

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

**OTOKAR OTOMOTİV VE SAVUNMA
SANAYİ ANONİM ŞİRKETİ**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND EXPLANATORY
NOTES FOR THE PERIOD 1 JANUARY - 31
MARCH 2023**

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
FOR THE PERIOD 1 JANUARY - 31 MARCH 2023**

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OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2023 AND 31 DECEMBER 2022**

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

		(Unaudited)	(Audited)
	Notes	31 March 2023	31 December 2022
Assets			
Current assets			
Cash and cash equivalents	4	3.837.207	1.671.457
Financial investments		-	60.000
Trade receivables	9	4.155.993	4.159.008
<i>Due from related parties</i>	22	1.017.014	1.631.795
<i>Due from third parties</i>	9	3.138.979	2.527.213
Other receivables		1.413	906
Inventories	10	4.756.897	3.869.853
Derivative financial instruments	8	-	2.450
Prepaid expenses	14	144.614	123.213
Other current assets	14	660.375	725.028
Total current assets		13.556.499	10.611.915
Non-current assets			
Trade receivables	9	637.729	731.962
Other receivables		2.737	5.257
Investments accounted by equity method	5	234.239	241.054
Financial investment	7	11.431	11.431
Property, plant and equipment	11	758.970	723.360
Right of use assets	11	43.377	39.948
Intangible assets	12	1.386.339	1.234.061
Deferred tax assets	20	457.501	437.650
Prepaid expenses	14	35.207	72.265
Other non-current assets	14	42.134	43.472
Total non-current assets		3.609.664	3.540.460
Total assets		17.166.163	14.152.375

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2023 AND 31 DECEMBER 2022**

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

	Notes	(Unaudited) 31 March 2023	(Audited) 31 December 2022
Liabilities			
Current liabilities			
Short-term borrowings	6	7.763.138	5.137.400
<i>Bank loans</i>	6	7.729.921	5.106.361
<i>Lease liabilities</i>	6	33.217	31.039
Short-term portion of long-term borrowings	6	1.292.762	1.109.411
<i>Bank loans</i>	6	1.286.378	1.109.411
<i>Issued debt instruments</i>	6	6.384	-
Trade payables	9	2.210.889	2.217.223
<i>Due to related parties</i>	22	66.281	220.240
<i>Due to other parties</i>	9	2.144.608	1.996.983
Derivative financial instruments	8	3.701	-
Employee benefit obligations	14	145.013	197.429
Other payables		61.150	27.863
Liabilities from customer contracts	14	1.337.940	537.323
Government incentives		1.952	1.963
Current income tax payables	20	138.628	-
Short-term provisions	13	699.969	735.797
<i>Provisions for employee benefits</i>	13	70.566	49.288
<i>Other provisions</i>		629.403	686.509
Other current liabilities	14	22.394	33.492
Total current liabilities		13.677.536	9.997.901
Non-current liabilities			
Long-term borrowings	6	1.193.969	1.300.613
<i>Bank loans</i>	6	642.014	1.252.064
<i>Issued debt instruments</i>	6	500.000	-
<i>Lease liabilities</i>	6	51.955	48.549
Government incentives		11.872	12.364
Long-term provisions	13	335.706	314.077
<i>Provisions for employee benefits</i>	13	335.706	314.077
Liabilities from customer contracts	14	414.637	424.440
Total non-current liabilities		1.956.184	2.051.494
Total liabilities		15.633.720	12.049.395
Equity			
Paid-in share capital	25	24.000	24.000
Inflation adjustment on share capital		52.743	52.743
Restricted reserves		183.398	183.398
Accumulated other comprehensive income (expense) that will not be reclassified to statement of profit (loss)		(188.698)	(139.244)
<i>Defined benefit plans remeasurement gains (losses)</i>		(188.698)	(139.244)
Accumulated other comprehensive income (expense) that will be reclassified to statement of profit (loss)		(222.723)	(216.453)
<i>Currency translation differences</i>		(222.723)	(216.453)
Retained earnings or losses		2.198.536	959.418
Net profit or loss for the period		(514.813)	1.239.118
Total equity		1.532.443	2.102.980
Total liabilities and equity		17.166.163	14.152.375

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 31 MARCH 2023 AND 2022

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

		(Unaudited)	(Unaudited)
	Notes	1 January - 31 March 2023	1 January - 31 March 2022
Revenue	15	2.536.091	1.293.998
Cost of sales (-)	15	(2.153.189)	(827.250)
GROSS PROFIT (LOSS)		382.902	466.748
Marketing expenses (-)	16	(332.937)	(179.210)
General administrative expenses (-)	16	(158.876)	(111.159)
Research and development expenses (-)	16	(72.580)	(22.601)
Other operating income	17	263.749	327.796
Other operating expenses (-)	17	(100.661)	(176.699)
OPERATING PROFIT (LOSS)		(18.403)	304.875
Income from investing activities		470	839
Profit (loss) from investments accounted by equity method	5	(12.387)	(5.870)
OPERATING INCOME (EXPENSE) BEFORE FINANCIAL INCOME (EXPENSE)		(30.320)	299.844
Financial income	18	208.056	39.820
Financial expense (-)	19	(561.409)	(137.575)
PROFIT (LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS		(383.673)	202.089
Income (expense) tax from continuing operations			
Current year tax expense / (income)	20	(138.628)	-
Deferred tax income (expense)	20	7.488	(1.557)
PROFIT (LOSS) FOR THE PERIOD		(514.813)	200.532
Items that will not be reclassified to profit or loss			
Defined benefit plans remeasurement gains (losses)	13	(61.817)	(5.324)
Deferred tax income (expense)	20	12.363	1.065
Items that will be reclassified to profit or loss			
Currency translation differences of investments accounted by equity method		5.571	23.093
Currency translation differences		(11.841)	(20.162)
Other comprehensive income (expense)		(55.724)	(1.328)
TOTAL COMPREHENSIVE INCOME (EXPENSE)		(570.537)	199.204
Earnings (losses) per share (Kr)	21	(2,145)	0,836

