

**OTOKAR OTOMOTİV VE SAVUNMA  
SANAYİ ANONİM ŞİRKETİ**

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

**(ORIGINALLY ISSUED IN TURKISH)**

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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**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION AS OF 30 SEPTEMBER 2023 AND 31 DECEMBER 2022**

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

		(Unaudited)	(Audited)
	Notes	30 September 2023	31 December 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	3,349,491	1,671,457
Financial investments		-	60,000
Trade receivables	10	5,911,277	4,159,008
<i>Due from related parties</i>	23	1,362,238	1,631,795
<i>Due from other parties</i>	10	4,549,039	2,527,213
Other receivables		2,601	906
Inventories	11	6,870,752	3,869,853
Derivative instruments	9	-	2,450
Prepaid expenses	15	168,555	123,213
Other current assets	15	935,257	725,028
<b>Total current assets</b>		<b>17,237,933</b>	<b>10,611,915</b>
<b>Non-current assets</b>			
Trade receivables	10	518,932	731,962
Other receivables		4,153	5,257
Investments accounted for using the equity method	6	74,998	241,054
Financial investments	8	15,950	11,431
Property, plant and equipment	12	1,030,550	723,360
Right of use assets	12	77,655	39,948
Intangible assets		1,804,518	1,234,061
<i>Goodwill</i>		45,874	-
<i>Other intangible assets</i>	13	1,758,644	1,234,061
Deferred tax asset	21	642,872	437,650
Prepaid expenses	15	32,334	72,265
Other non-current assets	15	-	43,472
<b>Total non-current assets</b>		<b>4,201,962</b>	<b>3,540,460</b>
<b>Total assets</b>		<b>21,439,895</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**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2023 AND 31 DECEMBER 2022**

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

		(Unaudited)	(Audited)
	Notes	30 September 2023	31 December 2022
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short-term borrowings	7	10,171,436	5,137,400
<i>Bank loans</i>	7	10,119,526	5,106,361
<i>Short-term lease liabilities</i>	7	51,910	31,039
Short-term portion of long-term borrowings	7	758,014	1,109,411
<i>Bank loans</i>	7	746,677	1,109,411
<i>Issue of debt instruments</i>	7	11,337	-
Trade payables	10	3,224,597	2,217,223
<i>Due to related parties</i>	23	120,669	220,240
<i>Due to other parties</i>	10	3,103,928	1,996,983
Derivative instruments	9	26,145	-
Employee benefit obligations	15	175,913	197,429
Other payables		196,220	27,863
Liabilities from customer contracts	15	1,514,580	537,323
Government promotion and subsidies		2,689	1,963
Short-term provisions	14	939,341	735,797
<i>Provisions for employee benefits</i>	14	91,382	49,288
<i>Other short-term provisions</i>	14	847,959	686,509
Other current liabilities	15	43,070	33,492
<b>Total current liabilities</b>		<b>17,052,005</b>	<b>9,997,901</b>
<b>Non-current liabilities</b>			
Long-term borrowings	7	1,127,730	1,300,613
<i>Bank loans</i>	7	46,537	1,252,064
<i>Long-term lease liabilities</i>	7	81,193	48,549
<i>Issue of debt instruments</i>	7	1,000,000	-
Liabilities from customer contracts	15	408,678	424,440
Government promotion and subsidies		12,043	12,364
Long-term provisions	14	358,270	314,077
<i>Provisions for employee benefits</i>	14	358,270	314,077
<b>Total non-current liabilities</b>		<b>1,906,721</b>	<b>2,051,494</b>
<b>Total liabilities</b>		<b>18,958,726</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 and expense that will not be reclassified to statement of profit or loss		(193,196)	(139,244)
<i>Defined benefit plans remeasurement losses</i>		(193,196)	(139,244)
Accumulated other comprehensive income and expense that may be reclassified to statement of profit or loss		(292,756)	(216,453)
<i>Currency translation differences</i>		(292,756)	(216,453)
Retained earnings		2,155,279	959,418
Net profit for the period		508,444	1,239,118
<b>Total equity</b>		<b>2,481,169</b>	<b>2,102,980</b>
<b>Total liabilities and equity</b>		<b>21,439,895</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**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 30 SEPTEMBER 2023 AND 2022**

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

	Notes	(Unaudited )		(Unaudited)	
		1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Revenue	16	12,932,605	6,532,160	5,122,463	1,471,343
Cost of sales (-)	16	(9,026,729)	(4,174,431)	(3,538,075)	(1,091,559)
<b>GROSS PROFIT (LOSS)</b>		<b>3,905,876</b>	<b>2,357,729</b>	<b>1,584,388</b>	<b>379,784</b>
Marketing expenses (-)	17	(1,594,721)	(715,290)	(673,861)	(235,339)
General administrative expenses (-)	17	(574,819)	(233,106)	(325,874)	(114,034)
Research and development expenses (-)	17	(214,482)	(69,514)	(95,299)	(32,319)
Other operating income	18	2,404,967	685,529	934,138	339,591
Other operating expenses (-)	18	(1,557,787)	(533,858)	(601,509)	(261,146)
<b>OPERATING PROFIT (LOSS)</b>		<b>2,369,034</b>	<b>1,491,490</b>	<b>821,983</b>	<b>76,537</b>
Income from investing activities		513	(121)	2,937	867
Share of profit (losses) of investments accounted for using the equity method, net	6	(7,234)	(15,479)	179,939	189,802
<b>OPERATING PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)</b>		<b>2,362,313</b>	<b>1,475,890</b>	<b>1,004,859</b>	<b>267,206</b>
Financial income	19	772,873	256,233	193,107	57,095
Financial expense (-)	20	(2,684,642)	(1,023,526)	(602,428)	(256,003)
<b>PROFIT (LOSS) BEFORE TAX FROM CONTINUED OPERATIONS</b>		<b>450,544</b>	<b>708,597</b>	<b>595,538</b>	<b>68,298</b>
<b>Tax income/(expense) from continued operations</b>					
Current year tax income / (expense)	21	(133,834)	-	(165,760)	(24,933)
Deferred tax income/ (expense)	21	191,734	34,030	170,765	14,389
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>508,444</b>	<b>742,627</b>	<b>600,543</b>	<b>57,754</b>
<b>Items that will not be reclassified to statement of profit or loss</b>					
Defined benefit plans remeasurement gains/(losses)	14	(67,440)	(35,085)	(4,813)	1,026
Deferred tax income/(expense)	21	13,488	7,017	963	(205)
<b>Items that may be reclassified to statement of profit or loss</b>					
Currency translation differences of investments accounted for using the equity method	6	69,191	4,843	74,145	23,832
Currency translation differences		(145,494)	(45,108)	(40,958)	(16,436)
<b>Other comprehensive income /(expense)</b>		<b>(130,255)</b>	<b>(68,333)</b>	<b>29,337</b>	<b>8,217</b>
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE)</b>		<b>378,189</b>	<b>674,294</b>	<b>629,880</b>	<b>65,971</b>
<b>Earnings per share (Kr)</b>	22	7.560	6.189	25.023	2.406

