

**KARSAN OTOMOTİV SANAYİİ VE TİCARET A. Ş. AND ITS
SUBSIDIARIES**

CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS OF 1 JANUARY - 30 SEPTEMBER 2023

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KARSAN OTOMOTİV SANAYİİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(All amounts are expressed in thousand Turkish Lira (TL) unless otherwise stated)

	Footnote References	Current Period Not Independently Audited 30 September 2023	Prior Period Independently Audited 31 December 2022
ASSETS			
Current Assets		4.055.643	3.255.933
Cash and cash equivalents		206.591	44.731
Financial Investments Trade		127.325	107.839
Receivables		1.642.198	1.627.455
<i>Trade Receivables From Related Parties</i>	6	546	702
<i>Trade Receivables From Third Parties</i>	7	1.641.652	1.626.753
Receivables from Finance Sector Operations		109.440	70.450
<i>Receivables from Financial Sector Operations from Third Parties</i>	7	109.440	70.450
Other Receivables		239.034	137.917
<i>Other Receivables From Third Parties Derivative</i>		239.034	137.917
Instruments		25.614	109.054
Inventories	8	1.132.609	867.328
Prepaid Expenses	11	300.973	134.791
Assets Related to Current Period Tax	18	1.941	1.677
Other Current Assets	15	269.918	154.691
Property, Plant and Equipment		4.006.480	3.045.150
Financial Investments		325.033	167.093
Trade Receivables		-	197.363
<i>Trade Receivables From Third Parties</i>	7	-	197.363
Receivables from Finance Sector Operations		319.200	282.044
<i>Receivables from Financial Sector Operations from Third Parties</i>	7	319.200	282.044
Derivative Instruments		172.231	35.700
Property, Plant and Equipment	9	2.827.299	1.788.922
Right-of-Use Assets		15.810	21.153
Intangible Assets		286.722	318.463
<i>Goodwill</i>		10.645	10.645
<i>Other Intangible Assets</i>	10	276.077	307.818
Prepaid Expenses	11	32.893	8.397
Deferred Tax Asset	18	27.195	172.667
Other Property, Plant and Equipment	15	97	53.348
TOTAL ASSETS		8.062.123	6.301.083

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

KARSAN OTOMOTİV SANAYİİ VE TİCARET A.Ş. ITS SUBSIDIARIES

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(All amounts are expressed in thousand Turkish Lira (TL) unless otherwise stated)

	Footnote References	Prior Period Independently Audited 30 September 2023	Prior Period Independently Audited 31 December 2022
LIABILITIES AND EQUITY			
Short Term Liabilities			
Short Term Borrowings	12	4.575.778	3.610.534
Short-Term Portions of Long-Term Borrowings	12	2.329.623	1.984.354
Short Term Payables From Leasing Transactions		430.324	469.817
Trade Payables		15.035	9.721
<i>Trade Receivables To Related Parties</i>	6	817.350	960.344
<i>Trade Receivables To Third Parties</i>	7	95.875	48.184
Payables Related to Employee Benefits		721.475	912.160
Other Payables		70.545	36.108
Other Receivables To Third Parties	6	444.765	-
Derivative Instruments		7.458	-
Deferred Incomes	11	246.693	36.725
Period Income Tax Liability		-	1.744
Short-Term Provisions		192.105	82.046
<i>Short-Term Provisions Related to Employee Benefits</i>		24.794	13.329
<i>Other Short-Term Provisions</i>	13	167.311	68.717
Other Short-Term Liabilities	15	21.880	29.675
		1.137.573	891.455
Long Term Liabilities			
Long Term Borrowings	12	790.129	643.498
Long Term Payables From Leasing Transactions		-	16.250
Derivative Instruments		11.334	-
Long Term Provisions		289.353	215.670
<i>Long-Term Provisions Related to Employee Benefits</i>		176.673	131.664
<i>Other Long-Term Provisions</i>	13	112.680	84.006
Deferred Incomes	11	46.757	16.037
		2.348.772	1.799.094
EQUITY			
Equity Attributable to Owners of the Company			
Paid-in Capital		900.000	900.000
Adjustments to Share Capital		22.586	22.586
Additional Equity Contribution to Equity Due To Business		5.305	5.305
Combinations Share Premiums/Discounts		6.779	6.779
Other Accumulated Comprehensive Income or Expenses That Will Not Be Reclassified Subsequently to Profit or Loss		1.632.264	1.116.835
<i>Gains on Revaluation and Remeasurement Losses on Remeasurement of Defined Benefit Plans</i>		1.723.006	1.162.497
Other Comprehensive Income or Expenses That Will be Reclassified Subsequently to Profit or Loss		(90.742)	(45.662)
<i>Foreign Currency Translation Differences</i>		(87.680)	(114.542)
<i>Change Resulting from the Fair Value Measurement of Financial Investments</i>		57.442	11.256
<i>Hedging Gains/Losses</i>		(39.548)	(39.548)
Restricted Reserves		(105.574)	(86.250)
Appropriated from Profit Prior Years		1.519	1.519
Losses		(169.670)	(295.216)
Net Profit for The Year		8.699	125.546
Non-Controlling Interests		28.970	30.282
TOTAL LIABILITIES AND EQUITY		8.062.123	6.301.083

