounted for using the equity method	5	85,634	241,054
Financial investments	7	15,265	11,431
Property, plant, and equipment	11	861,154	723,360
Right of use assets	11	58,481	39,948
Intangible assets	12	1,526,806	1,234,061
Deferred tax asset	20	601,825	437,650
Prepaid expenses	14	45,268	72,265
Other non-current assets	14	-	43,472
<b>Total non-current assets</b>		<b>3,793,226</b>	<b>3,540,460</b>
<b>Total assets</b>		<b>19,623,635</b>	<b>14,152,375</b>

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  
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**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF 30 JUNE 2023 AND 31 DECEMBER 2022**

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

		(Limited Reviewed)	(Audited)
	Notes	30 June 2023	31 December 2022
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short-term borrowings	6	8,712,353	5,137,400
<i>Bank loans</i>	6	8,669,106	5,106,361
<i>Short-term lease liabilities</i>	6	43,247	31,039
Short-term portion of long-term borrowings	6	1,352,157	1,109,411
<i>Bank loans</i>	6	1,307,439	1,109,411
<i>Issue of debt instruments</i>	6	44,718	-
Trade payables	9	2,773,051	2,217,223
<i>Due to related parties</i>	22	124,368	220,240
<i>Due to other parties</i>	9	2,648,683	1,996,983
Derivative instruments	8	9,012	-
Employee benefit obligations	14	109,875	197,429
Other payables		117,363	27,863
Liabilities from customer contracts	14	1,921,143	537,323
Government promotion and subsidies		2,671	1,963
Current tax liabilities	20	66,917	-
Short-term provisions	13	776,164	735,797
<i>Provisions for employee benefits</i>	13	77,732	49,288
<i>Other provisions</i>	13	698,432	686,509
Other current liabilities	14	48,786	33,492
<b>Total current liabilities</b>		<b>15,889,492</b>	<b>9,997,901</b>
<b>Non-current liabilities</b>			
Long-term borrowings	6	1,124,929	1,300,613
<i>Bank loans</i>	6	57,287	1,252,064
<i>Issue of debt instruments</i>	6	1,000,000	-
<i>Long-term lease liabilities</i>	6	67,642	48,549
Government promotion and subsidies		10,313	12,364
Long-term provisions	13	360,803	314,077
<i>Provisions for employee benefits</i>	13	360,803	314,077
Liabilities from customer contracts	14	431,223	424,440
<b>Total non-current liabilities</b>		<b>1,927,268</b>	<b>2,051,494</b>
<b>Total liabilities</b>		<b>17,816,760</b>	<b>12,049,395</b>
<b>Equity</b>			
Paid-in share capital		120,000	24,000
Inflation adjustment on share capital		-	52,743
Restricted reserves		183,398	183,398
Accumulated other comprehensive income / (expense) that will not be reclassified to statement of profit or loss		(165,128)	(139,244)
<i>Defined benefit plans remeasurement gain (losses)</i>		(165,128)	(139,244)
Accumulated other comprehensive income and expense that may be reclassified to statement of profit or loss		(252,491)	(216,453)
<i>Currency translation differences</i>		(252,491)	(216,453)
Retained earnings		2,155,279	959,418
Net profit or loss for the period		(234,183)	1,239,118
<b>Total equity</b>		<b>1,806,875</b>	<b>2,102,980</b>
<b>Total liabilities and equity</b>		<b>19,623,635</b>	<b>14,152,375</b>

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 2023  
AND 2022**

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

		(Limited Reviewed)	(Limited Reviewed)	(Limited Reviewed)	(Limited Reviewed)
		1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
	Notes				
Revenue	15	6,400,445	3,864,354	3,651,120	2,357,122
Cost of sales (-)	15	(4,852,298)	(2,699,109)	(2,446,516)	(1,619,266)
<b>GROSS PROFIT (LOSS)</b>		<b>1,548,147</b>	<b>1,165,245</b>	<b>1,204,604</b>	<b>737,856</b>
Marketing expenses (-)	16	(879,431)	(546,494)	(438,522)	(259,312)
General administrative expenses (-)	16	(341,713)	(182,837)	(211,840)	(100,681)
Research and development expenses (-)	16	(144,968)	(72,388)	(62,980)	(40,379)
Other operating income	17	1,719,438	1,455,689	594,547	266,751
Other operating expenses (-)	17	(1,023,929)	(923,268)	(340,363)	(163,664)
<b>OPERATING PROFIT (LOSS)</b>		<b>877,544</b>	<b>895,947</b>	<b>745,446</b>	<b>440,571</b>
Income from investing activities		634	164	2,070	1,231
Share of profit (losses) of investments accounted for using the equity method, net	5	8,245	20,632	(9,863)	(3,993)
<b>OPERATING PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)</b>		<b>886,423</b>	<b>916,743</b>	<b>737,653</b>	<b>437,809</b>
Financial income	18	516,640	308,584	136,012	96,192
Financial expense (-)	19	(1,661,116)	(1,099,707)	(346,425)	(208,850)
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>(258,053)</b>	<b>125,620</b>	<b>527,240</b>	<b>325,151</b>
<b>Tax income/(expense) from continued operations</b>					
Current year tax income / (expense)	20	(133,834)	4,794	(140,827)	(140,827)
Deferred tax income/ (expense)	20	157,704	150,216	156,376	157,933
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>(234,183)</b>	<b>280,630</b>	<b>542,789</b>	<b>342,257</b>
<b>Items that will not be reclassified to statement of profit or loss</b>					
Defined benefit plans remeasurement gains/(losses)	13	(32,355)	29,462	(5,839)	(515)
Deferred tax income/(expense)	20	6,471	(5,892)	1,168	103
<b>Items that may be reclassified to statement of profit or loss</b>					
Currency translation differences of investments accounted for using the equity method	5	64,348	58,777	50,313	27,220
Currency translation differences		(100,386)	(88,545)	(24,525)	(4,363)
<b>Other comprehensive income /(expense)</b>		<b>(61,922)</b>	<b>(6,198)</b>	<b>21,117</b>	<b>22,445</b>
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE)</b>		<b>(296,105)</b>	<b>274,432</b>	<b>563,906</b>	<b>364,702</b>
<b>Earnings per share (Kr)</b>	21	<b>(5,791)</b>	<b>4,949</b>	<b>22,616</b>	<b>14,261</b>

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 2023 AND 2022

(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
<b>1 January 2022-</b>									
<b>30 June 2022</b>	<b>Beginning of the period</b>	<b>24,000</b>	<b>52,743</b>	<b>133,530</b>	<b>(12,925)</b>	<b>(210,099)</b>	<b>467,762</b>	<b>1,041,524</b>	<b>1,496,535</b>
	Transfers	-	-	49,868	-	-	991,656	(1,041,524)	-
	Dividends paid	-	-	-	-	-	(500,000)	-	(500,000)
	Total comprehensive income	-	-	-	(4,671)	25,788	-	542,789	563,906
	<b>Closing balances</b>	<b>24,000</b>	<b>52,743</b>	<b>183,398</b>	<b>(17,596)</b>	<b>(184,311)</b>	<b>959,418</b>	<b>542,789</b>	<b>1,560,441</b>
<b>1 January 2023-</b>									
<b>30 June 2023</b>	<b>Beginning of the period</b>	<b>24,000</b>	<b>52,743</b>	<b>183,398</b>	<b>(139,244)</b>	<b>(216,453)</b>	<b>959,418</b>	<b>1,239,118</b>	<b>2,102,980</b>
	Transfers	-	-	-	-	-	1,239,118	(1,239,118)	-
	Share Capital Increase	96,000	(52,743)	-	-	-	(43,257)	-	-
	Total comprehensive income	-	-	-	(25,884)	(36,038)	-	(234,183)	(296,105)
	<b>Closing balances</b>	<b>120,000</b>	<b>-</b>	<b>183,398</b>	<b>(165,128)</b>	<b>(252,491)</b>	<b>2,155,279</b>	<b>(234,183)</b>	<b>1,806,875</b>

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

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**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE INTERIM PERIODS ENDED 30 JUNE 2023 AND 2022**