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

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ORIGINALLY ISSUED IN TURKISH**

**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS  
ENDED 30 SEPTEMBER 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	Defined benefit plans remeasurement gain(losses)	Currency translation differences	Retained earnings	Net profit or loss for the period	Total equity
<b>30 September 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	-	-	-	(3,850)	33,187	-	600,543	629,880
	<b>Closing balances</b>	<b>24,000</b>	<b>52,743</b>	<b>183,398</b>	<b>(16,775)</b>	<b>(176,912)</b>	<b>959,418</b>	<b>600,543</b>	<b>1,626,415</b>
<b>30 September 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)	-
	Dividends paid	96,000	(52,743)	-	-	-	(43,257)	-	-
	Total comprehensive income	-	-	-	(53,952)	(76,303)	-	508,444	378,189
	<b>Closing balances</b>	<b>120,000</b>	<b>-</b>	<b>183,398</b>	<b>(193,196)</b>	<b>(292,756)</b>	<b>2,155,279</b>	<b>508,444</b>	<b>2,481,169</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**

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

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

		(Unaudited) 1 January – 30 September 2023	(Unaudited) 1 January – 30 September 2022
	Notes		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(34,732)</b>	<b>(1,320,800)</b>
Net profit / (loss) for the period		508,444	600,543
Adjustments to reconcile net profit (loss) for the period to cash flows from operating activities		<b>2,630,397</b>	<b>717,468</b>
Adjustments for depreciation and amortization		232,774	110,303
Adjustments in relation to impairment:		<b>84,879</b>	<b>30,576</b>
- Provision for doubtful receivables	10	54,486	19,630
- Provision for inventories	11	30,393	10,946
Adjustments in relation to provision		<b>518,321</b>	<b>274,232</b>
- Provision for employee benefits	14	112,940	91,466
- Provision for warranty expenses	14	382,144	155,441
- Adjustments for other provisions		23,237	27,325
Adjustments in relation to interest income and expenses:		<b>1,409,577</b>	<b>337,862</b>
- Adjustment in relation to interest income	19	(496,408)	(30,022)
- Adjustment in relation to interest expense	20	1,905,985	367,884
Adjustments in relation to unrealised foreign exchange gains and losses	7	<b>401,606</b>	<b>150,051</b>
Adjustments in relation to fair value gains and losses		<b>34,419</b>	<b>3,287</b>
- Adjustments related to fair value losses (gains) on financial assets		(4,519)	-
- Fair value losses/(gains) on financial derivative instruments		38,938	3,287
Adjustments for undistributed profits of investments accounted for using equity method		<b>7,234</b>	<b>(179,939)</b>
- Adjustments for undistributed profits of joint ventures	6	7,234	(179,939)
Adjustment on tax income / (expense)		<b>(57,900)</b>	<b>(5,967)</b>
Adjustments in relation to gains or losses on sales of property, plant and equipment		<b>(513)</b>	<b>(2,937)</b>
- Losses / (gains) on sale of property, plant and equipment		(513)	(2,937)
<b>Changes in net working capital</b>		<b>(2,659,277)</b>	<b>(2,492,827)</b>
Change in trade receivables		<b>(1,474,457)</b>	<b>(535,114)</b>
Change in inventories		<b>(2,986,837)</b>	<b>(2,765,413)</b>
Change in trade payables		<b>847,067</b>	<b>1,065,314</b>
Other changes		<b>954,950</b>	<b>(257,614)</b>
- (Increase)/ decrease in other assets related to activities		(162,956)	(523,056)
- Increase/ (decrease) in other liabilities related to activities		1,117,906	265,442
<b>Cash flows from operations</b>		<b>479,564</b>	<b>(1,174,816)</b>
Payments in relation to employee benefits	14	<b>(104,505)</b>	<b>(6,030)</b>
Payments in relation to other provisions	14	<b>(265,613)</b>	<b>(142,490)</b>
Tax Refunds (Payments)	21	<b>(133,834)</b>	<b>-</b>
Other cash collections (payments)		<b>(10,344)</b>	<b>2,536</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(323,096)</b>	<b>(370,094)</b>
Cash outflows for the acquisition of shares of other businesses or funds or debt instruments		<b>(7,832)</b>	<b>(10,000)</b>
Cash inflows from sale of property, plant and equipment and intangible assets		<b>733</b>	<b>3,871</b>
- Proceeds from sale of property, plant and equipment and intangible assets		733	3,871
Cash outflows due to purchase of property, plant and equipment and intangible assets		<b>(1,031,831)</b>	<b>(567,272)</b>
- Cash outflows due to purchase of property, plant and equipment	12	(360,082)	(208,382)
- Cash outflows due to purchase of intangible assets	13	(671,749)	(358,890)
Dividends Received	6	<b>228,013</b>	<b>203,307</b>
Interest Received		<b>487,821</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>2,169,427</b>	<b>1,891,097</b>
Cash inflow from to borrowings		<b>18,615,343</b>	<b>5,373,199</b>
- Proceeds from bank borrowings	7	18,615,343	5,373,199
Cash outflow due to repayment of borrowings		<b>(15,047,828)</b>	<b>(2,761,176)</b>
- Repayments of borrowings	7	(15,047,828)	(2,761,176)
Cash outflows on debt payments from leasing agreements	7	<b>(27,390)</b>	<b>(5,116)</b>
Dividends paid		<b>-</b>	<b>(500,000)</b>
Interest paid		<b>(1,430,698)</b>	<b>(245,832)</b>
Other cash inflow (outflow)		<b>60,000</b>	<b>30,022</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES</b>		<b>1,811,599</b>	<b>(200,203)</b>
Effect of currency translation difference on cash and cash equivalents		<b>(142,152)</b>	<b>(40,857)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,669,447</b>	<b>159,346</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5	<b>1,671,457</b>	<b>644,857</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<b>3,340,904</b>	<b>804,203</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**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED 30 SEPTEMBER 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 auto buses, 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 S.R.L	Romania	Sales and marketing	Automotive
Otokar Central Asia Limited	Kazakhstan	Sales and marketing	Automotive and defense industry
Otokar Italia S.R.L.	Italy	Sales and marketing	Automotive
<b>Joint Ventures</b>	<b>Country</b>	<b>Main activity</b>	<b>Field of activity</b>
Al Jasoor Heavy Vehicles Industry	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 these 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 consolidated financial statements.