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

KARSAN OTOMOTİV SANAYİİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2023

(All amounts are expressed in thousand Turkish Lira (TL) unless otherwise stated)

	Footnote References	Not Independently Audited 1 January-30 September 2023	Not Independently Audited 1 July-30 September 2023	Not Independent ly Audited 1 January- 30 September 2022	Not Independently Audited 1 July-30 September 2022
Revenue	16	3.685.352	1.263.297	1.733.836	664.186
Cost of Sales (-)	16	(2.703.631)	(930.960)	(1.318.932)	(550.797)
Gross Profit from Business Activities		981.721	332.337	414.904	113.389
Gross Profit from Finance Sector Activities	16	152.739	22.176	-	-
GROSS PROFIT		1.134.460	354.513	414.904	113.389
General Adm.Expenses (-)		(176.287)	(74.746)	(90.355)	(35.767)
Marketing Expenses (-)		(330.359)	(143.614)	(167.178)	(65.483)
Research and Development Expenses (-)		(8.868)	(4.032)	(5.273)	(1.925)
Other Income from Operating Activities (-)	17	604.866	127.414	192.444	77.454
Other Expenses from Operating Activities (-)	17	(31.015)	(15.898)	(6.157)	(2.981)
OPERATING PROFIT		1.192.797	243.637	338.385	84.687
Income from Investing Activities		20.127	(12.423)	22.100	4.195
OPERATING PROFIT BEFORE FINANCE EXPENSES		1.212.924	231.214	360.485	88.882
Finance Expenses (-)		(1.302.437)	(353.013)	(420.494)	(149.170)
PROFIT/(LOSS) BEFORE TAX		(89.513)	(121.799)	(60.009)	(60.288)
Tax Income/(Expense)		91.945	49.883	96.217	65.604
Period Tax (Expense)		-	-	(1.780)	233
Deferred Tax Income/(Expense)	18	91.945	49.883	97.997	65.371
PROFIT/(LOSS) FOR THE YEAR		2.432	(71.916)	36.208	5.316
Non-Controlling Interests		(6.267)	(6.127)	17.355	3.170
Parent Company Shares		8.699	(65.789)	18.853	2.146
Earnings Per Share (kr) (per share)	19	0,010	(0,080)	0,021	0,002
OTHER COMPREHENSIVE INCOME/(EXPENSES):					
Items That Will Not be Reclassified Subsequently to Profit or Loss		515.429	560.509	763.670	763.670
Revaluation Fund of Tangible Fixed Assets	9	622.788	622.788	848.522	848.522
Tax Effect of Revaluation Fund of Tangible Fixed Assets Loss on Remeasurement of Defined Benefit Plans		(62.279)	(62.279)	(84.852)	(84.852)
Tax Effect of Loss on Remeasurement of Defined Benefit Plans		(60.108)	-	-	-
Items That Will be Reclassified Subsequently to Profit or Loss		15.028	-	-	-
Tax Effect of Gains from the Fair Value Measurement of Financial Investments		26.827	20.305	(18.057)	5.454
Foreign Curr. Conversion Diff.		-	438	-	-
Hedging Losses		46.151	3.200	12.442	13.889
Tax Effect of Hedging Losses	18	(25.765)	22.223	(39.609)	(10.955)
Other Comprehensive Income/(Expenses)		542.256	580.814	745.613	769.124
TOTAL COMPREHENSIVE INCOME		544.688	508.898	781.821	774.440
Total Compr. Income Attributable To:		544.688	508.898	781.821	774.440
Non-Controlling Interests		4.955	2.458	17.355	3.170
Owners of the Company		539.733	506.440	764.466	771.270

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KARSAN OTOMOTİV SANAYİİ VE TİCARET A. Ş. AND ITS SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2023

(All amounts are expressed in thousand Turkish Lira (TL) unless otherwise stated)