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

		(Limited Reviewed)	(Limited Reviewed)
	Notes	1 January – 30 June 2023	1 January – 30 June 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit / (loss) for the period		(262,809)	(130,024)
Adjustments to reconcile net profit (loss) for the period to cash flows from operating activities		1,675,104	549,358
Adjustments for depreciation and amortization		138,596	71,919
Adjustments in relation to impairment:		65,511	21,245
- Provision for doubtful receivables	9	49,272	17,212
- Provision for inventories	10	16,239	4,033
Adjustments in relation to provision		303,563	196,609
- Provision for employee benefits	13	127,328	70,007
- Provision for warranty expenses	13	267,290	112,462
- Adjustments for other provisions		(91,055)	14,140
Adjustments in relation to interest income and expenses:		697,743	147,869
- Adjustment in relation to interest income	18	(337,344)	(14,215)
- Adjustment in relation to interest expense	19	1,035,087	162,084
Adjustments in relation to unrealised foreign exchange gains and losses	6	488,093	132,425
Adjustments in relation to fair value gains and losses		14,347	(11,786)
- Adjustments related to fair value losses (gains) on financial assets		(3,835)	-
Fair value losses/(gains) on financial derivative instruments		18,182	(11,786)
Adjustments for undistributed profits of investments accounted for using equity method		(8,245)	9,863
- Adjustments for undistributed profits of joint ventures	5	(8,245)	9,863
Adjustment on tax income / (expense)		(23,870)	(16,716)
Adjustments in relation to gains or losses on sales of property, plant, and equipment		(634)	(2,070)
- Losses / (gains) on sale of property, plant and equipment		(634)	(2,070)
Changes in net working capital		(1,381,267)	(1,147,083)
Change in trade receivables		(1,039,776)	(552,705)
Change in inventories		(2,232,622)	(1,126,282)
Change in trade payables		555,828	769,639
Other changes		1,335,303	(237,735)
- (Increase)/ decrease in other assets related to activities		(71,989)	(309,150)
- Increase/ (decrease) in other liabilities related to activities		1,407,292	71,415
Cash flows from operations		59,654	(54,936)
Payments in relation to employee benefits	13	(84,513)	(3,919)
Payments in relation to other provisions	13	(164,312)	(86,207)
Tax Refunds (Payments)	20	(66,917)	-
Other cash collections (payments)		(6,721)	15,038
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(10,142)</b>	<b>(291,523)</b>
Cash outflows for the acquisition of shares of other businesses or funds or debt instruments		-	(10,000)
Proceeds from sales of property, plant, and equipment intangible assets		703	2,626
- Proceeds from sale of property, plant and equipment and intangible assets		703	2,626
Cash outflows due to purchase of property, plant and equipment and intangible assets		(554,363)	(284,149)
- Cash outflows due to purchase of property, plant, and equipment	11	(173,516)	(105,701)
- Cash outflows due to purchase of intangible assets	12	(380,847)	(178,448)
Dividends Received	5	228,013	-
Interest Received		315,505	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>2,146,288</b>	<b>369,348</b>
Cash inflow from to borrowings		10,264,684	2,589,862
- Proceeds from bank borrowings	6	10,264,684	2,589,862
Cash outflow due to repayment of borrowings		(7,539,180)	(1,624,518)
- Repayments of borrowings	6	(7,539,180)	(1,624,518)
Cash outflows on debt payments from leasing agreements	6	(13,384)	(2,842)
Dividends paid		-	(500,000)
Interest paid		(625,832)	(107,369)
Other cash inflow (outflow)		60,000	14,215
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES</b>		<b>1,873,337</b>	<b>(52,199)</b>
Effect of currency translation difference on cash and cash equivalents		(98,554)	(24,431)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,774,783</b>	<b>(76,630)</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	1,671,457	644,857
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	3,446,240	568,227

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



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**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED 30 JUNE 2023**

(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:

<b>Subsidiaries</b>	<b>Country</b>	<b>Main activity</b>	<b>Field of activity</b>
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 Central Asia Limited	Kazakhstan	Sales and marketing	Automotive and defense industry
<b>Joint Ventures</b>	<b>Country</b>	<b>Main activity</b>	<b>Field of activity</b>
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 5 November 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:

	<b>30 June 2023</b>		<b>31 December 2022</b>	
	<b>Period end</b>	<b>Average</b>	<b>Period end</b>	<b>Average</b>
<b>Total personnel number</b>	2,872	2,878	2,942	2,437

The condensed interim consolidated financial statements for the period ended 30 June 2023 were authorized for issue and signed by the Board of Directors of Otokar on 26 July 2023.

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 30 June 2023, 27.85% of the shares are quoted on the BIST.

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**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023**

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

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

As of 30 June 2023, the principal shareholders and their respective shareholding percentages are as follows:

	(%)
Koç Holding A.Ş.	44.68
Ünver Holding A.Ş.	24.81
Other	30.51
	<b>100.00</b>

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 consolidated financial statements have been presented in compliance with the TMS (Turkish Accounting Standards) taxonomy published by POA on October 4, 2022. The CMB declared that inflation accounting is not required for companies operating in Turkey and preparing their financial statements in accordance with the financial reporting standards accepted by the CMB, with a decision dated March 17, 2005, effective from January 1, 2005. Therefore, the TMS 29 "Financial Reporting in Hyperinflationary Economies" standard, published by POA and applicable from January 1, 2005, has not been applied in the financial statements. The Company and its Subsidiaries registered in Turkey maintain their accounting records and prepare their statutory financial statements in compliance with the principles and conditions stipulated by the CMB, Turkish Commercial Code ("TCC"), tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance. The consolidated financial statements are prepared on the historical cost basis, except for derivative instruments presented at fair values, and necessary adjustments and reclassifications are made to ensure proper presentation in accordance with TMS, reflecting the accurate presentation of the statutory records.

**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 2023**

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

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

**2.1 Basis of presentation of consolidated financial statements (Continued)**

On January 20, 2023, the Public Oversight, Accounting and Auditing Standards Authority (POA) issued a clarification to address uncertainties of entities applying the Turkish Financial Reporting Standards (TFRS) regarding the application of IAS 29 Financial Reporting in Hyperinflationary Economies during the 2022 financial reporting period. According to the clarification, entities applying TFRS are not required to make any adjustments under IAS 29, and subsequently, no further announcement regarding the application of IAS 29 was made by POA. Considering that no new announcement has been made as of the date of preparation of these consolidated financial statements, no inflation adjustment has been applied to these consolidated financial statements as per IAS 29.

The interim condensed consolidated financial statements for the period ended 30 June 2023 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 31 December 2022.

The consolidated financial statements are based on the Group's legal records and have been prepared by applying certain adjustments and reclassifications to properly present the Group's position in accordance with the Turkish Accounting Standards published by POA. These adjustments generally pertain to deferred taxes, severance pay, allocation of depreciation of tangible assets based on their economic lives and straight-line method, recognition of provisions, classification of deferred maintenance and repair income, and discounting of trade receivables and payables.

***Going Concern***

The Group has prepared its consolidated financial statements in accordance with the going concern basis.

***Comparatives and adjustment of prior periods' financial statements***

In order to allow for the determination of the financial situation and performance trends the Group's consolidated financial statements have been presented comparatively with the previous year. Where necessary, comparative figures have been reclassified to conform to the changes in presentation in the current period.

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

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**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.

**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 2023 are consistent with those used in the preparation of consolidated financial statements for the year ended 31 December 2022.

**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.

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

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

**2.3 Changes in accounting policies (Continued)**

**2.3.1 New and amended standards and interpretations**

The accounting policies adopted in preparation of the consolidated financial statements as of 30 June 2023, are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of 1 January 2023, 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, 2022 are as follows:**

**Amendments to TAS 8 - Definition of Accounting Estimates**

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. The amendments did not have a significant impact on the financial position or performance of the Group.

**Amendments to TAS 1 - Disclosure of Accounting Policies**

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term ‘significant’ in TFRS, the POA decided to replace it with ‘material’ in the context of disclosing accounting policy information. ‘Material’ is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added. The amendments did not have a significant impact on the financial position or performance of the Group.

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

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

**2.3 Changes in accounting policies (Continued)**

**Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized. 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, 2024, 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.

# 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 2023

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

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

##### 2.3 Changes in accounting policies (Continued)

###### ii) Standards issued but not yet effective and not early adopted (Continued)

###### Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In January 2021 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. 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 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 are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa. The Group is in the process of assessing the impact of the amendments on 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 to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. 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. Overall, the Group expects no significant impact on its balance sheet and equity. 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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**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ**

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

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

**2.3 Changes in accounting policies (Continued)**

**iii) 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 IAS 12 as well as IAS 7 and IFRS 7 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 are issued and become effective under TFRS.