On September 12, 2023, all shares of MAURI Bus System S.R.L. were acquired, and the company's name was changed to Otokar Italia S.R.L

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

	<b>30 September 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>	3,257	2,963	2,942	2,437

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

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

The condensed interim consolidated financial statements for the period ended 30 September 2023 were authorized for issue and signed by the Board of Directors of Otokar on 23 October 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 September 2023, 27.85% of the shares are quoted on the BIST.

As of 30 September 2022, 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.

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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 September 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.

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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 September 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.

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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 September 30, 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 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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**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.

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

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023. The amendments did not have a significant impact on the financial position or performance of the Group.

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

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

**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 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)**

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

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

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

**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 21 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Company will make the necessary changes to its consolidated financial statements after the amendments are issued and become effective under TFRS.

**Amendments to IAS 21 - Lack of exchangeability**

In August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows. The 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  
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**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 at 30 September 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 S.R.L	100.00	100.00	100.00	100.00
Otokar Central Asia Limited	100.00	100.00	100.00	100.00
Otokar Italia S.R.L.	100.00	100.00	-	-
<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 Jasoer Heavy Vehicle Industry LLC	49.00	49.00	49.00	49.00

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**NOT 3 – BUSINESS COMBINATION**

Group's subsidiary Otokar Europe SAS has acquired entire issued share capitals of MAURI Bus System S.R.L. (Italy) which operate as the distributor of Otokar Europe SAS until September 12, 2023. Share transfer agreement was signed on September 12, 2023, the closing transactions of the share purchase agreement were completed as of September 30, 2023. The transaction amount paid for the acquisition of all shares is 2.355 thousand Euros. The initial payment of 1.344 thousand Euros was made on the transfer date. The remaining payment of 1.011 thousand Euros will be paid in instalments over a period of 4 years.

As a result of this transaction, the company's title has been changed to "Otokar Italia S.R.L." as of October 12, 2023, and the registration procedures regarding the change in the company's title and board of directors' structure have been completed in the relevant country registers.

In September 2023, the acquisition process resulting in the participation of Otokar Italia S.R.L. in the Group's global operations aims to continue the growth of operations in the region.

The revaluation method of the balance sheets relating to the acquisition transaction is ongoing. As of 30 September 2023, the consolidated financial statements have been provisionally accounted for in accordance with the provisions of TFRS 3, "Business Combinations Standard". Within the scope of TFRS 3, the differences that will arise in the provisionally recognized amounts in the subsequent period due to the results of the valuation studies will be evaluated in the consolidated financial statements of the next period.

The purchase price, the fair values of the acquired assets and liabilities used provisionally within the scope of TFRS 3 are summarized in the table below:

Cash and cash equivalents	59,985
Trade receivables	128,826
Inventories	44,455
Other current asset	5,910
Property, plant and equipment	2,965
Intangible Assets	192
Trade and other payables	(190,637)
Long- and short-term provisions	(26,888)
Other liabilities	(2,866)
Total value of identifiable net assets (100%) (provisional)	<b>21,942</b>
Goodwill (provisional)	45,875
Total consideration	<b>67,817</b>
The details of cash outflow due to acquisition are as follows:	
Total consideration in cash	67,817
Cash and cash equivalents - acquired	(59,985)
Cash outflow due to acquisition of subsidiary (net)	<b>7,832</b>

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**NOTE 4 - SEGMENT REPORTING**

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

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

**NOTE 5 - CASH AND CASH EQUIVALENTS**

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Banks</b>		
- Time deposits	1,911,245	1,420,263
- Demand deposits	1,429,570	245,429
Other	89	105
<b>Cash and cash equivalents in the cashflow statements</b>	<b>3,340,904</b>	<b>1,665,797</b>
Interest accrual	8,587	5,660
	<b>3,349,491</b>	<b>1,671,457</b>

As of 30 September 2023, time deposit accounts with a total amount of TRY 1,911,245 thousand, corresponding to TRY 276,677 thousand, are in foreign currency, the effective interest rate is %0.40 per annum, and the average maturity is 1 day. The remaining amount of TRY 1,634,568 thousand the effective interest rate is %38.73 per annum with an average maturity of 33 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 September 2023, the Group has restricted bank deposit amounting to TRY 53,263 thousand (31 December 2022: TRY 10,314 thousand).

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**NOTE 6 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

As of 30 September 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>Joint ventures</b>	<b>2023</b>		<b>2022</b>	
	<b>(%)</b>	<b>Amount</b>	<b>(%)</b>	<b>Amount</b>
Al Jasoor	49	74,998	49	241,054
		<b>74,998</b>		<b>241,054</b>

The movements of joint ventures for the periods ended on 30 September 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)	(7,234)	179,939
Dividend paid	(228,013)	(203,307)
Currency translation differences	69,191	74,145
<b>Closing- 30 September</b>	<b>74,998</b>	<b>233,233</b>

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
Total assets	849,438	897,218
Total liabilities	(696,381)	(405,271)
<b>Net assets</b>	<b>153,057</b>	<b>491,947</b>
Ownership of the Group	%49	%49
<b>Net asset share of the Group</b>	<b>74,998</b>	<b>241,054</b>

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**NOTE 7 - BORROWINGS**

**Short-term financial borrowings**

30 September 2023	Maturities	Annual average effective interest rate (%)	TRY equivalent
<b>Bank loans</b>			
TRY loans	5 October 2023 - 25 June 2024	20.14	8,186,195
EUR loans	4 December 2023 6 September 2024	7.11	1,777,833
USD loans	19 February 2024	5.59	155,498
			<b>10,119,526</b>
<b>Borrowings from lease liabilities</b>			
EUR lease liabilities	-	2.00	35,751
TRY lease liabilities	-	30.00	16,159
			<b>51,910</b>
<b>Total short-term financial liabilities</b>			<b>10,171,436</b>

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

30 September 2023	Maturities	Annual average effective interest rate (%)	TRY equivalent
<b>Bank loans</b>			
TRY loans	17 November 2023 7 June 2024	20.46	746,677
			<b>746,677</b>

**Issued debt instruments (\*\*)**

Long-term portion of issued bonds	37.25	11,337
		<b>11,337</b>
<b>Total long-term financial borrowings</b>		<b>758,014</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 7 – BORROWINGS (Continued)**

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

<b>30 September 2023</b>		<b>Annual effective interest rate (%)</b>	<b>TRY equivalent</b>
	<b>Maturities</b>		
<b>Bank loans</b>			
TRY loans	4 November 2024 - 5 August 2025	14.00	46,537
			<b>46,537</b>
<b>Borrowings from lease liabilities</b>			
EUR loans	-	2.00	55,918
TRY loans	-	30.00	25,275
			<b>81,193</b>
<b>Issued debt instruments (**)</b>			
Long-term portion of issued bonds	12 March 2025 - 30 June 2025	37.25	1,000,000
			<b>1,000,000</b>
<b>Total long-term financial borrowings</b>			<b>1,127,730</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 7 – BORROWINGS (continued)**