					Accumulated Other Comprehensive Income and Expenses That Will Not Be Reclassified to Profit or Loss	Accumulated Other Comprehensive Income and Expenses That Will Be Reclassified to Profit or Loss				<u>Accumulated Profits</u>					
	Paid-in Capital	Adjustments to Share Capital	Additional Equity Contributions to Business Combinations	Share Premiums/Di scouts	Gains/Loss on Revaluation and Remeasurement	Gains/Loss on Accumulated Remeasurement of Defined Benefits Plans	Foreign Currency Translation Differences	Gains on Fair Value Measurement of Financial Investments	Hedging Gains/Losses	Restricted Reserves Appropriated from Profit	Prior Years' Losses	Net Profit (Loss) for The Period	Equity Attributable to Parent	Non- Controlling Interests	Equities
Balance as of 1 January 2022 (Beginning of the Period)	900.000	22.586	5.305	6.779	398.827	(7.104)	(3.410)	(39.548)	-	1.128	(393.718)	98.893	989.738	4.155	993.893
Transfers	-	-	-	-	-	-	-	-	-	375	98.518	(98.893)	-	-	-
Total Comprehensive Income/(Expenses)	-	-	-	-	763.670	-	12.442	-	(30.449)	-	-	(18.853)	764.466	17.355	781.821
Balance as of 30 September 2022 (End of the Period)	900.000	22.586	5.305	6.779	1.162.497	(7.104)	9.032	(39.548)	(30.449)	1.503	(295.200)	(18.853)	1.754.204	21.510	1.775.714
Balance as of 1 January 2023 (Beginning of the Period)	900.000	22.586	5.305	6.779	1.162.497	(45.662)	11.256	(39.548)	(86.250)	1.519	(295.216)	125.546	1.768.812	30.282	1.799.094
Transfers	-	-	-	-	-	-	-	-	-	-	295.216	(125.546)	-	-	-
Other Comprehensive Income/(Expense)	-	-	-	-	560.509	(45.080)	46.186	-	(19.324)	-	-	8.699	550.990	(1.312)	549.678
Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 March 2023 (End of the Period)	900.000	22.586	5.305	6.779	1.723.006	(90.742)	35.305	(39.548)	(105.574)	1.519	(169.670)	8.699	2.319.802	28.970	2.348.772

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

KARSAN OTOMOTİV SANAYİ VE TİCARET A. Ş. AND ITS SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY – 30
SEPTEMBER 2023

(All amounts are expressed in thousand Turkish Lira (TL) unless otherwise stated)

	Footnote Reference	Current Period Not Independently Audited 1 January- 30 September	Prior Period Not Independently Audited 1 January- 30 September 2022
CASH FLOWS FROM OPERATING ACTIVITIES		743.282	96.912
Profit (Loss) for the Period		2.432	36.208
Profit for the Period From the Continuing Operations			
Adjustments Related to Reconciliation of Net Loss of The Period		1.214.209	698.578
- Adjustments Related to Depreciation and Amortization Expense	9-10	107.47	66.561
- Adjustments Related to Impairment/Reversal		3.845	6.657
- Adjustments Related to Impairment on Receivables	7	3.845	5.738
- Adjustments Related to Other Impairment		-	919
- Adjustments Related To Provisions		352.017	262.023
- Adjustments Related To Provision For Employee Benefits		37.799	58.721
- Adjustments Related To Other Provisions		314.218	203.302
- Adjustments Related To Interest (Income) and Expenses		172.991	224.807
- Adjustments Related To Interest Income		(20.127)	(27.632)
- Adjustments Related To Interest Expense		193.118	252.439
- Adjustments Related to Unrealized Exchange Differences		829.746	246.448
- Adjustments Related To Fair Value Losses		(138.454)	(11.701)
- Adjustments Related To Fair Value Gains		(138.454)	
- Adjustments Related To Tax Expenses		(113.414)	(96.217)
Changes in Working Capital		252.216	(528.839)
- Adjustments Related to Increase in Trade Receivables		(178.775)	204.987
- Decrease in Trade Receivables From Related Parties		156	(256)
- Increase in Trade Receivables From Third Parties		178.619	(204.731)
- Adjustments Related to (Increase)/Decrease in Inventories	8	(265.281)	(642.514)
- Decrease in Other Assets Related to Operations		(265.112)	57.481
- Adjustments Related to Increase/(Decrease) in Trade Payables		(142.994)	270.970
- Decrease in Trade Payables to Related Parties		47.461	11.932
- Increase/(Decrease) in Trade Payables to Third Parties		(190.685)	259.038
- Decrease in Other Liabilities Related to Operations		242.396	(9.789)
Cash Flows Generated from Operations		964.425	205.947
- Interest Received		9.181	18.460
- Payments Made for Provisions for Employee Benefits		(41.433)	(14.558)
- Tax Payments	18	(1.941)	(1.602)
- Other Cash Outflows		(186.950)	(111.335)
CASH FLOWS FROM INVESTING ACTIVITIES		(376.270)	(414.987)
- Cash Outflows From Tangible Assets	9	(226.129)	(280.506)
- Cash Outflows From Intangible Assets	10	7.644	-
- Interest Received		-	9.172
- Advances Given		(157.785)	(143.653)
CASH FLOWS FROM FINANCING ACTIVITIES		(218.597)	240.023
- Cash Inflows from Capital Advances			
- Cash Inflows from Borrowings		4.640.148	1.554.448
- Cash Outflows from Borrowings		(4.632.017)	(1.110.227)
- Cash Outflows Related to Debt Payments Arising from Rental Agreements		12.254	(1.262)
- Cash Outflows from Repayments of Issued Debt Instruments		(42.800)	(29.700)
- Interest Paid		(231.868)	(234.510)
- Other Cash Flows (Outflows)		35.686	61.274
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES		148.415	(78.052)
Foreign Currency Translation Differences Effect On Cash and Cash Equivalents		13.445	17.770
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		161.860	(60.282)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		44.731	103.061
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		206.591	42.779