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS
ENDED 31 MARCH 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 (loss)	Accumulated other comprehensive income (expense) that will be reclassified to statement of profit (loss)			
	Paid-in share capital	Inflation adjustment on share capital	Restricted reserve	Remeasurement losses on defined benefit plans	Currency translation differences	Retained earnings	Net profit for the period	Total equity
31 March 2022								
Beginning of the period	24.000	52.743	133.530	(12.925)	(210.099)	467.762	1.041.524	1.496.535
Transfers	-	-	49.868	-	-	991.656	(1.041.524)	-
Dividends paid	-	-	-	-	-	(500.000)	-	(500.000)
Total comprehensive income	-	-	-	(4.259)	2.931	-	200.532	199.204
Closing balances	24.000	52.743	183.398	(17.184)	(207.168)	959.418	200.532	1.195.739
31 March 2023								
Beginning of the period	24.000	52.743	183.398	(139.244)	(216.453)	959.418	1.239.118	2.102.980
Transfers	-	-	-	-	-	1.239.118	(1.239.118)	-
Dividends paid	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(49.454)	(6.270)	-	(514.813)	(570.537)
Closing balances	24.000	52.743	183.398	(188.698)	(222.723)	2.198.536	(514.813)	1.532.443

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OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 31 MARCH 2023 AND 2022**

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

		(Unaudited)	(Unaudited)
	Notes	1 January – 31 March 2023	1 January – 31 March 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/ (loss) for the period		16.362	657.930
Adjustments to reconcile net profit/ (loss)		(514.813)	200.532
Adjustments for depreciation and amortization	11,12	67.122	35.546
Adjustments in relation to impairment		24.062	13.704
- Provision for doubtful receivables	9	5.186	9.912
- Provision for inventories	10	18.876	3.792
Adjustments in relation to provision		27.938	140.995
- Provision for employee benefits	13	27.956	26.952
- Provision for warranty expenses	13	78.262	50.580
- Adjustments for other provisions		(78.280)	63.463
Adjustments in relation to interest income and expenses		301.607	43.839
- Adjustment in relation to interest income	18	(158.396)	(11.294)
- Adjustment in relation to interest expense	19	460.003	55.133
Adjustments in relation to unrealised foreign exchange gains and losses	6	41.671	77.010
Adjustments in relation to fair value losses (gains)		10.629	609
Fair value losses/(gains) on financial derivative instruments		10.629	609
Adjustments for undistributed profits of investments accounted by equity method		12.387	5.870
- Adjustments for undistributed profits of joint ventures	5	12.387	5.870
Adjustment on tax (income)/ expense		131.140	492
Adjustments in relation to losses (gains) on sales of property, plant and equipment		(470)	(839)
- Losses (gains) on sale of property, plant and equipments		(470)	(839)
Changes in net working capital		162.150	171.909
Decrease/(increase) in trade receivables		91.698	476.310
Decrease/(increase) in inventories		(905.920)	(436.271)
Increase/(decrease) in trade payables		(6.334)	134.774
Increase/(decrease) in other working capital		982.706	(2.904)
- Decrease/(increase) in other assets related to activities		83.661	(77.796)
- Increase/(decrease) in other liabilities related to activities		899.045	74.892
Cash flows from operations		263.423	689.667
Payments in relation to employee benefits	13	(46.866)	(2.790)
Payments in relation to other provisions	13	(57.088)	(28.576)
Tax refunds/(payments)	20	(138.628)	-
Other cash collections/(payments)		(4.479)	(371)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment and intangible assets		532	1.326
- Proceeds from sale of property, plant and equipment		532	1.326
Cash outflows due to purchase of property, plant and equipment and intangible assets		(249.406)	(135.685)
- Cash outflows due to purchase of property, plant and equipment	11	(53.185)	(42.672)
- Cash outflows due to purchase of intangible assets	12	(196.221)	(93.013)
Interest received		105.440	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflow from to borrowings		4.111.732	1.185.668
- Proceeds from bank borrowings	6	4.111.732	1.185.668
Cash outflow due to repayment of borrowings		(1.906.278)	(1.222.239)
- Repayments of borrowings	6	(1.906.278)	(1.222.239)
Cash outflows on debt payments from leasing agreements	6	(6.492)	(885)
Dividends paid		-	(500.000)
Interest paid		(7.434)	(23.750)
Other cash inflows/ (outflows)		60.000	11.294
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES		2.124.456	(26.341)
Effect of currency translation difference on cash and cash equivalents		(11.662)	(20.117)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2.112.794	(46.458)
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	3.784.251	598.399

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OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 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 Group are as follows:

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

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

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

Subsidiaries	Country	Main activity	Field of activity
Otokar Europe SAS	France	Sales and marketing	Automotive
Otokar Land Systems LLC	United Arab Emirates	Sales and marketing	Automotive and defense industry
Otokar Europe Filiala Bucuresti SRL	Romania	Sales and marketing	Automotive
Otokar Central Asia Limited	Kazakhstan	Sales and marketing	Automotive and defense industry
Joint Ventures	Country	Main activity	Field of activity
Al Jasoor Heavy Vehicle Industry	United Arab Emirates	Sales and marketing	Automotive and defense industry

Otokar and its subsidiaries and joint ventures 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 interim condensed consolidated financial statements.

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

	31 March 2023		31 December 2022	
	Period end	Average	Period end	Average
Total personnel number	2.862	2.914	2.942	2.437

The interim condensed consolidated financial statements for the period ended 31 March 2022 were approved by the Board of Directors of Otokar on 27 April 2023. Consolidated financial statements may be changed by the General Assembly.

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 31 March 2023, 27.85% of the shares of Otokar are quoted on the BIST.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

As of 31 March 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
	100,00

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

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation of consolidated financial statements

The interim condensed consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") and interpretations promulgated by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the "Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on 13 March 2013 which is published on Official Gazette numbered 28676. TFRS are updated by the communiqués in harmony with the changes and updates in International Financial Reporting Standards ("IFRS").

For the period ended 31 March 2023, interim condensed consolidated financial statements are prepared in accordance with the Turkish Accounting Standard No.34 for the preparation of interim financial reporting of TFRS. Therefore interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements as of 31 December 2022.

The Group maintains its books of account and prepares its statutory financial statements in Turkish Lira (TRY) in accordance with regulations on accounting and reporting framework and the Uniform Chart of Accounts issued by the Ministry of Finance. Consolidated financial statements have been presented in accordance with the formats specified in the "Announcement about TAS Taxonomy" published by the POA on 15 April 2019 and the "Guidelines for Using Financial Statement Examples".