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

In May 2023, IASB issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 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 Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

**Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements**

The amendments issued in May 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 IFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. 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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(Amounts expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

**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 2023 and 31 December 2022:

<b>Subsidiaries</b>	<b>2023</b>		<b>2022</b>	
	<b>Direct and indirect ownership (%)</b>	<b>Proportion of effective interest (%)</b>	<b>Direct and indirect ownership (%)</b>	<b>Proportion of effective interest (%)</b>
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
<b>Join ventures</b>	<b>Direct and indirect ownership (%)</b>	<b>Proportion of effective interest (%)</b>	<b>Direct and indirect ownership (%)</b>	<b>Proportion of effective interest (%)</b>
Al Jasoor Heavy Vehicle Industry LLC	49.00	49.00	49.00	49.00

**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.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023**

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**NOTE 4 - CASH AND CASH EQUIVALENTS**

	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>Banks</b>		
- Time deposits	2,033,031	1,420,263
- Demand deposits	1,413,125	245,429
Other	84	105
<b>Cash and Cash Equivalents in the Cashflow Statements</b>	<b>3,446,240</b>	<b>1,665,797</b>
Interest accrual	21,839	5,660
	<b>3,468,079</b>	<b>1,671,457</b>

As of 30 June 2023, time deposit accounts with a total amount of TRY 2,033,031 thousand, corresponding to TRY 309,369 thousand, are in foreign currency, the effective interest rate is %3.65 per annum, and the average maturity is 1 day. The remaining amount of TRY 1,723,662 thousand the effective interest rate is %42.29 per annum with an average maturity of 32 day.

(As of 31 December 2022, time deposit accounts with a total amount of TRY 1,420,263 thousand, corresponding to TRY 141,174 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 1,284,749 thousand the effective interest rate is %24.63 per annum with an average maturity of 24 day).

As of 30 June 2023, the Group has restricted bank deposit amounting to TRY 0,2 thousand (31 December 2022: TRY 10,314 thousand).

**NOTE 5 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

As of 30 June 2023, and 31 December 2022, the details of carrying value and ownership rate subject to equity accounting of the joint venture is as follows:

	<b>30 June 2023</b>		<b>31 December 2022</b>	
	(%)	Amount	(%)	Amount
<b>Joint ventures</b>				
Al Jasoor	49	85,634	49	241,054
		<b>85,634</b>		<b>241,054</b>

The movements of joint ventures for the periods ended on 30 June 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
<b>Beginning- 1 January</b>	<b>241,054</b>	<b>182,456</b>
Shares of profit /(loss)	8,245	(9,863)
Dividend paid	(228,013)	-
Exchange differences on translation	64,348	50,313
<b>Closing- 30 June</b>	<b>85,634</b>	<b>222,906</b>

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

The summary of the financial statements of Al Jasoor Heavy Vehicle Industry LLC as of 30 June 2023 and 31 December 2022 is as follows:

	<b>30 June 2023</b>	<b>31 December 2022</b>
Total assets	889,256	897,218
Total liabilities	(714,493)	(405,271)
<b>Net assets</b>	<b>174,763</b>	<b>491,947</b>
Ownership of the Group	%49	49%
<b>Net asset share of the Group</b>	<b>85,634</b>	<b>241,054</b>

**NOTE 6 - BORROWINGS**

**Short-term financial borrowings**

<b>30 June 2023</b>		<b>Annual average effective interest rate (%)</b>	<b>TRY equivalent</b>
	<b>Maturities</b>		
<b>Bank loans</b>			
TRY loans	5 July 2023 – 11 June 2024	22.25	7,343,962
EUR loans	21 July 2023 – 2 February 2024	6.70	1,179,168
USD loans	19 February 2024	5.59	145,976
			<b>8,669,106</b>
<b>Borrowings from lease liabilities</b>			
EUR lease liabilities	-	2.00	29,784
TRY lease liabilities	-	30.00	13,463
			<b>43,247</b>
<b>Total short-term financial liabilities</b>			<b>8,712,353</b>

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**NOTE 6 - BORROWINGS (Continued)**

**Long-term bank loans (\*)**

<b>30 June 2023</b>	<b>Maturities</b>	<b>Annual average effective interest rate (%)</b>	<b>TRY equivalent</b>
<b>Bank loans</b>			
EUR loans	14 September 2023 - 15 September 2023	2.70	567,544
TRY loans	17 November 2023 - 7 June 2024	18.44	739,895
			<b>1,307,439</b>
<b>Issue debt instruments (**)</b>			
Short-term portion of issued bonds	-	37.25	44,718
			<b>44,718</b>
<b>Total long-term financial borrowings</b>			<b>1,352,157</b>

(\*) 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)**

<b>Long Term loans (*)</b>		<b>Annual effective</b>	<b>TRY</b>
<b>30 June 2023</b>	<b>Maturities</b>	<b>interest rate (%)</b>	<b>equivalent</b>
<b>Bank loans</b>			
	4 November 2024-		
TRY Loans	5 August 2025	14.00	57,287
			<b>57,287</b>
<b>Borrowings from lease liabilities</b>			
EUR lease liabilities	-	2.00	46,585
TRY lease liabilities	-	30.00	21,057
			<b>67,642</b>
<b>Issued debt instruments (**)</b>			
	12 March 2025 -		
Long-term portion of issued bonds	30 June 2025	37.25	1,000,000
			<b>1,000,000</b>
<b>Total long-term financial borrowings</b>			<b>1,124,929</b>

(\*) 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 six 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 six months. The bond will mature on 30 June 2025.

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**NOTE 6 - BORROWINGS (Continued)**

**Short-term bank loans**

<b>30 June 2023</b>	<b>Maturities</b>	<b>Annual effective interest rate (%)</b>	<b>TRY equivalent</b>
<b>Bank loans</b>			
	9 June 2023	5.95	99,932
EUR loans	5 January 2023 –	23.72	5,006,429
TRY loans	15 November 2023		
			<b>5,106,361</b>
<b>Short-term lease liabilities</b>			
EUR lease liabilities	-	2.00	21,377
TRY lease liabilities	-	30.00	9,662
			<b>31,039</b>
<b>Total short-term borrowings</b>			<b>5,137,400</b>

<b>31 December 2022</b>	<b>Maturities</b>	<b>Annual effective interest rate (%)</b>	<b>TRY equivalent</b>
<b>Short-term portion of long-term financial liabilities (*)</b>			
<b>Bank loans</b>			
EUR loans	9 January 2023 – 15 September 2023	2.94	865,626
TRY loans	7 April 2023 – 31 December 2023	18.25	243,785
			<b>1,109,411</b>

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

**NOTE 6 - BORROWINGS (Continued)**

**Long-term borrowings (\*)**

<b>31 December 2022</b>	<b>Maturities</b>	<b>Annual effective interest rate (%)</b>	<b>TRY equivalent</b>
<b>Bank loans</b>			
TRY loans	11 January 2024 – 5 August 2025	15.19	1,252,064
			<b>1,252,064</b>

(\*) Bearing fixed interest rate

<b>31 December 2022</b>	<b>Maturities</b>	<b>Annual effective interest rate (%)</b>	<b>TRY equivalent</b>
<b>Borrowings from lease liabilities</b>			
EUR loans	-	2.00	33,436
TRY loans	-	30.00	15,113
			<b>48,549</b>
<b>Total Long-term Borrowings</b>			<b>1,300,613</b>

As of 30 June 2023, the Group has not provided any guarantees for the borrowings (31 December 2022: None).

The Group has no financial commitments arising from its borrowings.

The movements of borrowings over the periods ended on 30 June 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
<b>1 January</b>	7,547,424	2,378,457
Borrowing received during the period	10,264,684	2,589,862
Cash outflows related to debt payments from leasing agreements	(13,384)	(2,842)
Changes in lease obligations under TFRS 16	32,547	7,732
Principal payments (-)	(7,539,180)	(1,624,518)
Change in interest accruals	409,255	54,715
Change in exchange rates	488,093	132,425
<b>30 June</b>	<b>11,189,439</b>	<b>3,535,831</b>

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**NOTE 7 - FINANCIAL INVESTMENT**

Otokar Central Asia Limited company was established on 5 November 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 (147 thousand TRY) and the Group’s investments in the Private Venture Capital Investment Fund (15.118 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.