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these consolidated financial statements

KARSAN OTOMOTİV SANAYİİ VE TİCARET A. Ş. AND ITS SUBSIDIARIES

FOOTNOTES ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR A SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2023

(All amounts are expressed in thousand Turkish Lira (TL) unless otherwise)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Karsan Otomotiv Sanayii ve Ticaret A.Ş. (“the Company”) s incorporated in Bursa, Turkey. The address of the Company is Hasanağa Organize Sanayi Bölgesi (HOSAB), Sanayi Caddesi No:53 16280, Nilüfer-Bursa.

Related group: Kıraca Holding A.Ş.

Registered stock exchange: Borsa İstanbul Yıldız Pazar

The Company has been established to build any kind of vehicle assembly and bodywork facilities, purchasing the already established facilities, participating in the same, importing vehicles for bodywork manufacturing and producing and selling any kind of vehicle bodywork in Turkey. The activities of the Company are to produce, import and export motor vehicles to various automotive brands. Moreover, the Company provides industrial services to the automotive main and sub-industry.

As of 30 September 2023, the average personnel number of the Group is 2.130 (31 December 2022: 1.354).

The immediate parent and ultimate controlling party of the Group is Kıraca Holding A.Ş.

The details about the Group’s subsidiaries, associates and joint ventures are below:

Name of Company	Place of incorporation and operation	Functional currency	Proportion of ownership interest and voting power held by the Group (%)	
			31 September 2023	31 December 2022
Karsan İç ve Dış Ticaret A.Ş.	Sales and marketing	Turkish Lira	100%	100%
Karsan USA LLC (*)	Sales and marketing	US Dollar	100%	100%
Karsan Europe S.R.L.	Sales and marketing	Euro	100%	100%
Hervouet Corporate Industry (HCI) (***)	Sales and marketing	Euro	50%	50%
Hervouet Corporate Lease (HCL)	Sales and marketing	Euro	50%	50%

(*) The Company founded a company on 26 April 2010, based in New York, US, with the trade name Karsan USA LLC that is wholly owned by the Karsan Otomotiv and does not require a capital transfer during foundation process, in order to participate in tenders to be held by local authorities in US, regarding the project of a taxi model. There was no capital transfer to the Company and as the Company is inactive, has not been included in consolidated financial statements.

(**) The Company, within the framework of the objective of increasing the competitiveness and efficiency in the foreign markets, in order to increase its market share in France and participate in public tenders, acquired 2,400 shares of TL 4,515 (EUR 700,000) nominal value, with a 50% share in the capital of the French distributor Hervouet Corporate Industry. The first capital payment of TL 2,653 (EUR 400,000) was made on 17 June 2019 and the second capital payment of TL 1,863 (EUR 300,000) was made on 31 July 2019.