The consolidated financial statements have been prepared from statutory financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with Turkish Accounting Standards as prescribed by POA. The adjustments are mainly related with deferred taxation, retirement pay liability, depreciation calculation of fixed assets in accordance with useful life and prorate basis, accounting of provisions, reclassification of deferred maintenance income and discount of receivables and payables.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

2.1 Basis of presentation of consolidated financial statements (Continued)

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except derivative financial assets and liabilities carried at fair value.

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 which the entity operates (“the functional currency”). The interim condensed 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 Changes in the accounting estimates and errors

The Group consistently recognizes, values and presents similar transactions, events and situations in the interim condensed consolidated financial statements. Identified significant accounting errors are applied retrospectively and prior period financial statements are restated. 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 estimates used in the preparation of these interim condensed consolidated financial statements for the period ended 31 March 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

Changes in accounting policies are made when the effects of transactions and events on the consolidated financial position, performance or cash flows of the Group will result in a more appropriate and reliable presentation in the consolidated financial statements. If optional changes in accounting policies affect previous periods, the policy is applied retrospectively in the consolidated financial statements as if it had always been in use. Accounting policy changes resulting from the application of a new standard are applied retrospectively or prospectively in accordance with the transitional provisions of that standard, if any. Changes without any transitional provisions are applied retrospectively.

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

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

2.3 Changes in accounting policies (Continued)

2.3.1 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of March 31, 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 January 1, 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 of January 1, 2023 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.)

**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.

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

2.3 Changes in accounting policies (Continued)

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

In January 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity’s right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period (“future covenants”), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. 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. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

2.4 Significant accounting policies

Group accounting

The interim condensed 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 interim condensed consolidated financial statements and have been prepared in accordance with TFRS.

The table below sets out the subsidiaries and joint ventures of the Company and shows the total interest of the Company in these companies at 31 March 2023 and 31 December 2022:

Subsidiaries	2023		2022	
	Ownership (%)	Rate of effective interest (%)	Ownership (%)	Rate of effective interest (%)
Otokar Europe SAS	100,00	100,00	100,00	100,00
Otokar Land Systems Limited	100,00	100,00	100,00	100,00
Otokar Europe Filiala Bucuresti SRL	100,00	100,00	100,00	100,00
Otokar Central Asia Limited	100,00	100,00	100,00	100,00

Join Venture	Ownership (%)	Rate of effective interest (%)	Ownership (%)	Rate of effective interest (%)
Al Jasoor Heavy Vehicle Industry LLC	49,00	49,00	49,00	49,00

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NOTE 3 - SEGMENT REPORTING

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

Chief Executive Decision Makers (composed of key management, board members, general manager and assistant general managers) monitor the products only based on revenue (Note 15) and do not monitor based on cost of sales, operating expenses and financial expenses. Thus, segment reporting is not performed.

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 March 2023	31 December 2022
Banks		
- Time deposits	3.241.755	1.420.263
- Demand deposits	542.397	245.429
Other	99	105
Cash and cash equivalents in the cash flow statement	3.784.251	1.665.797
Interest accrual	52.956	5.660
	3.837.207	1.671.457

As of 31 March 2023, total amount of time deposit accounts is TRY 3.241.755 thousand, corresponding to TRY 337.239 thousand, are in foreign currency, with an annual effective interest rate of 1,67% and the average maturity is 1 day. The remaining amount of TRY 2.904.516 thousand are with an annual effective interest rate of 29,44% and a maturity is 32 days.)

(As of 31 December 2022, total amount of time deposit accounts is TRY 1.420.263 thousand, corresponding to TRY 141.174 thousand, are in foreign currency, with an annual effective interest rate of 0,01% and the average maturity is 1 day. The remaining amount of TRY 1.284.749 thousand are with an annual effective interest rate of 24,63% and a maturity is 1 day.)

As of 31 March 2023, the Group has restricted bank deposit amounting to TRY 0,2 thousand (31 December 2022: TRY 10.314 thousand).

NOTE 5 - INVESTMENTS ACCOUNTED BY EQUITY METHOD

The details of carrying value and ownership rate subject to equity accounting of the joint venture is as follows:

Joint ventures	2023		2022	
	(%)	Amount	(%)	Amount
Al Jasoor	49	234.239	49	241.054
		234.239		241.054

The movements of joint ventures for the periods ended on 31 March 2023 and 2022 are as follows:

	2023	2022
Beginning- 1 January	241.054	182.456
Shares of profit/(loss)	(12.387)	(5.870)
Currency translation differences	5.572	23.091
End of the period – 31 March	234.239	199.677

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NOTE 5 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

The summary of the financial statements of Al Jasoor Heavy Vehicle Industry LLC accounted by equity method as of 31 March 2023 and 31 December 2022 is as follows:

	31 March 2023	31 December 2022
Total assets	894.430	897.218
Total liabilities	(416.391)	(405.271)
Net assets	478.039	491.947
Ownership of the Group	%49	%49
Net asset share of the Group	234.239	241.054

NOTE 6 - BORROWINGS

Short-term financial borrowings

31 March 2023	Maturities	Annual average effective interest rate (%)	TRY equivalent
Bank loans			
TRY borrowings	4 April 2023 - 16 February 2024	22,03	6.839.470
EUR borrowings	9 June 2023 - 2 February 2024	6,48	863.704
USD borrowings	19 February 2024	5,68	26.747
			7.729.921
Borrowings from lease liabilities			
EUR lease liabilities	-	2,00	22.877
TRY lease liabilities	-	30,00	10.340
			33.217
Total short-term financial liabilities			7.763.138

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NOTE 6 – BORROWINGS (Continued)

Short-term portion of long-term borrowings (*)

31 March 2023	Maturities	Annual average effective interest rate (%)	TRY equivalent
Bank loans			
	14 February 2023		
EUR borrowings	15 September 2023	2,70	416.453
	7 April 2023		
TRY borrowings	15 March 2024	19,60	869.925
			1.286.378
Issued debt instruments (**)			
Short-term portion of issued bonds		33,00	6.384
			6.384
Short-term portion of long-term borrowings			1.292.762

(*) Bearing fixed interest rate

(**) The Group has issued bonds amounting to TRY 500.000.000, the clearing of which was realized on 3 March 2023, to be sold to qualified investors without public offering in the country, with a 740-days maturity, 33% annual fixed interest, with a coupon payment every 6 months and an amortization date of 12 March 2025.