**Short-term borrowings**

<b>31 December 2022</b>	<b>Maturities</b>	<b>Annual effective interest rate (%)</b>	<b>TRY equivalent</b>
<b>Bank loans</b>			
EUR loans	9 June 2023	5.95	99,932
TRY loans	5 January 2023 - 15 November 2023	23.72	5,006,429
			<b>5,106,361</b>
<b>Borrowings from lease liabilities</b>			
EUR loans	-	2.00	21,377
TRY loans	-	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>

<b>31 December 2022</b>	<b>Maturities</b>	<b>Annual effective interest rate (%)</b>	<b>TRY equivalent</b>
<b>Long-term borrowings (*)</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



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**NOTE 7 – BORROWINGS (continued)**

<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 September 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 September 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	18,643,887	5,373,199
Cash outflows related to debt payments from leasing agreements	(27,390)	(5,116)
Changes in lease obligations under TFRS 16	64,193	8,759
Principal payments (-)	(15,047,828)	(2,761,176)
Change in interest accruals	475,288	122,050
Change in exchange rates	401,606	150,051
<b>30 September</b>	<b>12,057,180</b>	<b>5,266,224</b>

**NOTE 8 - 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 (15,803 thousand TRY).

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**NOTE 9 - 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 September 2023</b>	<b>Contract amount</b>	<b>Current period contract maturity</b>	<b>Fair value liabilities</b>
		4 October 2023 - 30 October 2023	
Forward transactions	1,596,291		(26,145)
Short-term derivative instruments	1,596,291		(26,145)
<b>Total derivative instruments</b>	<b>1,596,291</b>		<b>(26,145)</b>

<b>31 December 2022</b>	<b>Contract amount</b>	<b>Current period contract maturity</b>	<b>Fair value liabilities</b>
		5 January 2023 - 9 February 2023	
Forward transactions	2,275,924		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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**NOTE 10 - TRADE RECEIVABLES AND PAYABLES**

**Trade receivables**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Trade receivables, net	4,735,752	2,658,318
Notes receivables, net	7,293	2,750
<b>Subtotal</b>	<b>4,743,045</b>	<b>2,661,068</b>
Less: provision for doubtful receivables	(194,006)	(133,855)
<b>Trade receivables from third parties</b>	<b>4,549,039</b>	<b>2,527,213</b>
Trade receivables from related parties (Note 23)	1,362,238	1,631,795
<b>Short-term trade receivables</b>	<b>5,911,277</b>	<b>4,159,008</b>
Long-term trade receivable, net	518,932	731,962
<b>Long-term trade receivables</b>	<b>518,932</b>	<b>731,962</b>

As of 30 September 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 September 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 minibuses and bus sales to dealers and defence vehicle sales. As of 30 September 2023, the total trade receivable from dealers amounting to TRY 1,153,194 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 1,153,194 million (31 December 2022: TRY 473,254 thousand).

Past due but not impaired trade receivables: None

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**NOTE 10 - TRADE RECEIVABLES AND PAYABLES (Continued)**

<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>Amount secured with guarantees</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 September 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	5,665	797
Currency differences	54,486	19,630
<b>30 September</b>	<b>194,006</b>	<b>116,701</b>

**Trade payables**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Trade payables, net	3,103,928	1,996,983
<b>Short-term other trade payables</b>	<b>3,103,928</b>	<b>1,996,983</b>
Trade payables to related parties (Note 23)	120,669	220,240
<b>Short-term trade payables</b>	<b>3,224,597</b>	<b>2,217,223</b>

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

As of 30 September 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 11 - INVENTORIES**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Raw material	3,526,897	1,907,968
Semi-finished goods	813,855	110,760
Finished goods	855,044	927,746
Merchandise goods	655,090	385,212
Goods in transit	1,091,044	578,952
Less: Impairment for inventories (*)	(71,178)	(40,785)
	<b>6,870,752</b>	<b>3,869,853</b>

(\*) TRY 2,590 thousand of impairment is related to finished goods (31 December 2022: TRY 357 thousand) and TRY 17,118 thousand is related to merchandises (31 December 2022: TRY 8,007 thousand), TRY 51,470 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 12 - PROPERTY, PLANT AND EQUIPMENT**

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

	<b>1 January 2023</b>	<b>Additions</b>	<b>Disposal</b>	<b>Transfers</b>	<b>Acquisitions</b>	<b>Currency translation differences</b>	<b>30 September 2023</b>
<b>Cost</b>							
Land	37,437	10,628	-	-	-	-	48,065
Land improvements	28,172	235	-	-	-	-	28,407
Buildings	225,488	7,144	-	29,184	-	-	261,816
Machinery and equipment	349,285	61,128	(82)	70	2,907	4,123	417,431
Motor vehicles	32,992	7,910	-	-	-	-	40,902
Furniture and fixtures	253,471	135,560	(495)	16,558	4,807	3,161	413,062
Leasehold improvements	4,436	-	(55)	-	-	-	4,381
Construction in progress	42,268	140,442	-	(45,812)	-	-	136,898
	<b>973,549</b>	<b>363,047</b>	<b>(632)</b>	<b>-</b>	<b>7,714</b>	<b>7,284</b>	<b>1,350,962</b>
<b>Accumulated depreciation</b>							
Land improvements	(5,996)	(710)	-	-	-	-	(6,706)
Buildings	(55,033)	(5,840)	-	-	-	-	(60,873)
Machinery and equipment	(127,354)	(26,225)	81	-	(1,990)	(3,217)	(158,705)
Motor vehicles	(10,504)	(2,881)	-	-	-	-	(13,385)
Furniture and fixtures	(49,796)	(23,949)	276	-	(2,759)	(2,293)	(78,521)
Leasehold improvements	(1,506)	(771)	55	-	-	-	(2,222)
	<b>(250,189)</b>	<b>(60,376)</b>	<b>412</b>	<b>-</b>	<b>(4,749)</b>	<b>(5,510)</b>	<b>(320,412)</b>
<b>Net book value</b>	<b>723,360</b>						<b>1,030,550</b>

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

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**NOT 12 - PROPERTY, PLANT AND EQUIPMENT (continued)**