<b>30 June 2023</b>	<b>Contract amount</b>	<b>Current period contract maturity</b>	<b>Fair value liabilities</b>
Forward transactions	1,669,474	3 July 2023 - 19 September 2023	(9,012)
Short-term derivative instruments	1,669,474		(9,012)
<b>Total derivative instruments</b>	<b>1,669,474</b>		<b>(9,012)</b>

  

	<b>Contract amount</b>	<b>Current period contract maturity</b>	<b>Fair value assets</b>
<b>31 December 2022</b>			
Forward transactions	2,275,924	5 January 2023 - 9 February 2023	2,450
Short-term derivative instruments	2,275,924		2,450
<b>Total derivative instruments</b>	<b>2,275,924</b>		<b>2,450</b>



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

**NOTE 9 - TRADE RECEIVABLES AND PAYABLES**

**Trade receivables**

	<b>30 June 2023</b>	<b>31 December 2022</b>
Trade receivables, net	4,135,228	2,658,318
Notes receivables, net	7,061	2,750
<b>Subtotal</b>	<b>4,142,289</b>	<b>2,661,068</b>
Less: provision for doubtful receivables	(186,576)	(133,855)
<b>Trade receivables from third parties</b>	<b>3,955,713</b>	<b>2,527,213</b>
Trade receivables from related parties (Note 22)	1,327,194	1,631,795
<b>Short-term trade receivables</b>	<b>5,282,907</b>	<b>4,159,008</b>
Long-term trade receivable, net	595,118	731,962
<b>Long-term trade receivables</b>	<b>595,118</b>	<b>731,962</b>

As of 30 June 2023, the average maturity of short-term trade receivables is between 60-90 days (excluding notes receivables) (31 December 2022: 60-90 days).

As of 30 June 2023 and 31 December 2022 the fair values of trade receivables approximate to their carrying values due to short-term maturity of those receivables.

Guarantees received for trade receivables

Receivables of the Group are mainly composed of minibus and bus sales to dealers and defence vehicle sales, As of 30 June 2023, the total trade receivable from dealers amounting to TRY 1,020,512 million (31 December 2022: TRY 473,254 thousand), after provision provided for doubtful receivables, has been secured by mortgages and guarantees at the amount of TRY 1,020,512 million (31 December 2022: TRY 473,254 thousand).

The aging of the past due but not impaired trade receivables: None.

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**NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)**

**Amount secured with guarantees**

<b>31 December 2022</b>	<b>Trade receivables</b>
1- 30 days past due	-
1- 3 months past due	-
3- 12 months past due	-
1- 5 years past due	-
Over 5 years past due	330
	<b>330</b>
	<b>330</b>

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 30 June 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
<b>1 January</b>	133,855	97,384
Collections	-	(1,110)
Foreign currency translation differences	3,449	698
Currency differences	49,272	17,212
<b>30 June</b>	<b>186,576</b>	<b>114,184</b>

**Trade payables**

	<b>30 June 2023</b>	<b>31 December 2022</b>
Trade payables, net	2,648,683	1,996,983
<b>Short-term other trade payables</b>	<b>2,648,683</b>	<b>1,996,983</b>
Trade payables to related parties (Note 22)	124,368	220,240
<b>Short-term trade payables</b>	<b>2,773,051</b>	<b>2,217,223</b>

As of 30 June 2023, average payment term for trade payables is 45-60 days (31 December 2022: 45-60 days).

As of 30 June 2023 and 31 December 2022, the fair values of trade payables approximate to their carrying values due to short-term maturity of those payables.

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

**NOTE 10 - INVENTORIES**

	<b>30 June 2023</b>	<b>31 December 2022</b>
Raw material	2,761,847	1,907,968
Semi-finished goods	872,558	110,760
Finished goods	857,485	927,746
Merchandise goods	465,957	385,212
Goods in transit	1,185,413	578,952
Less: Impairment for inventories (*)	(57,024)	(40,785)
	<b>6,086,236</b>	<b>3,869,853</b>

(\*) TRY 2,576 thousands of impairment is related to finished goods (31 December 2022: TRY 357 thousand) and TRY 14,072 thousand is related to merchandises (31 December 2022: TRY 8,007 thousand), TRY 40,376 thousand of impairment (31 December 2022: TRY 32,421 thousand) is related to raw materials, The impairment has been accounted for under cost of sales.

**NOTE 11 - PROPERTY, PLANT AND EQUIPMENT**

Movements of property, plant and equipment and related accumulated depreciation for the periods ended 30 June 2023 and 2022 is as follows:

	<b>1 January 2023</b>	<b>Additions</b>	<b>Disposal</b>	<b>Transfers</b>	<b>Currency translation differences</b>	<b>30 June 2022</b>
<b>Cost</b>						
Land	37,437	-	-	-	-	37,437
Land improvements	28,172	-	-	-	-	28,172
Buildings	225,488	-	-	374	-	225,862
Machinery and equipment	349,285	12,851	(82)	70	3,725	365,849
Motor vehicles	32,992	3,238	-	-	-	36,230
Furniture and fixtures	253,471	80,127	(324)	1,381	2,876	337,531
Leasehold improvements	4,436	-	-	-	-	4,436
Construction in progress	42,268	77,300	-	(1,825)	-	117,743
	<b>973,549</b>	<b>173,516</b>	<b>(406)</b>	<b>-</b>	<b>6,601</b>	<b>1,153,260</b>
<b>Accumulated depreciation</b>						
Land improvements	(5,996)	(470)	-	-	-	(6,466)
Buildings	(55,033)	(3,616)	-	-	-	(58,649)
Machinery and equipment	(127,354)	(16,207)	81	-	(2,900)	(146,380)
Motor vehicles	(10,504)	(1,839)	-	-	-	(12,343)
Furniture and fixtures	(49,796)	(14,623)	256	-	(2,084)	(66,247)
Leasehold improvements	(1,506)	(515)	-	-	-	(2,021)
	<b>(250,189)</b>	<b>(37,270)</b>	<b>337</b>	<b>-</b>	<b>(4,984)</b>	<b>(292,106)</b>
<b>Net book value</b>	<b>723,360</b>					<b>861,154</b>

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 2022	Additions	Disposal	Transfers	Currency translation differences	30 June 2022
<b>Cost</b>						
Land	37,437	-	-	-	-	37,437
Land improvements	18,112	449	-	-	-	18,561
Buildings	108,514	1,184	-	-	-	109,698
Machinery and equipment	246,086	7,064	(900)	-	1,256	253,506
Motor vehicles	19,869	7,650	(563)	-	-	26,956
Furniture and fixtures	131,673	30,060	(9)	-	753	162,477
Leasehold improvements	1,715	288	-	-	-	2,003
Construction in progress	36,526	59,006	-	-	-	95,532
	<b>599,932</b>	<b>105,701</b>	<b>(1,472)</b>	<b>-</b>	<b>2,009</b>	<b>706,170</b>
<b>Accumulated depreciation</b>						
Land improvements	(5,351)	(308)	-	-	-	(5,659)
Buildings	(50,692)	(1,955)	-	-	-	(52,647)
Machinery and equipment	(104,958)	(9,762)	693	-	(836)	(114,863)
Motor vehicles	(8,062)	(1,212)	216	-	-	(9,058)
Furniture and fixtures	(33,090)	(6,463)	7	-	(568)	(40,114)
Leasehold improvements	(1,075)	(107)	-	-	-	(1,182)
	<b>(203,228)</b>	<b>(19,807)</b>	<b>916</b>	<b>-</b>	<b>(1,404)</b>	<b>(223,523)</b>
<b>Net book value</b>	<b>396,704</b>					<b>482,647</b>

The allocation of accumulated depreciation and amortisation for the periods ended 30 June 2023 and 2022 is as follows:

	30 June 2023	30 June 2022
Research and development expenses	81,966	41,753
Cost of goods sold	21,487	10,666
Right of use of assets	13,224	7,275
Developments projects in progress	8,237	4,713
Depreciation on inventories	7,111	3,849
General administrative expenses	5,393	2,895
Currency translation differences	4,983	1,405
Selling and marketing expenses	1,178	768
	<b>143,579</b>	<b>73,324</b>

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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 2023 and 2022 is as follows:

<b>30 June 2023</b>	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fixture</b>	<b>Total</b>
Cost	31,865	84,158	3,524	119,547
Accumulated depreciation	(20,933)	(39,516)	(617)	(61,066)
	<b>10,932</b>	<b>44,642</b>	<b>2,907</b>	<b>58,481</b>
<b>30 June 2022</b>	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fixture</b>	<b>Total</b>
Cost	22,696	46,138	595	69,429
Accumulated depreciation	(12,998)	(25,058)	(464)	(38,520)
	<b>9,698</b>	<b>21,080</b>	<b>131</b>	<b>30,909</b>