KARSAN OTOMOTİV SANAYİ VE TİCARET A. Ş. AND ITS SUBSIDIARIES

FOOTNOTES ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR A SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2023

(All amounts are expressed in thousand Turkish Lira (TL) unless otherwise)

1. ORGANIZATION AND OPERATIONS OF THE GROUP (CONT'D)

Name of company	Place of incorporation and operation	Functional currency	Functional currency Proportion of ownership interest and voting power held by the Group (%)	
			30 September 2023	31 December 2022
Karsan Otomotiv Sanayi Mamülleri Pazarlama A.Ş. (“Karsan Pazarlama”)(*)	Distributor	Turkish Lira	6.43%	6.43%

Dividend to be paid:

Public companies processes their dividend distributions according to the II-19.1 numbered CMB, which became effective on or after 1 February 2014.

Shareholders distribute their dividends within the frame of dividend distribution policies determined by general assembly and according to the related regulations by the approval of general assembly. Within the mentioned regulation, minimum rate of distribution is not determined. Companies distribute their dividends according to the predetermined terms in their articles of incorporation or dividend distribution policies.

Approval of the consolidated financial statements:

Board of Directors has approved the consolidated financial statements and delegated authority for publishing it on 8 November 2023. General Assembly has the authority to modify the consolidated financial statements.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

Statement of Compliance in TFRS

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets” (“Communiqué”), which was published in the Official Gazette No:28676 on 13 June 2013, and the Turkish Financial Reporting Standards and interpretations (“TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué are taken as a basis.

In addition, the financial statements are presented in accordance with the formats specified in the “Announcement on TFRS Taxonomy” published by POA on 4 October 2022 and the Financial Statement Examples and User Guide published by CMB.

The financial statements are prepared on the historical cost basis, except for the presentation of derivative financial instruments at their fair value and the revaluation of property, plant and equipment. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Group has prepared its consolidated interim financial statements as of 30 September 2023 by choosing summary presentation in accordance with TAS 34 "Interim Financial Statements" standard, and the disclosures and notes required to be included in the annual consolidated financial statements prepared in accordance with TFRS are summarized or not included in accordance with TAS 34.

KARSAN OTOMOTİV SANAYİ VE TİCARET A. Ş. AND ITS SUBSIDIARIES

FOOTNOTES ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR A SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2023

(All amounts are expressed in thousand Turkish Lira (TL) unless otherwise)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL (cont'd)

Statement of Compliance in TFRS (Cont'd)

The attached condensed consolidated financial statements should be read together with the independently audited consolidated financial statements as of 31 December 2022 and their accompanying notes. The interim financial results are not indicative of the year-end results alone.

The company continued to apply the same accounting policies and accounting estimation methods as stated in its independently audited consolidated financial statements dated 31 December 2022.

Currency Used

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The operating results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

Comparative Information and Adjustment of Prior Period Consolidated Financial Statements

The consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary. In the current period, the Group has not made any reclassifications in the prior period financial statements.

Going Concern Assumption

The consolidated financial statements have been prepared on a going concern basis, with the assumption that the Group will benefit from its assets and fulfill its obligations in the next year and in the natural course of its activities.

As of 30 September 2023, the Group has a prior years' loss amounting to TL 160,971 (31 December 2022: TL 169,670 profit), including the net profit for the current period, and as of the same date, its current liabilities exceeded its current assets by TL 520,135. As of 30 September 2023, the Group has an Operating Profit of TL 1,192,797 and a net profit of TL 2,432. The Group Management expects an increase in the main operating profitability with the scale to be formed from the growth in the revenue in the budget and estimation studies for 2023 and anticipates that this level will create a cash inflow to close the current working capital deficit. For these reasons, the Group management does not foresee a risk to the net working capital regarding the going concern of the entity.

Adjustment of Financial Statements during High Inflation Periods

In accordance with the CMB's Decision dated 17 March 2005 and numbered 11/367, inflation accounting practice has been discontinued, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with the provisions of the CMB Communiqué. Accordingly, as of 1 January 2005, the "Financial Reporting in Hyperinflationary Economies" Standard ("TMS29") published by the POA No. 29 has not been implemented.