	<b>1 January 2022</b>	<b>Additions</b>	<b>Disposal</b>	<b>Transfers</b>	<b>Currency translation differences</b>	<b>30 September 2022</b>
<b>Cost</b>						
Land	37,437	-	-	-	-	37,437
Land improvements	18,112	449	-	-	-	18,561
Buildings	108,514	9,874	-	-	-	118,388
Machinery and equipment	246,086	43,171	(1,225)	-	1,433	289,465
Motor vehicles	19,869	7,954	(805)	-	-	27,018
Furniture and fixtures	131,673	51,821	(111)	-	856	184,239
Leasehold improvements	1,715	288	-	-	-	2,003
Construction in progress	36,526	94,825	-	-	-	131,351
	<b>599,932</b>	<b>208,382</b>	<b>(2,141)</b>	<b>-</b>	<b>2,289</b>	<b>808,462</b>
<b>Accumulated depreciation</b>						
Land improvements	(5,351)	(463)	-	-	-	(5,814)
Buildings	(50,692)	(3,022)	-	-	-	(53,714)
Machinery and equipment	(104,958)	(15,453)	889	-	(948)	(120,470)
Motor vehicles	(8,062)	(1,925)	305	-	-	(9,682)
Furniture and fixtures	(33,090)	(10,704)	13	-	(645)	(44,426)
Leasehold improvements	(1,075)	(168)	-	-	-	(1,243)
	<b>(203,228)</b>	<b>(31,735)</b>	<b>1,207</b>	<b>-</b>	<b>(1,593)</b>	<b>(235,349)</b>
<b>Net book value</b>	<b>396,704</b>					<b>573,113</b>

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

	<b>30 September 2023</b>	<b>30 September 2022</b>
Research and development expenses	138,242	62,212
Cost of goods sold	39,068	15,134
Right of use of assets	24,848	10,861
Developments projects in progress	13,056	7,859
Depreciation on inventories	7,714	7,835
General administrative expenses	7,941	5,155
Currency translation differences	5,510	1,593
Selling and marketing expenses	1,905	1,247
	<b>238,284</b>	<b>111,896</b>

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**NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Right of use assets**

The allocation of right of use assets for the periods ended 30 September 2023 and 2022 is as follows:

<b>30 September 2023</b>	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fixture</b>	<b>Total</b>
Cost	49,735	97,087	3,524	150,346
Accumulated depreciation	(25,257)	(46,778)	(656)	(72,691)
	<b>24,478</b>	<b>50,309</b>	<b>2,868</b>	<b>77,655</b>
<b>30 September 2022</b>	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fixture</b>	<b>Total</b>
Cost	23,723	45,959	595	70,277
Accumulated depreciation	(14,130)	(27,494)	(482)	(42,106)
	<b>9,593</b>	<b>18,465</b>	<b>113</b>	<b>28,171</b>

**NOTE 13 – OTHER INTANGIBLE ASSETS**

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

	<b>1 January 2023</b>	<b>Additions</b>	<b>Currency translation differences</b>	<b>Disposals</b>	<b>Acquisitions</b>	<b>Transfers</b>	<b>30 September 2023</b>
<b>Cost</b>							
Other intangible assets	63,922	7,274	-	-	192	-	71,388
Development costs	1,167,431	-	-	-	-	7,494	1,174,925
Developments projects in progress	574,147	664,667	-	-	-	(7,494)	1,231,320
	<b>1,805,500</b>	<b>671,941</b>	<b>-</b>	<b>-</b>	<b>192</b>	<b>-</b>	<b>2,477,633</b>
<b>Accumulated amortization</b>							
Other intangible assets	(28,340)	(9,308)	-	-	-	-	(37,648)
Development costs	(543,099)	(138,242)	-	-	-	-	(681,341)
	<b>(571,439)</b>	<b>(147,550)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(718,989)</b>
<b>Net book value</b>	<b>1,234,061</b>						<b>1,758,644</b>

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**NOTE 13 – OTHER INTANGIBLE ASSETS (continued)**

	1 January 2022	Additions	Currency translation differences	Disposals	Transfers	30 September 2022
<b>Cost</b>						
Other intangible assets	36,066	18,241	58	-	-	54,365
Development costs	731,479	-	-	-	1,057	732,536
Developments project in progress	427,413	340,649	-	-	(1,057)	767,005
	<b>1,194,958</b>	<b>358,890</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>1,553,906</b>
<b>Accumulated amortization</b>						
Other intangible assets	(20,010)	(5,486)	1	-	-	(25,495)
Development costs	(435,573)	(62,221)	-	-	-	(497,794)
	<b>(455,583)</b>	<b>(67,707)</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(523,289)</b>
<b>Net book value</b>	<b>739,375</b>					<b>1,030,617</b>

**NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**Short-term provisions**

	30 September 2023	31 December 2022
Provision for warranty expenses	479,959	345,980
Provision for purchase costs	98,019	185,281
Provision for employee benefits	91,382	49,288
Litigation provisions	6,370	4,046
Other	263,611	151,202
	<b>939,341</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 September 2023 and 2022, the movement of provision for warranty expenses is follows:

	2023	2022
<b>1 January</b>	<b>345,980</b>	<b>254,819</b>
Additional provision	399,592	155,441
Claim payments	(265,613)	(142,490)
<b>30 September</b>	<b>479,959</b>	<b>267,770</b>



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**NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)**

**Provision for employment termination benefits**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Provision for employment termination benefits	358,270	314,077
Provision for unused vacation	91,382	49,288
	<b>449,652</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 23,489.83 in full for each year of service as of 1 July 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 September 2023</b>	<b>31 December 2022</b>
Net discount rate (%)	0.74	0.55
Turnover rate to estimate the probability of retirement (%)	98.22	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 September 2023 and 2022, the movements of provision for employment termination benefits are as follows:

	<b>2023</b>	<b>2022</b>
<b>1 January</b>	<b>314,077</b>	<b>89,427</b>
Interest expense	24,969	6,070
Charge for the period	51,083	58,423
Actuarial loss	67,440	4,813
Acquisitions	5,206	-
Payments	(104,505)	(6,030)
<b>30 September</b>	<b>358,270</b>	<b>152,703</b>

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**NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)**

**Provision for unused vacation**

As of 30 September 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	42,094	26,972
<b>30 September</b>	<b>91,382</b>	<b>47,677</b>

**Commitments and contingencies**

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
a. Total amount of guarantees, pledges and mortgages given the name of legal entity	3,710,682	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	224,463	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>3,935,145</b>	<b>3,563,960</b>

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

	<b>30 September 2023</b>		<b>31 December 2022</b>	
	<b>Original currency</b>	<b>TRY equivalent</b>	<b>Original currency</b>	<b>TRY equivalent</b>
TRY	1,668,078	1,668,078	1,368,967	1,368,967
USD	47,853	1,310,059	80,184	1,499,311
RON	55,931	324,654	56,871	227,837
EUR	21,782	632,354	23,469	467,845
		<b>3,935,145</b>		<b>3,563,960</b>

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**NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)**

**Guarantee letters**

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
Bank letters of guarantee	3,935,145	3,563,960
	<b>3,935,145</b>	<b>3,563,960</b>

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
Bank letters of guarantee	2,066,184	1,377,529
Guarantee notes	6,246	5,791
Mortgages received	20	20
	<b>2,072,450</b>	<b>1,383,340</b>