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NOTE 6 - BORROWINGS (Continued)

31 March 2023	Maturities	Annual average effective interest rate (%)	TRY equivalent
Long-term borrowings (*)			
Bank loans			
TRY Borrowings	5 June 2024 - 5 August 2025	14,00	642.014
			642.014
Borrowings from lease liabilities			
EUR borrowings	-	2,00	35.782
TRY borrowings	-	30,00	16.173
			51.955
Issued debt instruments (**)			
Long-term portion of issued bonds	12 March 2025	33,00	500.000
			500.000
Total long-term financial borrowings			1.193.969

(*) Bearing fixed interest rate

(**) The Group has issued bonds amounting to TRY 500.000.000, the clearing of which was realized on 3 March 2023, to be sold to qualified investors without public offering in the country, with a 740-days maturity, 33% annual fixed interest, with a coupon payment every 6 months and an amortization date of 12 March 2025.

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NOTE 6 - BORROWINGS (Continued)

Short-term borrowings

31 December 2022	Maturities	Annual average effective interest rate (%)	Amount
Bank loans			
EUR borrowings	9 June 2023	5,95	99.932
TRY borrowings	5 January 2023 - 15 November 2023	23,72	5.006.429
			5.106.361
Borrowings from lease liabilities			
EUR borrowings	-	2,00	21.377
TRY borrowings	-	30,00	9.662
			31.039
Total short-term financial borrowings			5.137.400

31 December 2022	Maturities	Annual average effective interest rate (%)	TRY Equivalent
Short-term portion of long-term borrowings (*)			
EUR borrowings	9 January 2023 - 15 September 2023	2,94	865.626
TRY borrowings	7 April 2023 - 31 December 2023	18,25	243.785
			1.109.411

31 December 2022	Maturities	Annual average effective interest rate (%)	TRY Equivalent
Long-term bank borrowings (*)			
Bank loans			
TRY borrowings	11 January 2024 - 5 August 2025	15,19	1.252.064
			1.252.064

(*) Bearing fixed interest rate

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NOTE 6 - BORROWINGS (Continued)

31 December 2022	Maturities	Annual average effective interest rate (%)	TRY Equivalent
Borrowings from lease liabilities			
EUR borrowings	-	2,00	33.436
TRY borrowings	-	30,00	15.113
			48.549
Total long-term financial borrowings			1.300.613

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

The movements of borrowings over the periods ended 31 March 2023 and 2022 are as follows:

	2023	2022
1 January	7.547.424	2.378.457
Borrowing received during the period	4.111.732	1.185.668
Cash outflows related to debt payments from leasing agreements	(6.492)	(885)
Changes in lease obligations under TFRS 16	9.243	9.246
Principal payments (-)	(1.906.278)	(1.222.239)
Change in interest accruals	452.569	31.383
Change in exchange rates	41.671	77.010
31 March	10.249.869	2.458.640

NOTE 7 - FINANCIAL INVESTMENT

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.

Financial investments include Otokar's associates amounting to TRY 147 and Otokar's investments in Private Venture Capital Investment Fund amounting to TRY 11.284.

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NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS

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

31 March 2023	Contract amount	Current period contract maturity	Fair value liabilities
Forward transactions	707.926	6 April 2023 - 11 August 2023	(3.701)
Short-term derivative financial instruments	707.926		(3.701)
Total derivative financial instruments	707.926		(3.701)

31 December 2022	Contract amount	Current period contract maturity	Fair value assets
Forward transactions	2.275.924	5 January 2023 - 9 February 2023	2.450
Short-term derivative financial instruments	2.275.924		2.450
Total derivative financial instruments	2.275.924		2.450

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Trade receivables

	31 March 2023	31 December 2022
Trade receivables, net	3.272.785	2.658.318
Notes receivables, net	5.599	2.750
Subtotal	3.278.384	2.661.068
Less: provision for doubtful receivables	(139.405)	(133.855)
Trade receivables from third parties	3.138.979	2.527.213
Trade receivables from related parties (Note 22)	1.017.014	1.631.795
Short-term trade receivables	4.155.993	4.159.008
Long-term trade receivables, net	637.729	731.962
Long-term trade receivables	637.729	731.962

As of 31 March 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 31 March 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 defense vehicle sales. As of 31 March 2023, the total trade receivable from dealers amounting to TRY 906.291 thousand (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 906.291 thousand (31 December 2022: TRY 473.254 thousand).

The aging of the past due but not impaired receivables is as follows:

31 March 2023	Trade receivables
1- 30 day past due	-
1- 3 month past due	-
3- 12 month past due	-
1- 5 year past due	-
Over 5 years past due	345
	345
Amount secured by guarantees	345

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

31 December 2022	Trade receivables
1- 30 day past due	-
1- 3 month past due	-
3- 12 month past due	-
1- 5 year past due	-
Over 5 years past due	330
	330
Amount secured by guarantees	330

Prosecution 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 31 March 2023 and 2022 are as follows:

	2023	2022
1 January	133.855	97.384
Currency translation differences	364	400
Exchange differences	5.186	9.912
31 March	139.405	107.696

Trade payables

	31 March 2023	31 December 2022
Trade payables, net	2.144.608	1.996.983
Trade payables to third parties	2.144.608	1.996.983
Trade payables to related parties (Note 22)	66.281	220.240
Short-term trade payables	2.210.889	2.217.223

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

As of 31 March 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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NOTE 10 - INVENTORIES

	31 March 2023	31 December 2022
Raw materials	2.341.461	1.907.968
Semi-finished goods	684.574	110.760
Finished goods	618.254	927.746
Merchandises	475.004	385.212
Goods in transit	697.265	578.952
Less: impairment for inventories (*)	(59.661)	(40.785)
	4.756.897	3.869.853

(*) TRY 2.932 thousands of impairment is related to finished goods (31 December 2022: TRY 357 thousands), TRY 20.521 thousands is related to merchandises (31 December 2022: TRY 8.007 thousands) and TRY 36.208 thousands of impairment is related to raw materials (31 December 2022: TRY 32.421 thousands). The impairment has been accounted under cost of sales.