**NOTE 12 - INTANGIBLE ASSETS**

Movements of intangible assets and related accumulated amortisation for the periods ended 30 June 2023 and 2022 are as follows:

	<b>1 January 2023</b>	<b>Additions</b>	<b>Currency translation differences</b>	<b>Disposals</b>	<b>Transfers</b>	<b>30 June 2023</b>
<b>Cost</b>						
Other intangible assets	63,922	6,871	-	-	-	70,793
Development costs	1,167,431	-	-	-	-	1,167,431
Developments projects in progress	574,147	373,976	-	-	-	948,123
	<b>1,805,500</b>	<b>380,847</b>	-	-	-	<b>2,186,347</b>
<b>Accumulated amortization</b>						
Other intangible assets	(28,340)	(6,136)	-	-	-	(34,476)
Development costs	(543,099)	(81,966)	-	-	-	(625,065)
	<b>(571,439)</b>	<b>(88,102)</b>	-	-	-	<b>(659,541)</b>
<b>Net book value</b>	<b>1,234,061</b>					<b>1,526,806</b>

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**NOTE 12 - INTANGIBLE ASSETS (continued)**

	1 January 2022	Additions	Currency translation differences	Disposals	Transfers	30 June 2022
<b>Cost</b>						
Other intangible assets	36,066	11,822	51	-	-	47,939
Development costs	731,479	-	-	-	-	731,479
Developments project in progress	427,413	166,626	-	-	-	594,039
	<b>1,194,958</b>	<b>178,448</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>1,373,457</b>
<b>Accumulated amortization</b>						
Other intangible assets	(20,010)	(3,077)	-	-	-	(23,087)
Development costs	(435,573)	(41,760)	-	-	-	(477,333)
	<b>(455,583)</b>	<b>(44,837)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(500,420)</b>
<b>Net book value</b>	<b>739,375</b>					<b>873,037</b>

**NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**Short-term provisions**

	30 June 2023	31 December 2022
Provision for warranty expenses	448,958	345,980
Provision for purchase costs	84,068	185,281
Provision for employee benefits	77,732	49,288
Litigation provisions	6,370	4,046
Other	159,036	151,202
	<b>776,164</b>	<b>735,797</b>

**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 30 June 2023 and 2022, the movement of provision for warranty expenses is follows:

	2023	2022
<b>1 January</b>	345,980	254,819
Additional provision	267,290	112,462
Claim payments	(164,312)	(86,207)
<b>30 June</b>	<b>448,958</b>	<b>281,074</b>

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

**Provision for employment termination benefits**

	<b>30 June 2023</b>	<b>31 December 2022</b>
Provision for employment termination benefits	360,803	314,077
Provision for unused vacation	77,732	49,288
	<b>438,535</b>	<b>363,365</b>

**Provision for employment termination benefits**

The amount payable consists of one month’s salary limited to a maximum of TRY 19,982.83 in full for each year of service as of 30 June 2023 (31 December 2022: TRY 15,371.40 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:

	<b>30 June 2023</b>	<b>31 December 2022</b>
Net discount rate (%)	0.75	0.55
Turnover rate to estimate the probability of retirement (%)	98.47	97.72

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 23,489,83 in full which is effective from 1 July 2023, has been taken into consideration in calculation of retirement benefit provision in the consulate.

As of 30 June 2023 and 2022, the movements of provision for employment termination benefits are as follows:

	<b>2023</b>	<b>2022</b>
<b>1 January</b>	314,077	89,427
Interest expense	16,646	4,047
Charge for the period	82,238	49,311
Actuarial loss	32,355	5,839
Payments	(84,513)	(3,919)
<b>30 June</b>	<b>360,803</b>	<b>144,705</b>

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

**Provision for unused vacation**

As of 30 June 2023 and 2022, the movements of provision for unused vacation are as follows:

	<b>2023</b>	<b>2022</b>
<b>1 January</b>	49,288	20,705
Charge for the period, net	28,444	16,649
<b>30 June</b>	<b>77,732</b>	<b>37,354</b>

**Commitments and contingencies**

As of 30 June 2023, and 31 December 2022, the tables which represent the position of guarantees, pledges and mortgages are as follows:

	<b>30 June 2023</b>	<b>31 December 2022</b>
a. Total amount of guarantees, pledges and mortgages given the name of legal entity	3,538,594	3,463,280
b. Total amount of guarantees, pledges and mortgages given in favour of the parties which are included in the scope of full consolidation	207,125	100,680
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	-	-
	<b>3,745,719</b>	<b>3,563,960</b>

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

	<b>30 June 2023</b>		<b>31 December 2022</b>	
	<b>Original currency</b>	<b>TRY equivalent</b>	<b>Original currency</b>	<b>TRY equivalent</b>
TRY	1,527,167	1,527,167	1,368,967	1,368,967
USD	52,898	1,365,995	80,184	1,499,311
RON	55,931	316,036	56,871	227,837
EUR	19,057	536,521	23,469	467,845
		<b>3,745,719</b>		<b>3,563,960</b>



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

**Guarantee letters**

a) Guarantees given as of 30 June 2023 and 31 December 2022 are as follows:

	<b>30 June 2023</b>	<b>31 December 2022</b>
Bank letters of guarantee	3,745,719	3,563,960
	<b>3,745,719</b>	<b>3,563,960</b>

b) Guarantees received as of 30 June 2023 and 31 December 2022 are as follows:

	<b>30 June 2023</b>	<b>31 December 2022</b>
Bank letters of guarantee	2,017,530	1,377,529
Guarantee notes	6,202	5,791
Mortgages received	20	20
	<b>2,023,752</b>	<b>1,383,340</b>

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

**a) Prepaid expenses**

**Prepaid expenses – short-term**

	<b>30 June 2023</b>	<b>31 December 2022</b>
Prepaid expenses	135,341	123,213
	<b>135,341</b>	<b>123,213</b>

**Prepaid expenses – long-term**

	<b>30 June 2023</b>	<b>31 December 2022</b>
Advances given	37,490	39,905
Prepaid expenses	7,778	32,360
	<b>45,268</b>	<b>72,265</b>

**b) Other current assets**

<b>Other current assets – short term</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Value added tax receivables	834,092	697,662
Other	22,106	27,366
	<b>856,198</b>	<b>725,028</b>

**c) Other non-current assets**

<b>Other non-current assets – long term</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Value added tax receivables	-	43,472
	-	<b>43,472</b>

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**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ**

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

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

**d) Liabilities arising from customer contracts**

**Liabilities arising from customer contracts - short-term**

	<b>30 June 2023</b>	<b>31 December 2022</b>
Advances received	1,397,731	386,329
Deferred maintenance revenues	176,504	145,658
Other deferred income (*)	346,908	5,336
	<b>1,921,143</b>	<b>537,323</b>

(\*) As of 30 June 2023, a portion of 318,450 TRY included in the Group’s balance sheet under deferred income arises from sales through Ram Dış Ticaret A.Ş. (31 December 2022: None).

**Liabilities arising from customer contracts - long- term**

	<b>30 June 2023</b>	<b>31 December 2022</b>
Deferred maintenance revenues	431,223	424,440
	<b>431,223</b>	<b>424,440</b>

**e) Employee benefits obligation**

	<b>30 June 2023</b>	<b>31 December 2022</b>
Payables to employees	37,187	69,159
Social security payables	53,683	72,554
Taxes and funds payable	19,005	55,716
	<b>109,875</b>	<b>197,429</b>

**f) Other current liabilities**

	<b>30 June 2023</b>	<b>31 December 2022</b>
Taxes and funds payable	45,484	25,442
Other	3,302	8,050
	<b>48,786</b>	<b>33,492</b>

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**NOTE 15 - REVENUE AND COST OF SALES**

Net sales	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Domestic sales	2,648,211	1,464,831	1,415,871	952,370
Export sales	3,790,252	2,398,160	2,258,123	1,415,632
<b>Gross sales</b>	<b>6,438,463</b>	<b>3,862,991</b>	<b>3,673,994</b>	<b>2,368,002</b>
Less: sales discounts and returns	(38,018)	1,363	(22,874)	(10,880)
<b>Net sales</b>	<b>6,400,445</b>	<b>3,864,354</b>	<b>3,651,120</b>	<b>2,357,122</b>