**NOTE 15 - PREPAID EXPENSES, DEFERRED REVENUE, OTHER ASSETS AND LIABILITIES**

a) **Prepaid expenses**

**Prepaid expenses – short-term**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Prepaid expenses	168,555	123,213
	<b>168,555</b>	<b>123,213</b>

**Prepaid expenses – long-term**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Advances given	32,334	39,905
Prepaid expenses	-	32,360
	<b>32,334</b>	<b>72,265</b>

b) **Other current assets**

**Other current assets – short term**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Value added tax receivables	897,541	697,662
Other	37,716	27,366
	<b>935,257</b>	<b>725,028</b>

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**NOTE 15 - PREPAID EXPENSES, DEFERRED REVENUE, OTHER ASSETS AND  
LIABILITIES (continued)**

**c) Other non-current assets**

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

**d) Liabilities arising from customer contracts**

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
Advances received	1,328,031	386,329
Deferred maintenance revenues	186,549	145,658
Other deferred income	-	5,336
	<b>1,514,580</b>	<b>537,323</b>

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
Deferred maintenance revenues	408,678	424,440
	<b>408,678</b>	<b>424,440</b>

**e) Employee benefits obligation**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Payables to employees	49,221	69,159
Social security payables	107,792	72,554
Taxes and funds payable	18,900	55,716
	<b>175,913</b>	<b>197,429</b>

**f) Other current liabilities**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Taxes and funds payable	37,950	25,442
Other	5,120	8,050
	<b>43,070</b>	<b>33,492</b>

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**NOTE 16 - REVENUE AND COST OF SALES**

**Net sales**

	<b>1 January - 30 September 2023</b>	<b>1 July - 30 September 2023</b>	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>
Domestic sales	4,327,641	1,679,430	1,905,722	489,851
Export sales	8,666,615	4,876,363	3,250,824	992,701
<b>Gross sales</b>	<b>12,994,256</b>	<b>6,555,793</b>	<b>5,156,546</b>	<b>1,482,552</b>
Less: sales discounts and returns	(61,651)	(23,633)	(34,083)	(11,209)
<b>Net sales</b>	<b>12,932,605</b>	<b>6,532,160</b>	<b>5,122,463</b>	<b>1,471,343</b>

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

	<b>1 January - 30 September 2023</b>	<b>1 July - 30 September 2023</b>	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>
Commercial vehicle	9,235,385	4,408,855	2,980,594	1,199,866
Military vehicle	1,359,522	1,056,609	1,416,644	-
Other sales (*)	2,337,698	1,066,696	725,225	271,477
	<b>12,932,605</b>	<b>6,532,160</b>	<b>5,122,463</b>	<b>1,471,343</b>

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

**Cost of sales**

	<b>1 January - 30 September 2023</b>	<b>1 July - 30 September 2023</b>	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>
Cost of finished goods sold	(7,417,881)	(3,317,055)	(3,343,231)	(1,021,317)
Cost of merchandise goods sold	(1,608,848)	(857,376)	(194,844)	(70,242)
	<b>(9,026,729)</b>	<b>(4,174,431)</b>	<b>(3,538,075)</b>	<b>(1,091,559)</b>

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**NOTE 17 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING AND GENERAL ADMINISTRATIVE EXPENSES**

	<b>1 January - 30 September 2023</b>	<b>1 July - 30 September 2023</b>	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>
Marketing expenses	(1,594,721)	(715,290)	(673,861)	(235,339)
General administrative expenses	(574,819)	(233,106)	(325,874)	(114,034)
Research and development expenses	(214,482)	(69,514)	(95,299)	(32,319)
	<b>(2,384,022)</b>	<b>(1,017,910)</b>	<b>(1,095,034)</b>	<b>(381,692)</b>

**NOTE 18 - OTHER OPERATING INCOME AND EXPENSES**

	<b>1 January - 30 September 2023</b>	<b>1 July - 30 September 2023</b>	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>
<b>Other operating income</b>				
Foreign exchange gains on operating activities	1,878,361	447,442	538,930	208,373
Gain on forward transactions	326,380	144,103	287,535	100,234
Revenue from charge of due date receivables	118,874	56,990	65,580	15,100
Incentives income	2,014	671	1,452	484
Other income	79,338	36,323	40,641	15,400
	<b>2,404,967</b>	<b>685,529</b>	<b>934,138</b>	<b>339,591</b>

	<b>1 January - 30 September 2023</b>	<b>1 July - 30 September 2023</b>	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>
<b>Other operating expenses</b>				
Foreign exchange loss on operating activities	(1,398,829)	(459,314)	(513,014)	(228,554)
Expected credit losses related to trade receivables	(157,812)	(77,745)	(68,865)	(30,174)
Other expenses	(1,146)	3,201	(19,630)	(2,418)
	<b>(1,557,787)</b>	<b>(533,858)</b>	<b>(601,509)</b>	<b>(261,146)</b>

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**NOTE 19 - FINANCIAL INCOME**

	<b>1 January - 30 September 2023</b>	<b>1 July - 30 September 2023</b>	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>
Foreign exchange gains on bank deposits	194,722	51,230	112,543	25,184
Interest income from bank deposits	496,408	159,064	30,022	15,807
Interest income from bank loans	81,743	45,939	50,542	16,104
	<b>772,873</b>	<b>256,233</b>	<b>193,107</b>	<b>57,095</b>

**NOTE 20 - FINANCIAL EXPENSES**

	<b>1 January - 30 September 2023</b>	<b>1 July - 30 September 2023</b>	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>
Interest expense on bank borrowings	(1,905,985)	(870,898)	(367,884)	(205,800)
Foreign exchange losses on bank borrowings	(684,518)	(122,685)	(192,913)	(33,351)
Foreign exchange losses on bank deposits	(77,338)	(31,001)	(36,937)	(15,366)
Other	(16,801)	1,058	(4,694)	(1,486)
	<b>(2,684,642)</b>	<b>(1,023,526)</b>	<b>(602,428)</b>	<b>(256,003)</b>

**NOTE 21 - TAX ASSETS AND LIABILITIES**

In Turkey, the corporation tax rate is 25% (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 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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**NOTE 21 - TAX ASSETS AND LIABILITIES (continued)**

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

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 93,031 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 September 2023, a deferred tax income of 18,426 TRY (current period effect from December to September 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 September 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 September 2023 and 31 December 2022, income tax payables are presented net of prepaid taxes in the balance sheet as follows:

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



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**NOTE 21 - TAX ASSETS AND LIABILITIES (continued)**