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment and related accumulated depreciation for the periods ended 31 March 2023 and 2022 is as follows:

	1 January 2023	Additions	Disposals	Transfers	Currency translation differences	31 March 2023
Cost						
Land	37.437	-	-	-	-	37.437
Land improvements	28.172	-	-	-	-	28.172
Buildings	225.488	-	-	-	-	225.488
Machinery and equipment	349.285	2.836	(82)	-	393	352.432
Motor vehicles	32.992	-	-	-	-	32.992
Furniture and fixtures	253.471	35.005	(74)	-	304	288.706
Leasehold improvements	4.436	-	-	-	-	4.436
Construction in progress	42.268	15.344	-	-	-	57.612
	973.549	53.185	(156)	-	697	1.027.275
Accumulated depreciation						
Land improvements	(5.996)	(235)	-	-	-	(6.231)
Buildings	(55.033)	(1.807)	-	-	-	(56.840)
Machinery and equipment	(127.354)	(7.850)	81	-	(302)	(135.425)
Motor vehicles	(10.504)	(871)	-	-	-	(11.375)
Furniture and fixtures	(49.796)	(6.676)	13	-	(210)	(56.669)
Leasehold improvements	(1.506)	(259)	-	-	-	(1.765)
	(250.189)	(17.698)	94	-	(512)	(268.305)
Net book value	723.360					758.970

There is no mortgage on property, plant and equipment as of 31 March 2023 (31 December 2022: None).

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2022	Additions	Disposals	Transfers	Currency translation differences	31 March 2022
Cost						
Land	37.437	-	-	-	-	37.437
Land improvements	18.112	307	-	-	-	18.419
Buildings	108.514	671	-	-	-	109.185
Machinery and equipment	246.086	1.471	(829)	-	719	247.447
Motor vehicles	19.869	5.757	(409)	-	-	25.217
Furniture and fixtures	131.673	9.934	-	-	432	142.039
Leasehold improvements	1.715	-	-	-	-	1.715
Construction in progress	36.526	24.532	-	-	-	61.058
	599.932	42.672	(1.238)	-	1.151	642.517
Accumulated depreciation						
Land improvements	(5.351)	(153)	-	-	-	(5.504)
Buildings	(50.692)	(963)	-	-	-	(51.655)
Machinery and equipment	(104.958)	(4.781)	622	-	(478)	(109.595)
Motor vehicles	(8.062)	(508)	129	-	-	(8.441)
Furniture and fixtures	(33.090)	(3.014)	-	-	(318)	(36.422)
Leasehold improvements	(1.075)	(39)	-	-	-	(1.114)
	(203.228)	(9.458)	751	-	(796)	(212.731)
Net book value	396.704			-		429.786

The allocation of accumulated depreciation and amortisation for the periods ended 31 March 2023 and 2022 is as follows:

	31 March 2023	31 March 2022
Research and development expenses	41.034	20.904
Right of use of assets	5.481	3.803
Cost of goods sold	4.715	3.563
General administrative expenses	2.647	1.355
Depreciation on inventories	8.740	3.432
Developments projects in progress	3.956	2.161
Selling and marketing expenses	549	328
Currency translation differences	512	796
	67.634	36.342

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Right of use assets

The allocation of right of use assets and related accumulated depreciation for the periods ended 31 March 2023 and 2022 is as follows:

31 March 2023	Buildings	Motor vehicles	Furniture and fixture	Total
Cost	28.364	64.813	3.524	96.701
Accumulated depreciation	(17.166)	(35.579)	(579)	(53.324)
	11.198	29.234	2.945	43.377
31 March 2022	Buildings	Motor vehicles	Furniture and fixture	Total
Cost	23.449	47.117	595	71.161
Accumulated depreciation	(12.406)	(22.198)	(445)	(35.049)
	11.043	24.919	150	36.112

NOTE 12 - INTANGIBLE ASSETS

Movements of intangible assets and related accumulated amortisation for the periods ended 31 March 2023 and 2022 are as follows:

	1 January 2023	Additions	Currency translation differences	Disposals	Transfers	31 March 2023
Cost						
Other intangible assets	63.922	3.386	-	-	-	67.308
Development costs	1.167.431	-	-	-	-	1.167.431
Developments projects in progress	574.147	192.835	-	-	-	766.982
	1.805.500	196.221	-	-	-	2.001.721
Accumulated amortization						
Other intangible assets	(28.340)	(2.909)	-	-	-	(31.249)
Development costs	(543.099)	(41.034)	-	-	-	(584.133)
	(571.439)	(43.943)	-	-	-	(615.382)
Net book value	1.234.061					1.386.339

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NOTE 12 - INTANGIBLE ASSETS (Continued)

	1 January 2022	Additions	Currency translation differences	Disposals	Transfers	31 March 2022
Cost						
Other intangible assets	36.066	3.949	29	-	-	40.044
Development costs	731.479	-	-	-	-	731.479
Developments projects in progress	427.413	89.064	-	-	-	516.477
	1.194.958	93.013	29	-	-	1.288.000
Accumulated amortization						
Other intangible assets	(20.010)	(1.374)	-	-	-	(21.384)
Development costs	(435.573)	(20.911)	-	-	-	(456.484)
	(455.583)	(22.285)	-	-	-	(477.868)
Net book value	739.375					810.132

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions

	31 March 2023	31 December 2022
Provision for warranty expenses	367.154	345.980
Provision for purchase costs	132.323	185.281
Provision for employee benefits	70.566	49.288
Litigation provisions	4.046	4.046
Other	125.880	151.202
	699.969	735.797

Provision for warranty expenses

The Group provides warranty coverage for 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 31 March 2023 and 2022, the movement of provision for warranty expenses is as follows:

	2023	2022
1 January	345.980	254.819
Increase/(decrease) in provision, net	78.262	50.580
Payments	(57.088)	(28.576)
31 March	367.154	276.823

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

Provision for employment termination benefits

	31 March 2023	31 December 2022
Provision for employment termination benefits	335.706	314.077
Provision for unused vacation	70.566	49.288
	406.272	363.365

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 31 March 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 Group’ obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 March 2023	31 December 2022
Net discount rate (%)	0,75	0,55
Turnover rate to estimate the probability of retirement (%)	98,67	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 19.982,83 in full, which is effective from 1 January 2023, has been taken into consideration in calculation of retirement benefit provision.