Sales of the Group for the periods ended 30 June 2023 and 2022 in terms of the products are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Commercial vehicle	4,826,530	2,735,430	1,780,728	1,105,104
Military vehicle	302,913	279,036	1,416,644	988,042
Other sales (*)	1,271,002	849,888	453,748	263,976
	<b>6,400,445</b>	<b>3,864,354</b>	<b>3,651,120</b>	<b>2,357,122</b>

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

**Cost of sales**

	1 January - 30 June 2023	1 April - 30 January 2023	1 January 30 June 2022	1 April - 30 June 2022
Cost of finished goods sold	(4,100,826)	(2,028,761)	(2,321,914)	(1,533,091)
Cost of merchandise goods sold	(751,472)	(670,348)	(124,602)	(86,175)
<b>Cost of sales</b>	<b>(4,852,298)</b>	<b>(2,699,109)</b>	<b>(2,446,516)</b>	<b>(1,619,266)</b>

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

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

	<b>1 January - 30 June 2023</b>	<b>1 April - 30 January 2023</b>	<b>1 January - 30 June 2022</b>	<b>1 April - 30 June 2022</b>
Marketing expenses	(879,431)	(546,494)	(438,522)	(259,312)
General administrative expenses	(341,713)	(182,837)	(211,840)	(100,681)
Research and development expenses	(144,968)	(72,388)	(62,980)	(40,379)
	<b>(1,366,112)</b>	<b>(801,719)</b>	<b>(713,342)</b>	<b>(400,372)</b>

**NOTE 17 - OTHER OPERATING INCOME AND EXPENSES**

	<b>1 January 30 June 2023</b>	<b>1 April 30 June 2023</b>	<b>1 January 30 June 2022</b>	<b>1 April 30 June 2022</b>
<b>Other operating income</b>				
Foreign exchange gains on operating activities	1,430,919	1,273,981	330,557	115,573
Gain on forward transactions	182,277	101,076	187,301	96,973
Revenue from charge of due date receivables	61,884	56,181	50,480	43,130
Incentives income	1,343	840	968	484
Other income	43,015	23,611	25,241	10,591
	<b>1,719,438</b>	<b>1,455,689</b>	<b>594,547</b>	<b>266,751</b>

	<b>1 January 30 June 2023</b>	<b>1 April 30 June 2023</b>	<b>1 January 30 June 2022</b>	<b>1 April 30 June 2022</b>
<b>Other operating expenses</b>				
Foreign exchange loss on operating activities	(939,515)	(856,475)	(284,460)	(125,632)
Loss on forward transactions	(80,067)	(63,734)	(38,691)	(30,732)
Other expense	(4,347)	(3,059)	(17,212)	(7,300)
	<b>(1,023,929)</b>	<b>(923,268)</b>	<b>(340,363)</b>	<b>(163,664)</b>

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**NOTE 18 - FINANCIAL INCOME**

	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>	<b>1 January - 30 June 2022</b>	<b>1 April - 30 June 2022</b>
Foreign exchange gains on bank deposits	143,492	129,470	87,359	59,968
Interest income from bank deposits	337,344	178,948	14,215	2,921
Interest income from bank loans	35,804	166	34,438	33,303
	<b>516,640</b>	<b>308,584</b>	<b>136,012</b>	<b>96,192</b>

**NOTE 19 - FINANCIAL EXPENSES**

	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>	<b>1 January - 30 June 2022</b>	<b>1 April - 30 June 2022</b>
Interest expense	(1,035,087)	(575,084)	(162,084)	(106,951)
Foreign exchange losses on bank borrowings	(561,833)	(481,276)	(159,562)	(85,484)
Foreign exchange losses on bank deposits	(46,337)	(27,535)	(21,571)	(14,928)
Other	(17,859)	(15,812)	(3,208)	(1,487)
	<b>(1,661,116)</b>	<b>(1,099,707)</b>	<b>(346,425)</b>	<b>(208,850)</b>

**NOTE 20 - TAX ASSETS AND LIABILITIES**

In Turkey, the corporation tax rate is 20% (2022: 23%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one instalment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

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

**NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)**

**Tax Benefits Obtained Within the Investment Incentive System:**

As of 30 June 2023, the gains derived from the Group’s investments covered by the incentive certificate are subject to corporate income tax at reduced rates from the beginning of the accounting period in which the investment is partially or fully put into operation until reaching the investment contribution amount. Within this scope, an amount of 100,974 TRY (31 December 2022:74,605 TRY) of foreseeable tax advantage that the Group is expected to benefit from in the future has been recognized as a deferred tax asset in the consolidated financial statements. As a result of the recognition of this tax advantage as of 30 June 2023, a deferred tax income of 26,369 TRY (current period effect from January to June 2023) has been recorded in the consolidated income statement.

Deferred tax assets are recognized when it is probable that taxable income will be generated in future year. In cases where the generation of taxable income is probable, deferred tax assets are calculated based on deductible temporary differences, tax losses, and tax benefits earned due to investment incentives with an indefinite life that allow for discounted corporate income tax payments. In this context, the Group bases the recognition of deferred tax assets arising from investment incentives on long-term plans and evaluates the recoverability of these deferred tax assets based on business models that include estimations of taxable profit. It is foreseen that the recoverability of these deferred tax assets will be realized within 2 years from the balance sheet date.

As of 30 June 2023, the sensitivity analysis conducted resulted in no change in the estimated 2-year recoverability period for deferred tax assets related to investment incentives when the inputs of fundamental macroeconomic and sectoral assumptions forming the business plans were increased/decreased by 10%.

As of 30 June 2023 and 31 December 2022, income tax payables are presented net of prepaid taxes in the balance sheet as follows:

	<b>30 June 2023</b>	<b>31 December 2022</b>
Income tax payable	133,834	9,369
Prepaid taxes (-)	(66,917)	(9,369)
<b>Current tax liabilities / (assets)</b>	<b>66,917</b>	<b>-</b>

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**NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)**

The allocation of total tax expense for the periods ended 30 June 2023 and 2022 are as follows:

	<b>1 January - 30 June 2023</b>	<b>1 January - 30 June 2022</b>
Current tax charge (*)	(133,834)	(140,827)
Charged to profit for the period	157,704	156,376
Charged to other comprehensive income /(expense)	6,471	1,168
	<b>30,341</b>	<b>16,717</b>

(\*) As per the Law No. 7440 titled “ Law on the Restructuring of Certain Receivables and Amendments to Certain Laws” published in the Official Gazette on March 12,2023 an additional tax at the rate of 10% is required to be calculated on the exemption and deduction amounts, as well as on the taxable bases subject to reduced corporate income tax, which were previously shown in the corporate tax return for the year 2022 in accordance with the regulations in the laws. This additional tax is not related to the current period income and is applied at a rate of 10% on the deductions and 5% on the exempted gains. As of 30 June 2023, the Company has accrued an amount of 133,834 thousand TRY as an additional tax to corporate income tax. The payment for this tax will be made in two instalments during the year 2023.

As of 30 June 2023 and 31 December 2022, the allocation of deferred tax bases and deferred tax liability computed using the current effective tax rates are as follows:

	<b>Cumulative temporary differences</b>		<b>Deferred tax assets</b>	
	<b>30 June 2023</b>	<b>31 December 2022</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Deferred maintenance and repair income	569,504	533,173	109,193	103,163
Recognizable accumulated financial losses	238,396	-	52,447	-
Investment incentives (*)	100,974	74,605	100,974	74,605
Provision for warranty expenses	448,958	345,980	89,792	69,196
Other provisions	401,793	297,408	80,359	59,482
Provision for employment termination benefits	360,803	314,077	72,161	62,815
Deferred financial income	306,382	284,842	61,276	56,968
Inventories	66,851	86,260	13,370	17,252
Property, plant, and equipment	4,998	55,221	3,321	14,525
Intangible assets	(115,173)	(79,292)	(23,035)	(15,858)
Deferred financial income	(15,521)	(10,970)	(3,104)	(2,194)
Other	212,292	45,169	45,071	(2,304)
<b>Deferred tax assets, net</b>			<b>601,825</b>	<b>437,650</b>

(\*) The application of Investment Incentive Certificate made by the Group to T.C. Ministry of Industry and Technology, General Directorate of Incentive Implementation and Foreign Capital has been approved and an Investment Incentive Certificate numbered 512845 with a total amount of TRY 951,896 thousand was issued for the modernization investment envisaged to be made in the next 4 years.