On 20 January 2022, the Public Oversight Authority made a statement regarding the Implementation of Financial Reporting in Hyperinflationary Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium-Sized Enterprises. Accordingly, it has been stated that there is no need for enterprises that implement TFRS to make any adjustments within the scope of TAS 29 in their financial statements for 2021. As of 30 September 2023, no new statement was made by the POA within the scope of TAS 29, and no inflation adjustment was made in accordance with TMS 29 while preparing the condensed consolidated financial statements dated 30 September 2023

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3. NEW AND REVISED ACCOUNTING STANDARDS IN TURKEY

The accounting policies adopted during the preparation of financial statements for the accounting period ending as of 30 September 2023 are applied consistently with those used during the previous year except for new and changed Turkish Accounting Standards (“TAS”)/Turkish Financial Reporting Standards (“TFRS”) and TAS/TFRS Comments valid as of 1 January 2023, which are summarized below. The effects of these standards and comments on the Company’s financial situation end performance are explained in the related paragraphs.

a) New Standard, Amendments and Comments Effective as of 1 January 2023:

Narrow changes in TAS 1, Application Statement 2 and TAS 8

Effective for annual reporting periods beginning on or after 1 January 2023. These changes are intended to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

TAS 12, Amendment to deferred tax on assets and liabilities arising from a single transaction

Effective for annual reporting periods beginning on or after 1 January 2023. These amendments require deferred tax recognition on transactions that result in equal amounts of taxable and deductible temporary differences when first recognized by companies.

Amendment to TAS 12, International tax reform – Column two model rules;

The deferred tax exemption and the announcement of the exemption came into effect. Other disclosure requirements apply to annual accounting periods beginning on or after 1 January 2023. These amendments provide companies with a temporary exemption from accounting for deferred taxes resulting from international tax reform by the Organization for Economic Cooperation and Development. The changes also include targeted disclosure requirements for affected companies.

b) Standards Published as of 30 September 2023, But Not Enforced and Not Early Implemented:

TAS 1, Amendment to long-term obligations, which are contractual terms,

Effective for annual reporting periods beginning on or after 1 January 2024. These changes clarify how conditions that an entity must comply with within twelve months of the reporting period affect the classification of a liability.

TFRS 16, Sale and leaseback transactions,

Effective for annual reporting periods beginning on or after 1 January 2024. These changes include the sale and leaseback requirements in TFRS 16 that describe how an entity accounts for a sale and leaseback transaction after the transaction date. Sales and leaseback transactions where some or all of the lease payments consist of variable lease payments that are not tied to an index or rate are likely to be affected.

Changes regarding supplier financing agreements in TAS 7 and TFRS 7,

Effective for annual reporting periods beginning on or after 1 January 2024. These changes require disclosure to increase transparency about the effects of supplier financing agreements on businesses' liabilities, cash flows, and liquidity risks. Disclosure requirements are the IASB's (International Accounting Standards Board) response to investors' concerns that some companies' supplier financing agreements are not clear enough, hindering investor analysis.

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4. SIGNIFICANT ACCOUNTING ASSESSMENT, ESTIMATION AND ASSUMPTIONS

The critical judgements taken by the Group while applying its accounting policies

(a) Judgements in determining the timing of satisfaction of performance obligations

While making the assessments, the Management considers the detailed conditions specified in TFRS 15 regarding the fulfillment of performance obligations and the recognition of the allocated transaction costs as revenue, especially whether the control regarding the goods and services has passed to the customer.

(b) Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets (excluding lands) are presented with their net value less the accumulated depreciation and impairment, if any. Depreciation is allocated using a straight-line method based on the useful lives of the property, plant and equipment. Useful lives are based on management's best estimates, reviewed at each balance sheet date and adjusted if necessary.

(c) Provisions

Provisions are allocated when the Group has a present legal or constructive obligation as a result of past events, an outflow of resources will likely be required to settle the obligation, and the amount to be paid can be estimated in a reliable manner. The Group considers the realization rates in the past and in the period when determining the provision estimates.

(d) Available financial losses

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between its tax base financial statements and its financial statements prepared in accordance with TFRS. The Group has deferred tax assets consisting of unused tax losses and other deductible temporary differences that can be deducted from the future profits. While recognizing said deferred tax assets, the Group has taken into account the future profit projections and the expiry dates of the losses incurred in the current periods. In cases where the final tax results related to this subject are different from the amounts recorded at the beginning, these differences may affect the income tax and deferred tax assets and liabilities in the periods in which they are determined.

(e) Provision for doubtful receivable

For the doubtful trade receivables, the Group allocates a provision for the receivables which are overdue and for which the possibility of collection is expected to decrease, based on the past experience of non-collection.

(f) Investments in progress and capitalized development costs

As of 30 September 2022, investments in progress amounting to TL 634,914 (31 December 2022: TL 416,756) consist of property, plant and equipment and intangible asset investments related to projects the investments of which are still ongoing. After the completion of said projects, they will be capitalized and expensed through depreciation. In addition, the Group has development expenses related to the projects capitalized under intangible assets amounting to TL 473,103 (31 December 2022: 224,551 TL). Investments in progress and development costs, which do not provide economic benefits, are deducted from the asset by deducting them as expenses during the period. In line with their best estimations, the Group management anticipates that the economic benefit from the investments will be higher than their book values.