The movements of provision for employment termination benefits within the interim accounting periods ending on March 31, 2023 and 2022 are as follows:

	2023	2022
1 January	314.077	89.427
Interest expense	8.323	2.023
Charge for the period	(1.645)	10.883
Actuarial loss	61.817	5.324
Payments	(46.866)	(2.790)
31 March	335.706	104.867

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

Provision for unused vacation

The movements of the provision for unused vacation days within the interim accounting periods ending on March 31, 2023 and 2022 are as follows:

	2023	2022
1 January	49.288	20.705
Increase in the period, net	21.278	14.046
31 March	70.566	34.751

Commitments and contingencies

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

	31 March 2023	31 December 2022
a. Total amount of guarantees, pledges and mortgages given the name of legal entity	3.561.413	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	163.261	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	-	-
	3.724.674	3.563.960

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

	31 March 2023		31 December 2022	
	Original currency	TRY equivalent	Original currency	TRY equivalent
TRY	1.581.534	1.581.534	1.368.967	1.368.967
USD	73.066	1.398.919	80.184	1.499.311
RON	56.611	236.623	56.871	227.837
EUR	24.401	507.598	23.469	467.845
		3.724.674		3.563.960

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

Guarantee letters

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

	31 March 2023	31 December 2022
Bank letters of guarantee	3.724.674	3.563.960
	3.724.674	3.563.960

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

	31 March 2023	31 December 2022
Bank letters of guarantee	1.714.701	1.377.529
Guarantee notes	5.834	5.791
Mortgages received	20	20
	1.720.555	1.383.340

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NOTE 14 - PREPAID EXPENSES, EMPLOYEE BENEFIT OBLIGATIONS, OTHER ASSETS AND LIABILITIES

a) Prepaid expenses

Prepaid expenses – short-term

	31 March 2023	31 December 2022
Prepaid expenses	144.614	123.213
	144.614	123.213

Prepaid expenses – long-term

	31 March 2023	31 December 2022
Advances given	21.493	39.905
Prepaid expenses	13.714	32.360
	35.207	72.265

b) Other current assets

	31 March 2023	31 December 2022
Value added tax receivables	638.178	697.662
Other	22.197	27.366
	660.375	725.028

c) Other non-current assets

Other non-current assets – long term

	31 March 2023	31 December 2022
Value added tax receivables	42.134	43.472
	42.134	43.472

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**NOTE 14 - PREPAID EXPENSES, EMPLOYEE BENEFIT OBLIGATIONS, OTHER ASSETS
AND LIABILITIES (Continued)**

c) Liabilities arising from customer contracts

Liabilities arising from customer contracts - short-term	31 March 2023	31 December 2022
Advances received	1.180.005	386.329
Deferred maintenance income	157.935	145.658
Other deferred income	-	5.336
	1.337.940	537.323

Liabilities arising from customer contracts - long- term	31 March 2023	31 December 2022
Deferred maintenance income	414.637	424.440
	414.637	424.440

d) Employee benefits obligation

	31 March 2023	31 December 2022
Payables to employees	81.112	69.159
Social security payables	48.992	72.554
Taxes and funds payable	14.909	55.716
	145.013	197.429

e) Other current liabilities

	31 March 2023	31 December 2022
Taxes and funds payable	19.408	25.442
Deferred special consumption tax	2.600	5.497
Other	386	2.553
	22.394	33.492

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NOTE 15 - REVENUE AND COST OF SALES

Net sales	1 January - 31 March 2023	1 January - 31 March 2022
Domestic sales	1.183.380	463.501
Export sales	1.392.092	842.491
Gross sales	2.575.472	1.305.992
Less: sales discounts and returns	(39.381)	(11.994)
Net sales	2.536.091	1.293.998

Sales of the Group for the periods ended 31 March 2023 and 2022 in terms of the products are as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Commercial vehicle	2.091.100	675.624
Military vehicle	23.877	428.602
Other sales (*)	421.114	189.772
	2.536.091	1.293.998

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

Cost of sales

	1 January - 31 March 2023	1 January - 31 March 2022
Cost of finished goods sold	(2.072.065)	(788.823)
Cost of merchandise goods sold	(81.124)	(38.427)
Cost of sales	(2.153.189)	(827.250)

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

	1 January - 31 March 2023	1 January - 31 March 2022
Marketing expenses	(332.937)	(179.210)
General administrative expenses	(158.876)	(111.159)
Research and development expenses	(72.580)	(22.601)
	(564.393)	(312.970)

NOTE 17 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January - 31 March 2023	1 January - 31 March 2022
Foreign exchange gains on trade receivables and payables	156.938	214.984
Revenue from charge of due date receivables	81.201	90.328
Gain on forward transactions	5.703	7.350
Incentives income	503	484
Other income	19.404	14.650
	263.749	327.796

Other operating expenses	1 January 31 March 2023	1 January - 31 March 2022
Foreign exchange loss on trade receivables and payables	(83.040)	(158.828)
Provision for doubtful receivables	(16.333)	(7.959)
Loss on forward transactions	-	(9.912)
Other expense	(1.288)	-
	(100.661)	(176.699)

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NOTE 18 - FINANCIAL INCOME

	1 January - 31 March 2023	1 January - 31 March 2022
Foreign exchange gains on bank deposits	158.396	11.294
Interest income from time deposits	35.638	1.135
Foreign exchange gains on bank borrowings	14.022	27.391
	208.056	39.820

NOTE 19 - FINANCIAL EXPENSES

	1 January - 31 March 2023	1 January - 31 March 2022
Foreign exchange losses on bank borrowings	(460.003)	(55.133)
Interest expense on bank borrowings	(80.557)	(74.078)
Foreign exchange losses on bank deposits	(18.802)	(6.643)
Other	(2.047)	(1.721)
	(561.409)	(137.575)

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 installment 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. Thus, paid amounts are offset against the calculated corporate tax liability for the year.

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

	31 March 2023	31 December 2022
Corporate and income tax payable	138.628	9.369
Prepaid taxes (-)	-	(9.369)
Current period tax liability/(asset)	138.628	-

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

The allocation of total tax expense for the periods ended 31 March 2023 and 2022 are as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Current tax charge (*)	(138.628)	-
Deferred tax income / (expense) reflected in profit or loss		
Charged to profit for the period	7.488	(1.557)
Charged to other comprehensive income (expense)	12.363	1.065
	(118.777)	(492)

(*) In accordance with the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette on March 12, 2023, the amounts of exceptions and deductions subject to deduction from corporate income in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022. An additional tax of 10% must be calculated over the bases subject to reduced corporate tax, without being associated with the period income, and 5% over the exempted earnings. As of 31 March 2023, the Company's accrued amount for the related tax, in addition to the corporate tax, is 138,628 thousand TL, and the payment for the said tax will be made in two installments in 2023.