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**NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)**

The movement of deferred tax asset for the periods ended 30 June 2023 and 2022 are as follows:

	<b>1 January - 30 June 2023</b>	<b>1 January - 30 June 2022</b>
<b>1 January</b>	<b>437,650</b>	<b>234,424</b>
<b>Deferred tax income charged to profit or loss and other comprehensive income/expense for the period</b>		
- Charged to profit for the period	157,704	156,376
- Charged to other comprehensive income / (expense)	6,471	1,168
<b>30 June</b>	<b>601,825</b>	<b>391,968</b>

**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.

	<b>30 June 2023</b>	<b>30 June 2022</b>
Net profit/(loss) for the period	(234,183)	542,789
Weighted average number of issued shares	4,044,198,895	2,400,000,000
Earnings/(Loss) per share at per value of 1 cent (KR)	(5.791)	22.616

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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 30 June 2023 and 31 December 2022

<b>Due from related parties</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Ram Dış Ticaret A.Ş. (1) (**)	775,355	1,423,693
Al Jasoor Heavy Vehicles Industry LLC (3) (*)	542,701	208,029
Other (1)	9,138	73
	<b>1,327,194</b>	<b>1,631,795</b>

(\*) 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

<b>Due to related parties</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Ram Dış Ticaret A.Ş. (1)	79,884	113,899
Zer Merkezi Hizmetler A.Ş. (1)	21,942	40,531
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	5,204	4,047
Ram Sigorta Aracılık Hz. A.Ş.(1)	4,667	1,655
Opet Fuchs Madeni Yağ A.Ş. (1)	3,428	3,213
Setur Servis Turistik A.Ş. (1)	3,204	6,122
Opet Petrolcülük A.Ş. (1)	1,212	1,727
Akpa Dayanıklı Tük.Paz. A.Ş. (1)	1,137	1,703
Koç Sistem Bilgi ve İletişim Hiz. A.Ş. (1)	812	4,316
Koç Holding A.Ş. (2)	-	31,099
Other (1)	2,878	11,928
	<b>124,368</b>	<b>220,240</b>

<b>Advances received from related parties</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Ram Dış Ticaret A.Ş. (1)	1,050,875	100,327
Al Jasoor Heavy Vehicles Industry LLC (3) (*)	68,639	137,137
	<b>1,119,514</b>	<b>237,464</b>

(\*) 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)**

**Deferred income from related parties**

As of 30 June 2023, a portion of 318,450 TRY included in the Group’s balance sheet under deferred income arises from sales through Ram Dış Ticaret A.Ş. (31 December 2022: None).

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

	<b>1 January 30 June 2023</b>	<b>1 April 30 June 2023</b>	<b>1 January 30 June 2022</b>	<b>1 April 30 June 2022</b>
<b>Sales of products and services</b>				
Al Jasoor Heavy Vehicle Industry (3)	563,816	556,155	53,874	3,442
Ram Dış Ticaret A.Ş. (1) (*)	284,510	277,161	1,416,300	986,485
Other (1)	-	-	150	1
	<b>848,326</b>	<b>833,316</b>	<b>1,470,324</b>	<b>989,928</b>

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

	<b>1 January 30 June 2023</b>	<b>1 April 30 June 2023</b>	<b>1 January 30 June 2022</b>	<b>1 April 30 June 2022</b>
<b>Fixed asset purchases</b>				
Koç Sistem Bilgi ve İletişim Hiz. A.Ş. (1)	23,100	15,922	12,079	8,242
Otokoç Otomotiv Tic. Ve San. A.Ş. (1)	-	-	1,831	1,150
Zer Merkezi Hizmetler A.Ş. (1)	3,135	964	1,008	935
Other (1)	977	726	219	90
	<b>27,212</b>	<b>17,612</b>	<b>15,137</b>	<b>10,417</b>

(1) Related parties of the parent company

(2) Shareholder

(3) Joint venture

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**NOTE 22 - RELATED PARTY DISCLOSURES (Continued)**

	<b>1 January 30 June 2023</b>	<b>1 April 30 June 2023</b>	<b>1 January 30 June 2022</b>	<b>1 April 30 June 2022</b>
<b>Inventory purchases</b>				
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	124,070	77,445	60,792	43,357
Ram Dış Ticaret A.Ş. (1)	26,670	13,213	20,852	12,924
Opet Fuchs Madeni Yağ A.Ş. (1)	9,939	5,910	5,787	2,791
Opet Petrolcülük A.Ş. (1)	9,582	5,448	5,377	3,807
Akpa Dayanıklı Tük. Paz. A.Ş. (1)	7,539	3,827	4,777	3,592
Ford Otosan A.Ş. (2)	2,227	184	1,989	1,267
Other (1)	1,615	910	1,221	704
	<b>181,642</b>	<b>106,937</b>	<b>100,795</b>	<b>68,442</b>

	<b>1 January 30 June 2023</b>	<b>1 April 30 June 2023</b>	<b>1 January 30 June 2022</b>	<b>1 April 30 June 2022</b>
<b>Service purchases</b>				
Koç Sistem Bilgi ve İletişim Hiz. A.Ş. (1)	34,070	22,243	7,155	286
Eltek Elektrik Enerji İth.İhr.Top.Tic. A.Ş. (1)	32,197	16,087	15,526	10,297
Ram Dış Ticaret A.Ş.(1)	29,556	27,251	34,721	26,578
Ram Sigorta Aracılık Hz. A.Ş.(1)(**)	27,222	1,228	16,414	5,533
Setur Servis Turistik A.Ş.(1)	25,017	13,800	15,742	9,356
Otokoç Otomotiv Tic. ve San. A.Ş.(1)	12,492	6,774	10,173	6,151
Koç Holding A.Ş. (2) (*)	9,306	6,645	10,738	3,013
Token Finansal Teknolojileri A.Ş. (1)	3,343	2,017	-	-
Divan Turizm İşletmeleri A.Ş.(1)	3,124	2,716	952	844
Ingage Dijital (1)	3,111	1,242	2,994	970
Other (1)	5,172	3,635	2,152	1,405
	<b>184,610</b>	<b>103,638</b>	<b>116,567</b>	<b>64,433</b>

(\*) 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 30 June 2023 and 30 June 2022 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 2023    31 December 2022**

Yapı ve Kredi Bankası A.Ş. (1)		
- Time deposits	78,789	141,174
- Demand deposits	72,243	66,931
	<b>151,032</b>	<b>208,105</b>

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

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**NOTE 22 - RELATED PARTY DISCLOSURES (Continued)**

<b>Loans</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Yapı ve Kredi Bankası A.Ş. (1)	454,092	840,642
	<b>454,092</b>	<b>840,642</b>

For the periods ended 30 June 2023 and 2022, financial income and expense with related parties are as follows:

	<b>1 January 30 June 2023</b>	<b>1 April 30 June 2023</b>	<b>1 January 30 June 2022</b>	<b>1 April 30 June 2022</b>
<b>Trade receivables and payables foreign exchange gains</b>				
Ram Dış Ticaret A.Ş. (1)	99,710	74,932	155,619	147,292
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	671	596	283	74
Other (1)	59	51	320	2
	<b>100,440</b>	<b>75,579</b>	<b>156,222</b>	<b>147,368</b>
<b>Trade receivables and payables foreign exchange expenses</b>				
Ram Dış Ticaret A.Ş. (1)	16,644	11,980	8,613	3,140
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	2,902	2,466	1,359	984
Other (1)	189	128	283	69
	<b>19,735</b>	<b>14,574</b>	<b>10,255</b>	<b>4,193</b>

- (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 30 June 2023 and 2022, financial income and expense with related parties are as follows:

	1 January 30 June 2023	1 April 30 June 2023	1 January 30 June 2022	1 April 30 June 2022
<b>Interest income</b>				
Yapı ve Kredi Bankası A.Ş. (1)	34,926	5,998	9,794	756
	<b>34,926</b>	<b>5,998</b>	<b>9,794</b>	<b>756</b>

	1 January 30 June 2023	1 April 30 June 2023	1 January 30 June 2022	1 April 30 June 2022
<b>Interest expense</b>				
Yapı ve Kredi Bankası A.Ş. (1)	51,210	40,985	2,781	65
	<b>51,210</b>	<b>40,985</b>	<b>2,781</b>	<b>65</b>

For the periods ended 30 June 2023 and 2022, financial income and expense with related parties are as follows:

	1 January 30 June 2023	1 April 30 June 2023	1 January 30 June 2022	1 April 30 June 2022
<b>Foreign exchange income</b>				
Yapı ve Kredi Bankası A.Ş. (1)	17,445	17,197	19,742	7,793
	<b>17,445</b>	<b>17,197</b>	<b>19,742</b>	<b>7,793</b>

	1 January 30 June 2023	1 April 30 June 2023	1 January 30 June 2022	1 April 30 June 2022
<b>Foreign exchange expenses</b>				
Yapı ve Kredi Bankası A.Ş. (1)	6,486	2,112	8,668	8,251
	<b>6,486</b>	<b>2,112</b>	<b>8,668</b>	<b>8,251</b>

**Benefits provided to senior executives**

For the period ended 30 June 2023, the total amount of benefits provided to senior management is TRY 35,193 thousand (30 June 2022: TRY 9,643 thousand). It consists of senior managers, members of the board of directors, general manager, and assistant general managers, this amount includes 15,250 thousand TRY related to separation payments (30 June 2022: None). 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:

<b>30 June 2023</b>	<b>TRY equivalent (functional currency)</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>
1. Trade receivables	4,392,437	76,546	85,806	-
2a. Monetary financial assets (including cash, bank accounts)	426,398	11,750	4,368	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. <b>Current assets (1+2+3)</b>	<b>4,818,835</b>	<b>88,296</b>	<b>90,174</b>	-
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	84	-	3	-
8. <b>Non-current assets (5+6+7)</b>	<b>84</b>	-	<b>3</b>	-
9. <b>Total assets (4+8)</b>	<b>4,818,919</b>	<b>88,296</b>	<b>90,177</b>	-
10. Trade payables	(1,751,471)	(36,857)	(28,378)	23
11. Financial liabilities	(1,892,708)	(5,653)	(62,042)	-
12a. Monetary other liabilities	(1,281,944)	(37,271)	(11,348)	-
12b. Non-monetary other liabilities	-	-	-	-
13. <b>Current liabilities (10+11+12)</b>	<b>(4,926,123)</b>	<b>(79,781)</b>	<b>(101,768)</b>	<b>23</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16a. Monetary other liabilities	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-
17. <b>Non-current liabilities (14+15+16)</b>	-	-	-	-
18. <b>Total liabilities (13+17)</b>	<b>(4,926,123)</b>	<b>(79,781)</b>	<b>(101,768)</b>	<b>23</b>
<b>Net balance sheet position (9+18)</b>	<b>(107,204)</b>	<b>8,515</b>	<b>(11,591)</b>	<b>23</b>
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	157,281	(6,830)	11,851	-
19a. Hedged total assets amount	722,646	9,450	17,000	-
19b. Hedged total liabilities amount	(565,365)	(16,280)	(5,149)	-
20. <b>Net foreign currency asset/(liability) position (9+18+19)</b>	<b>50,077</b>	<b>1,685</b>	<b>260</b>	<b>23</b>
21. <b>Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-15-16a)</b>	<b>(107,288)</b>	<b>8,515</b>	<b>(11,594)</b>	<b>23</b>
22. Total fair value of financial instruments used for foreign currency hedging	9.012	(1.905)	37.385	(26.468)
23. Export (as of 30 June 2023)	3,764,410	40,483	124,194	-
24. Import (as of 30 June 2023)	2,673,123	36,836	88,604	345

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

31 December 2022	TRY equivalent (functional currency)	USD	EUR	GBP
1. Trade receivables	3,487,288	95,051	85,779	-
2a. Monetary financial assets (including cash, bank accounts)	244,588	6,959	5,742	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. <b>Current assets (1+2+3)</b>	<b>3,731,876</b>	<b>102,010</b>	<b>91,521</b>	-
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	60	-	3	-
8. <b>Non-current assets (5+6+7)</b>	<b>60</b>	-	3	-
9. <b>Total assets (4+8)</b>	<b>3,731,936</b>	<b>102,010</b>	<b>91,524</b>	-
10. Trade payables	(1,314,279)	(46,511)	(22,279)	(21)
11. Financial liabilities	(965,567)	-	(48,436)	-
12a. Monetary other liabilities	(224,999)	(6,260)	(5,415)	-
12b. Non-monetary other liabilities	-	-	-	-
13. <b>Current liabilities (10+11+12)</b>	<b>(2,504,845)</b>	<b>(52,771)</b>	<b>(76,130)</b>	<b>(21)</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16a. Monetary other liabilities	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-
17. <b>Non-current liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18. <b>Total liabilities (13+17)</b>	<b>(2,504,845)</b>	<b>(52,771)</b>	<b>(76,130)</b>	<b>(21)</b>
<b>Net balance sheet position (9+18)</b>	<b>1,227,091</b>	<b>49,239</b>	<b>15,394</b>	<b>(21)</b>
Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	(1,136,737)	(48,000)	(12,000)	-
19a. Hedged total assets amount	-	-	-	-
19b. Hedged total liabilities amount	(1,136,737)	(48,000)	(12,000)	-
<b>Net foreign currency asset/(liability) position (9+18+19)</b>	<b>90,354</b>	<b>1,239</b>	<b>3,394</b>	<b>(21)</b>
<b>Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>1,227,031</b>	<b>49,239</b>	<b>15,391</b>	<b>(21)</b>
Total fair value of financial instruments used for foreign currency hedging	(2,450)	(3,105)	655	-
23. Export (as of 30 June 2022)	2,237,517	98,020	41,670	10
24. Import (as of 30 June 2022)	1,435,591	29,547	60,431	182



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**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 30 June 2023 and 31 December 2022:

<b>30 June 2023</b>	<b>Profit before tax Appreciation Foreign currency</b>	<b>Profit before tax Depreciation Foreign currency</b>
<i>In case 10% appreciation of USD against TRY:</i>		
1- USD net asset/liability	4,351	(4,351)
2- Amount hedged for USD risk (-)	-	-
<b>3- USD net effect (1+2)</b>	<b>4,351</b>	<b>(4,351)</b>
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	732	(732)
5- Amount hedged for EUR risk (-)	-	-
<b>6- EUR net effect (4+5)</b>	<b>732</b>	<b>(732)</b>
<i>In case 10% appreciation of GBP against TRY</i>		
7- GBP net asset/liability	(75)	75
8- Amount hedged for GBP risk (-)	-	-
<b>9- GBP net effect (7+8)</b>	<b>(75)</b>	<b>75</b>
<b>Total (3+6+9)</b>	<b>5,008</b>	<b>(5,008)</b>
	<b>Profit before tax Appreciation of foreign currency</b>	<b>Profit before tax Depreciation of foreign foreign currency</b>
<b>31 December 2022</b>		
<i>In case 10% appreciation of USD against TRY:</i>		
1- USD net asset/liability	2,316	(2,316)
2- Amount hedged for USD risk (-)	-	-
<b>3- USD net effect (1+2)</b>	<b>2,316</b>	<b>(2,316)</b>
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	6,766	(6,766)
5- Amount hedged for EUR risk (-)	-	-
<b>6- EUR net effect (4+5)</b>	<b>6,766</b>	<b>(6,766)</b>
<i>In case 10% appreciation of GBP against TRY</i>		
7- GBP net asset/liability	(47)	47
8- Amount hedged for GBP risk (-)	-	-
<b>9- GBP net effect (7+8)</b>	<b>(47)</b>	<b>47</b>
<b>Total (3+6+9)</b>	<b>9,035</b>	<b>(9,035)</b>

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**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 2023 and 31 December 2022:

**30 June 2023**

<b>Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative financial instruments	-	(9,012)	-	(9,012)
	-	<b>(9,012)</b>	-	<b>(9,012)</b>

**31 December 2022**

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative financial instruments	-	2,450	-	2,450
	-	<b>2,450</b>	-	<b>2,450</b>

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.

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**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**

Amendments were made to the Corporate Tax Law No. 5520 with a Law published in the Official Gazette dated 15 July 2023. According to this, the corporate tax rate has been increased from 20% to 25%, starting from the declarations that will be submitted as of 1 October 2023. Besides, the 1-point discount applied for corporate tax rate to the earnings of exporting institutions exclusively from exports has been changed to 5 points. In addition, starting from 15 July 2023; 50% tax exception stipulated for immovable assets’ sales gains in the Law No. 5520 has been abolished with the amendment. However, the 50% tax exemption ratio will be applied as 25% for the sales of immovable assets of the entities acquired before 15 July 2023. Efforts to determine the effects of these changes on current and deferred tax amounts continue.