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4. SIGNIFICANT ACCOUNTING ASSESSMENT, ESTIMATION AND ASSUMPTIONS (CONT'D)

The critical judgements taken by the Group while applying its accounting policies (cont'd)

(g) Capitalization of borrowing costs

The Group capitalizes borrowing costs that are directly attributable to the production of qualifying assets.

(h) Impairment of Inventory

Impairment of inventory is determined within the framework of the Group's accounting policy and is calculated by evaluating the inactive waiting times and possible value losses of the inventories.

(i) Investment allowance, R&D allowance and Allowance of interest of cash capital increase

The Group capitalizes the R&D expenditures it has made within the scope of the law numbered 5746 in its legal books. As of 30 September 2023, it carries the R&D deduction amounting to TL 434,164 into the next years. As of 30 September 2023, TL 108,541 was transferred to the consolidated financial statements as a deferred tax asset.

The Group's earnings from investments subject to incentive certificate are subject to corporate tax at reduced rates starting from the accounting period in which the investment is partially or fully operational until the solid amount of the investment is reached. In this context, as of 30 September 2023, the Company has a tax advantage of TL 374,408 that it can benefit from in the future. As of 30 September 2023, TL 114,568 was transferred to the consolidated financial statements as a deferred tax asset.

(j) Calculation of Provision for Loss

When measuring the expected provision for loss, the Group uses reasonable and supportable forward-looking information based on assumptions about different future economic conditions and how these conditions will affect each other. The loss given default is an estimate of a loss in default. It is based on the difference between the receivables the lender expects to collect and the contractual cash flows, taking into account the cash flows from the collateral and credit enhancements. The probability of default is an important input in measuring the expected credit losses. The probability of default is an estimate of the probability of default in a given time period, and the calculation thereof includes historical data, assumptions and expectations in the future conditions.

(k) Control over HCI

Since the Group has 50% shares of HCI, HCI is defined as a subsidiary of the Group in Note 1. Based on the agreements signed between the Group and the other investors, the Group has the power to change and appoint members of the board of directors that will enable HCI to manage its activities. Therefore, the Group management has found that the Group has the power to manage the company's activities alone, and therefore the Group has control over the HCI.

(l) Impairment of goodwill

The Group subjected the goodwill amount to an impairment test every year. The recoverable amounts of cash generating units are determined according to the value calculations in use. These calculations require estimation.

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5. SEGMENT REPORTING

A reporting segment is an industrial or geographical segment, the segment information of which should be declared. Industrial segments are segments that differ from the other segments of the Group in terms of providing a particular good or service or a group of related goods or services, or in terms of risk and benefit. Geographical segments are segments of the Group, which provide goods or services in a particular economic environment and differ in terms of risk and benefit from the other segments operating in another economic environment. Information on the operating segments based on the Group's internal reporting is as follows:

	1 January- 30 September 2023	1 January- 30 September 2022
Turkey	2.489.256	950.563
Italy	287.524	20.224
France	246.718	119.094
Romania	234.208	181.015
Luxemburg	163.019	268.970
United States	130.463	-
Spain	77.895	49.424
Bulgaria	71.005	45.155
Israel	62.820	-
Portugal	32.462	47.059
Switzerland	15.465	-
Belgium	11.953	-
Greece	5.554	-
Canada	1.047	16.295
Poland	1.000	11.115
Germany	942	13.107
Hungary	543	-
Ukraine	451	-
Lithuania	425	-
Other (**)	5.161	11.815
	3.838.091	1.733.836

(**) The other is Slovakia, Austria, Croatia and Japan. (2022: Includes Slovakia, Bulgaria, Ukraine, Lithuania, Spain, Greece, Poland, Hungary and Switzerland).

The main field of activity of the Group is the production of automotive and similar vehicles and spare parts, and there are four operating segments that contain the information that the Group Management evaluates the performance and uses to decide on the resource allocation. These operating segments of the Group are Karsan branded products, where the reporting is made on commercial vehicles produced under its own brand, industrial and spare parts sales where the reporting is made on spare parts, tractor cabins and cataphoresis operations, and other branded sales where the reporting is made on commercial vehicles produced for the other brands. During an evaluation of the segments' performances made on a regular basis, the main operating profit or loss is taken into account, but the distribution of other expenses and income items from the main activities is not performed. Most of the Group's assets and liabilities are located in Turkey. In addition, since a periodical information about assets and liabilities was not provided to the competent decision-making authority, the reporting of assets and liabilities according to segments was not made. The Group management examines its financial data over the financial statements prepared in accordance with TFRS.