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

	<b>1 January - 30 September 2023</b>	<b>1 January - 30 September 2022</b>
Current tax charge (*)	(133,834)	(165,760)
Charged to profit for the period	191,734	170,765
Charged to other comprehensive income /(expense)	13,488	963
	<b>71,388</b>	<b>5,968</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 September 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 September 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 September 2023</b>	<b>31 December 2022</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
Deferred maintenance income	546,685	533,173	119,932	103,163
Investment incentives (*)	93,031	74,605	93,031	74,605
Provision for warranty expenses	479,959	345,980	119,990	69,196
Other provisions	567,232	297,408	141,808	59,482
Provision for employment termination benefits	353,065	314,077	88,266	62,815
Deferred financial income	324,907	284,842	81,227	56,968
Inventories	85,282	86,260	21,320	17,252
Property, plant and equipment	(56,010)	55,221	(10,521)	14,525
Intangible assets	(128,378)	(79,292)	(32,094)	(15,858)
Deferred financial expenses	(17,657)	(10,970)	(4,414)	(2,194)
Other	80,289	45,169	24,327	(2,304)
<b>Deferred tax assets, net</b>			<b>642,872</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 21 - TAX ASSETS AND LIABILITIES (continued)**

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

	<b>1 January - 30 September 2023</b>	<b>1 January - 30 September 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	191,734	170,765
- Charged to other comprehensive income / (expense)	13,488	963
<b>30 September</b>	<b>642,872</b>	<b>406,152</b>

**NOTE 22 - 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 September 2023</b>	<b>30 September 2022</b>
Net profit/(loss) for the period	508,444	600,548
Weighted average number of issued shares	6,725,274,725	2,400,000,000
Earnings/(Loss) per share at per value of 1 cent (KR)	7.5602	25.023

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**NOTE 23 - 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 September 2023 and 31 December 2022:

<b>Due from related parties</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
Ram Dış Ticaret A.Ş. (1) (*)	819,896	1,423,693
Al Jasoor Heavy Vehicle Industry LLC (3) (**)	530,366	208,029
Other (1)	11,976	73
	<b>1,362,238</b>	<b>1,631,795</b>

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

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

<b>Due to related parties</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
Ram Dış Ticaret A.Ş. (1)	71,273	113,899
Zer Merkezi Hizmetler A.Ş. (1)	22,908	40,531
Setur Servis Turistik A.Ş. (1)	5,936	6,122
Opet Fuchs Madeni Yağ A.Ş. (1)	4,734	3,213
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	3,838	4,047
Akpa Dayanıklı Tük.Paz. A.Ş. (1)	3,558	1,703
Ford Otosan A.Ş. (2)	2,833	2,669
Koç Sistem Bilgi ve İletişim Hiz. A.Ş. (1)	2,112	4,316
Opet Petrolcülük A.Ş. (1)	397	1,727
Ram Sigorta Aracılık Hz. A.Ş.(1)	-	1,655
Koç Holding A.Ş. (2)	-	31,099
Other (1)	3,080	9,259
	<b>120,669</b>	<b>220,240</b>

<b>Advances received from related parties</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
Ram Dış Ticaret A.Ş. (1)	999,416	100,327
Al Jasoor Heavy Vehicle Industry LLC (3) (*)	72,767	137,137
	<b>1,072,183</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.

(1) Related parties of the parent company

(2) Shareholder

(3) Joint venture

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**NOTE 23 - RELATED PARTY DISCLOSURES (continued)**

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

	<b>1 January - 30 September 2023</b>	<b>1 July - 30 September 2023</b>	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>
<b>Sales of products and services</b>				
Al Jasoor Heavy Vehicle Industry (3)	569,247	5,431	76,418	22,544
Ram Dış Ticaret A.Ş. (1) (*)	1,323,123	1,038,613	1,443,006	26,706
Other (1)	112	112	253	104
	<b>1,892,482</b>	<b>1,044,156</b>	<b>1,519,677</b>	<b>49,354</b>

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

	<b>1 January - 30 September 2023</b>	<b>1 July - 30 September 2023</b>	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>
<b>Fixed asset purchases</b>				
Koç Sistem Bilgi ve İletişim Hiz. A.Ş (1)	31,711	8,611	14,426	2,347
Zer Merkezi Hizmetler A.Ş. (1)	4,246	1,111	1,538	530
Other (1)	1,234	257	2,040	(10)
	<b>37,191</b>	<b>9,979</b>	<b>18,004</b>	<b>2,867</b>

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

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**NOTE 23 - RELATED PARTY DISCLOSURES (continued)**

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
<b>Inventory purchases</b>				
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	203,140	79,070	135,893	75,100
Ram Dış Ticaret A.Ş. (1)	56,437	29,767	37,688	16,836
Opet Fuchs Madeni Yağ A.Ş. (1)	19,944	10,005	9,594	3,807
Opet Petrolcülük A.Ş. (1)	17,801	8,219	10,756	5,379
Akpa Dayanıklı Tük.Paz. A.Ş. (1)	14,365	6,826	8,004	3,227
Ford Otosan A.Ş. (2)	7,856	5,629	8,477	6,488
Other (1)	3,915	2,300	2,228	1,008
	<b>323,458</b>	<b>141,816</b>	<b>212,640</b>	<b>111,845</b>
<b>Service purchases</b>				
Ram Dış Ticaret A.Ş.(1)	98,996	69,440	71,233	36,510
Ram Sigorta Aracılık Hz. A.Ş.(1)(**)	57,299	30,077	17,511	1,097
Eltek Elektrik Enerji İth.İhr.Top.Tic. A.Ş. (1)	50,266	18,069	31,907	16,381
Setur Servis Turistik A.Ş.(1)	48,837	23,820	28,007	12,265
Koç Sistem Bilgi ve İletişim Hiz. A.Ş. (1)	44,433	10,363	12,623	5,468
Otokoç Otomotiv Tic. ve San. A.Ş.(1)	19,088	6,596	14,795	4,622
Koç Holding A.Ş. (2) (*)	13,305	3,999	13,885	3,147
Ingage Dijital (1)	4,516	1,405	3,571	577
Other (1)	21,866	10,227	7,695	4,593
	<b>358,606</b>	<b>173,996</b>	<b>201,227</b>	<b>84,660</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 September 2023 and 30 September 2022 in accordance with insurance policies signed between insurance companies via Ram Sigorta Aracılık Hizmetleri A.Ş. which is an insurance agency

<b>Bank deposits</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
Yapı ve Kredi Bankası A.Ş. (1)		
- Time deposits	148,520	141,174
- Demand deposits	80,821	66,931
	<b>229,341</b>	<b>208,105</b>

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

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**NOTE 23 - RELATED PARTY DISCLOSURES (continued)**

<b>Loans</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
Yapı ve Kredi Bankası A.Ş. (1)	118,157	840,642
	<b>118,157</b>	<b>840,642</b>