As of 31 March 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:

	Cumulative temporary differences		Deferred tax assets	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Property, plant and equipment	577.963	533.173	103.906	103.163
Intangible assets	74.605	74.605	74.605	74.605
Deferred financial expenses	367.154	345.980	73.431	69.196
Inventories	343.694	297.408	68.739	59.482
Provision for warranty expense	335.706	314.077	67.141	62.815
Provision for employment termination benefits	302.697	284.842	60.539	56.968
Deferred financial income	70.124	86.260	14.025	17.252
Other provisions	34.796	55.221	9.280	14.525
Deferred maintenance income	(97.255)	(79.292)	(19.451)	(15.858)
Investment incentives (*)	(12.033)	(10.970)	(2.407)	(2.194)
Other	37.657	45.169	7.693	(2.304)
Deferred tax assets			457.501	437.650

(*) 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 872.007 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 31 March 2023 and 2022 are as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
1 January	437.650	234.424
Deferred tax income/expense charged to profit or loss and other comprehensive income for the period	7.488	(1.557)
- Charged to profit for the period	12.363	1.065
- Charged to other comprehensive income/(expense)		
31 March	457.501	233.932

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 can increase their capital by distributing shares to existing shareholders from retained earnings in proportion to their shares. When calculating earnings per share, these bonus shares are counted as issued shares. Therefore, the weighted average number of shares used in the calculation of earnings per share is obtained by applying the issuance of bonus 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.

	31 March 2023	31 March 2022
Net profit/(loss) for the period	(514.813)	200.532
Weighted average number of issued shares	24.000.000.000	24.000.000.000
Earnings per share (Kr)	(2,145)	0,836

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 parties as of 31 March 2023 and 31 December 2022 are as follows:

Due from related parties	31 March 2023	31 December 2022
Ram Dış Ticaret A.Ş. (1) (**)	800.809	1.423.693
Al Jasoor Heavy Vehicle Industry LLC (3) (*)	216.132	208.029
Other (1)	73	73
	1.017.014	1.631.795

(*) Trade receivables due to sales to the Group's joint venture Al Jasoor Heavy Vehicles Industry LLC.

(**) Trade receivables due to export registered sales made via Ram Dış Ticaret A.Ş.

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

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

Due to related parties	31 March 2023	31 December 2022
Ram Dış Ticaret A.Ş. (1)	17.070	113.899
Ram Sigorta Aracılık Hz. A.Ş.(1)	16.247	1.655
Zer Merkezi Hizmetler A.Ş. (1)	11.275	40.531
Koç Sistem Bilgi ve İletişim Hiz. A.Ş. (1)	9.859	4.316
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	4.419	4.047
Opet Fuchs Madeni Yağ A.Ş. (1)	2.218	3.213
Setur Servis Turistik A.Ş. (1)	1.951	6.122
Akpa Dayanıklı Tük.Paz. A.Ş. (1)	1.360	1.703
Opet Petrolcülük A.Ş. (1)	398	1.727
Diğer (1)	1.484	42.027
	66.281	220.240

Advances received from related parties	31 March 2023	31 December 2022
Ram Dış Ticaret A.Ş. (1)	750.916	100.327
Al Jasoor Heavy Vehicle Industry LLC (3) (*)	140.423	137.137
	891.339	237.464

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

ii) Sales to related parties and purchases from related parties are as follows:

Sales of products and services	1 January 31 March 2023	1 January 31 March 2022
Ram Dış Ticaret A.Ş. (1) (*)	7.662	50.432
Al Jasoor Heavy Vehicle Industry LLC (3)	7.349	429.815
Other (1)	-	149
	15.011	480.396

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

Fixed asset purchases	1 January 31 March 2023	1 January 31 March 2022
Koç Sistem Bilgi ve İletişim Hiz. A.Ş. (1)	7.178	3.837
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	2.171	73
Diğer (1)	250	810
	9.599	4.720

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

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

Inventory purchases	1 January 31 March 2023	1 January 31 March 2022
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	46.625	17.435
Ram Dış Ticaret A.Ş. (1)	13.457	7.928
Opet Petrolcülük A.Ş.(1)	4.134	1.570
Opet Fuchs Madeni Yağ A.Ş. (1)	4.029	2.996
Akpa Dayanıklı Tük.Paz. A.Ş. (1)	3.712	1.185
Ford Otosan A.Ş. (2)	2.043	722
Diğer (1)	707	517
	74.707	32.353

Service purchases	1 January 31 March 2023	1 Jan 31 March 2022
Ram Sigorta Aracılık Hz. A.Ş.(1)(**)	25.994	10.881
Eltek Elektrik Enerji İth.İhr.Top.Tic. A.Ş. (1)	16.110	5.229
Koç Sistem Bilgi ve İletişim Hiz. A.Ş. (1)	11.827	6.869
Setur Servis Turistik A.Ş.(1)	11.217	6.386
Otokoç Otomotiv Tic. ve San. A.Ş.(1)	5.718	4.022
Koç Holding A.Ş. (2) (*)	2.661	7.725
Ram Dış Ticaret A.Ş.(1)	2.305	8.143
Ingage Dijital Pazarlama Hizmetleri A.Ş. (1)	1.869	2.024
Diğer (1)	3.271	855
	80.972	52.134

(*) 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 Communiqé about Concealed Gain Distribution by Transfer Pricing.

(**) It includes paid and accrued premium as of 31 March 2023 and 31 March 2022 in accordance with insurance policies signed between insurance companies via Ram Sigorta Aracılık Hizmetleri A.Ş. which is an insurance agency.