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

	<b>1 January - 30 September 2023</b>	<b>1 July - 30 September 2023</b>	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>
<b>Trade receivables and payables foreign exchange gains</b>				
Ram Dış Ticaret A.Ş. (1)	288,060	188,350	199,177	43,559
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	379	(292)	438	155
Other (1)	1,298	1,239	404	83
	<b>289,737</b>	<b>189,297</b>	<b>200,019</b>	<b>43,797</b>
	<b>1 January - 30 September 2023</b>	<b>1 July - 30 September 2023</b>	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>
<b>Trade receivables and payables foreign exchange loss</b>				
Ram Dış Ticaret A.Ş. (1)	23,481	6,837	32,923	24,309
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	5,675	2,773	2,205	846
Other (1)	520	331	268	(14)
	<b>29,676</b>	<b>9,941</b>	<b>35,396</b>	<b>25,141</b>

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

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**NOTE 23 - RELATED PARTY DISCLOSURES (continued)**

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

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
<b>Interest income</b>				
Yapı ve Kredi Bankası A.Ş. (1)	35,041	115	15,216	5,422
	<b>35,041</b>	<b>115</b>	<b>15,216</b>	<b>5,422</b>

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
<b>Interest expense</b>				
Yapı ve Kredi Bankası A.Ş. (1)	110,074	58,864	4,772	1,991
	<b>110,074</b>	<b>58,864</b>	<b>4,772</b>	<b>1,991</b>

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

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
<b>Foreign exchange income</b>				
Yapı ve Kredi Bankası A.Ş. (1)	29,466	12,021	30,939	11,197
	<b>29,466</b>	<b>12,021</b>	<b>30,939</b>	<b>11,197</b>

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
<b>Foreign exchange expenses</b>				
Yapı ve Kredi Bankası A.Ş. (1)	10,474	3,988	13,618	4,950
	<b>10,474</b>	<b>3,988</b>	<b>13,618</b>	<b>4,950</b>

(1) Related parties of the parent company

**Benefits provided to senior executives**

For the period ended 30 September 2023, the total amount of benefits provided to senior management is TRY 46,984 thousand (30 September 2022: TRY 16,501 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 September 2022: None). It consists of top-level executives, board members, general manager, and deputy general managers.

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**NOTE 24 - 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:

		TRY equivalent (functional currency)	USD	EUR	GBP
<b>30 September 2023</b>					
1.	Trade receivables	4,773,297	77,403	91,430	-
2a.	Monetary financial assets (including cash, bank accounts)	388,257	3,772	9,817	-
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	<b>Current assets (1+2+3)</b>	<b>5,161,554</b>	<b>81,175</b>	<b>101,247</b>	-
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	87	-	3	-
8.	<b>Non-current assets (5+6+7)</b>	<b>87</b>	<b>-</b>	<b>3</b>	-
9.	<b>Total assets (4+8)</b>	<b>5,161,641</b>	<b>81,175</b>	<b>101,250</b>	-
10.	Trade payables	(1,863,093)	(32,694)	(33,326)	(17)
11.	Financial liabilities	(1,904,790)	(5,680)	(60,257)	-
12a.	Monetary other liabilities	(1,210,251)	(32,335)	(11,196)	-
12b.	Non-monetary other liabilities	-	-	-	-
13.	<b>Current liabilities (10+11+12)</b>	<b>(4,978,134)</b>	<b>(70,709)</b>	<b>(104,779)</b>	<b>(17)</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>(4,978,134)</b>	<b>(70,709)</b>	<b>(104,779)</b>	<b>(17)</b>
	<b>Net balance sheet position (9+18)</b>	<b>183,507</b>	<b>10,466</b>	<b>(3,529)</b>	<b>(17)</b>
19.	Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	(165,914)	(5,000)	(1,000)	-
19a.	Hedged total assets amount	307,759	7,000	4,000	-
19b.	Hedged total liabilities amount	(473,673)	(12,000)	(5,000)	-
20.	<b>Net foreign currency asset/(liability) position (9+18+19)</b>	<b>17,593</b>	<b>5,466</b>	<b>(4,529)</b>	<b>(17)</b>
21.	<b>Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>183,420</b>	<b>10,466</b>	<b>(3,532)</b>	<b>(17)</b>
22.	Total fair value of financial instruments used for foreign currency hedging	26,145	(3,734)	93	29,786
23.	Export (as of 30 September 2023)	8,620,934	102,838	232,331	-
24.	Import (as of 30 September 2023)	4,676,961	54,317	141,109	524



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**NOTE 24 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)**

<b>31 December 2022</b>	<b>TRY equivalent (functional currency)</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>
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>	-	-	-	-
18. <b>Total liabilities (13+17)</b>	<b>(2,504,845)</b>	<b>(52,771)</b>	<b>(76,130)</b>	<b>(21)</b>
18. <b>Net balance sheet position (9+18)</b>	<b>1,227,091</b>	<b>49,239</b>	<b>15,394</b>	<b>(21)</b>
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. <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>
21. <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>
22. Total fair value of financial instruments used for foreign currency hedging	(2,450)	(3,105)	655	-
23. Export (as of 30 September 2022)	3,220,856	105,358	83,615	10
24. Import (as of 30 September 2022)	2,793,386	52,939	112,248	330

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**NOTE 24 - 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 September 2023 and 31 December 2022:

		<b>Profit before tax Appreciation Foreign currency</b>	<b>Profit before tax Depreciation Foreign currency</b>
<b>30 September 2023</b>			
<i>In case 10% appreciation of USD against TRY:</i>			
1-	USD net asset/liability	14,964	(14,964)
2-	Amount hedged for USD risk (-)	-	-
<b>3-</b>	<b>USD net effect (1+2)</b>	<b>14,964</b>	<b>(14,964)</b>
<i>In case 10% appreciation of EUR against TRY:</i>			
4-	EUR net asset/liability	(13,148)	13,148
5-	Amount hedged for EUR risk (-)	-	-
<b>6-</b>	<b>EUR net effect (4+5)</b>	<b>(13,148)</b>	<b>13,148</b>
<i>In case 10% appreciation of GBP against TRY:</i>			
7-	GBP net asset/liability	(57)	57
8-	Amount hedged for GBP risk (-)	-	-
<b>9-</b>	<b>GBP net effect (7+8)</b>	<b>(57)</b>	<b>57</b>
<b>Total (3+6+9)</b>		<b>1,759</b>	<b>(1,759)</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-</b>	<b>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-</b>	<b>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-</b>	<b>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 25 - 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 September 2023 and 31 December 2022:

**30 September 2023**

<b>Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative financial instruments	-	(26,145)	-	(26,145)
	-	<b>(26,145)</b>	-	<b>(26,145)</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 25 - 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 26 - SUBSEQUENT EVENTS**

The Group has issued a 733-day bond, with a face value of 500,000,000 Turkish Lira, to be sold to qualified investors without a public offering in the domestic market. The bond carries a fixed annual interest rate of 47%, with coupon payments made every six months. The maturity date for the bond is October 20, 2025.

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