Bank deposits	31 March 2023	31 December 2022
Yapı ve Kredi Bankası A.Ş. (1)		
- Time deposits	745.473	141.174
- Demand deposits	60.027	66.931
	805.500	208.105

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

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

Borrowings	31 March 2023	31 December 2022
Yapı ve Kredi Bankası A.Ş. (1)	1.375.809	840.642
	1.375.809	840.642

For the periods ended 31 March 2023 and 2022, operating income and expense with related parties are as follows:

	1 January 31 March 2023	1 January 31 March 2022
Trade receivables and payables foreign exchange gains		
Ram Dış Ticaret A.Ş. (1)	24.778	8.326
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	75	209
Diğer (1)	8	318
	24.861	8.853

	1 January 31 March 2023	1 January 31 March 2022
Trade receivables and payables foreign exchange expenses		
Ram Dış Ticaret A.Ş. (1)	4.664	5.473
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	436	375
Other (1)	62	214
	5.162	6.062

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

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

For the periods ended 31 March 2023 and 2022, financial income and expense with related parties are as follows:

	1 January 31 March 2023	1 January 31 March 2022
Interest income		
Yapı ve Kredi Bankası A.Ş. (1)	28.928	9.038
	28.928	9.038
Interest expense		
Yapı ve Kredi Bankası A.Ş. (1)	10.225	2.716
	10.225	2.716
Foreign exchange income		
Yapı ve Kredi Bankası A.Ş. (1)	248	11.949
	248	11.949
Foreign exchange expenses		
Yapı ve Kredi Bankası A.Ş. (1)	4.374	417
	4.374	417

(1) Related parties of the parent company

Benefits provided to senior executives

For the period ended 31 March 2023, the total amount of benefits provided to senior management is TRY 25.671 thousand (31 March 2022: TRY 4.546 thousand). TRY 15.250 of this amount is related to the payments made due to leaving (31 March 2022: None). It consists of Senior management, members of the board of directors, general manager and assistant 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 exchange rate risk due to Turkish Lira conversion of foreign currency payables and receivables arising from its commercial activities with foreign companies. This exchange rate risk is followed and limited by analyzing the foreign exchange position. To manage the currency risk arising from future commercial transactions and recorded assets and liabilities, the Group follows a policy of diversification in its currency position.

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

31 March 2023	TRY equivalent (functional currency)	USD	EUR	GBP
1. Trade receivables	3.059.332	75.875	77.234	-
2a. Monetary financial assets (including cash, bank accounts)	407.928	11.293	9.216	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	3.467.260	87.168	86.450	-
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	62	-	3	-
8. Non-current assets (5+6+7)	62	-	3	-
9. Total assets (4+8)	3.467.322	87.168	86.453	-
10. Trade payables	(1.270.029)	(44.638)	(20.014)	40
11. Financial liabilities	(1.306.908)	(1.397)	(61.540)	-
12a. Monetary other liabilities	(879.770)	(39.688)	(5.764)	-
12b. Non-monetary other liabilities	-	-	-	-
13. Current liabilities (10+11+12)	(3.456.707)	(85.723)	(87.318)	40
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16a. Monetary other liabilities	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	-	-	-
18. Total liabilities (13+17)	(3.456.707)	(85.723)	(87.318)	40
Net balance sheet position (9+18)	10.615	1.445	(865)	40
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	(60.111)	(7.867)	4.351	-
19a. Hedged total assets amount	244.528	2.450	9.500	-
19b. Hedged total liabilities amount	(304.639)	(10.317)	(5.149)	-
20. Net foreign currency asset/(liability) position (9+18+19)	(49.496)	(6.422)	3.486	40
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	10.553	1.445	(868)	40
22. Total fair value of financial instruments used for foreign currency hedging	3.701	(100)	(471)	4.273
23. Export (as of 31 March 2023)	1.379.560	9.091	57.076	-
24. Import (as of 31 March 2023)	1.133.168	16.753	38.722	162

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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. Current assets (1+2+3)	3.731.876	102.010	91.521	-
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	60	-	3	-
8. Non-current assets (5+6+7)	60	-	3	-
9. Total assets(4+8)	3.731.936	102.010	91.524	-
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. Current liabilities (10+11+12)	(2.504.845)	(52.771)	(76.130)	(21)
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16a. Monetary other liabilities	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	-	-	-
18. Total liabilities (13+17)	(2.504.845)	(52.771)	(76.130)	(21)
Net balance sheet position (9+18)	1.227.091	49.239	15.394	(21)
19. 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)	-
20. Net foreign currency asset/(liability) position (9+18+19)	90.354	1.239	3.394	(21)
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	1.227.031	49.239	15.391	(21)
22. Total fair value of financial instruments used for foreign currency hedging	(2.450)	(3.105)	655	-
23. Export (as of 31 March 2022)	831.095	34.188	21.041	10
24. Import (as of 31 March 2022)	578.961	12.088	26.065	89

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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, EUR and GBP exchange rates, with all other variables held constant, on the Group’s income before tax as of 31 March 2023 and 31 December 2022:

	Profit before tax Appreciation Foreign currency	Profit before tax Depreciation Foreign currency
31 March 2023		
<i>In case 10% appreciation of USD against TRY:</i>		
1- USD net asset/liability	(12.296)	(12.296)
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	(12.296)	(12.296)
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	7.252	(7.252)
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	7.252	(7.252)
<i>In case 10% appreciation of GBP against TRY:</i>		
7- GBP net asset/liability	94	(94)
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	94	(94)
Total (3+6+9)	(4.950)	4.950
31 December 2022		
<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 (-)	-	-
3- USD net effect (1+2)	2.316	(2.316)
<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 (-)	-	-
6- EUR net effect (4+5)	6.766	(6.766)
<i>In case 10% appreciation of GBP against TRY:</i>		
7- GBP net asset/liability	(47)	47
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(47)	47
Total (3+6+9)	9.035	(9.035)

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NOTE 24 - 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 needs to be explained 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 31 March 2023 and 31 December 2022:

31 March 2023

Liabilities	Level 1	Level 2	Level 3	Total
Derivative financial instruments	-	(3.701)	-	(3.701)
	-	(3.701)	-	(3.701)

31 December 2022

Assets	Level 1	Level 2	Level 3	Total
Derivative financial instruments	-	2.450	-	2.450
	-	2.450	-	2.450

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 - 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

With the decision of the Board of Directors dated 14 February 2023, it has been decided to increase the paid-in capital of the Company, which is TRY 24.000.000, to TRY 120.000.000 by meeting the whole of it from internal resources, necessary permission application has been made to the Capital Markets Board in order to approve the Issuance Certificate regarding the shares with a nominal value of TRY 96.000.000 to be issued on April 5, 2023 and to obtain the appropriate opinion regarding the amendment of the 7 Articles of the Articles of Association titled “Capital”.

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