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6. RELATED PARTY DISCLOSURES

The transactions between the Company and its subsidiaries, which are related parties of the Company, are not disclosed in this note as they are eliminated during consolidation.

The trade receivables from the related parties generally arise from the sales transactions and their approximate maturity is 75 days.

The trade payables to the related parties generally arise from the purchase transactions and have an approximate maturity of 75 days.

The details of the transactions between the Group and other related parties are explained below.

	31 September 2023		
	Receivables	Debts	Debts
	Short-term	Short-term	Short-term
			Non-
Balances with related parties	Commercial	Commercial	Commercial
Kıraça Holding A.Ş.	-	(70,453)	(444,765)
Karsan Otomotiv Sanayi Mamülleri Pazarlama A.Ş.	-	(641)	-
Karland Otomotiv A.Ş.	539	(353)	-
Sirena Marine Denizcilik ve Ticaret A.Ş.	7	(12,573)	-
Kök Ziraat Turizm San. ve Tic. A.Ş.	-	(9,207)	-
Kırsan Turizm ve Otomotiv San. ve Tic. A.Ş.	-	(2,593)	-
Kar İnşaat Taahhüt San. ve Tic. A.Ş.	-	(55)	-
	546	(95,875)	(444,765)

	31 December 2022		
	Receivable	Debts	Debts
	Short-term	Short-term	Short-term
			Non-Commercial
Balances with related parties	Commercial	Commercial	Non-Commercial
Kıraça Holding A.Ş.	-	(8,523)	-
Karsan Otomotiv Sanayi Mamülleri Pazarlama A.Ş.	-	(866)	-
Karland Otomotiv A.Ş.	702	-	-
Sirena Marine Denizcilik ve Ticaret A.Ş.	-	(32,700)	-
Kök Ziraat Turizm San. ve Tic. A.Ş.	-	(3,744)	-
Kırsan Turizm ve Otomotiv San. ve Tic. A.Ş.	-	(2,309)	-
Kar İnşaat Taahhüt San. ve Tic. A.Ş.	-	(42)	-
	702	(48,184)	-

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6. RELATED PARTY DISCLOSURES (continued)

Transactions with Related Parties	1 January - 31 March 2023						Other Income/ (Expense)
	Procurement of services	Purchases	Sales	Received Interests	Given Interests	Rental Expense	
Kıraça Holding A.Ş.	(24,893)	-	-	-	(54.845)	(1.006)	-
Kırsan Turizm ve Otomotiv San.ve Tic. A.Ş.	(15,241)	-	-	-	-	-	-
Karsan Otomotiv Pazarlama Ticaret A.Ş.	(13)	-	-	-	-	-	-
Karland Otomotiv A.Ş.	(820)	(95)	1,641	-	-	-	(13)
Kök Ziraat Turizm San. ve Tic. A.Ş.	(2,866)	-	-	-	-	(4.638)	-
Kar İnşaat Taahhüt San. Ve Tic. A. Ş	(11)	-	-	-	-	-	-
Sirena Marine Denizcilik ve Ticaret A.Ş.	-	(26,134)	-	-	-	-	-
	(43,844)	(26,229)	1,641	-	(54.845)	(5.644)	(13)

1 July- 30 September 2023

Transactions with Related Parties	Procurement of services	Purchases	Sales	Interests	Given Interests	Rental Expense	(Expense)
Kıraça Holding A.Ş.	(11.174)	-	-	-	(29.723)	-	-
Kırsan Turizm ve Otomotiv San.ve Tic. A.Ş.	(7.488)	-	-	-	-	-	-
Karsan Otomotiv Pazarlama Ticaret A.Ş.	-	-	-	-	-	-	-
Karland Otomotiv A.Ş.	(327)	(55)	444	-	-	-	-
Kök Ziraat Turizm San. ve Tic. A.Ş.	(1.038)	-	-	-	-	(2.044)	-
Kar İnşaat Taahhüt San. Ve Tic. A. Ş	-	-	-	-	-	-	-
Sirena Marine Denizcilik ve Ticaret A.Ş.	-	(7.661)	-	-	-	-	-
	(20.027)	(7.716)	444	-	(29.723)	(2.044)	-

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6. RELATED PARTY DISCLOSURES (continued)

Transactions with Related Parties	1 January - 31 September 2022						Other Income/ (Expense)
	Procurement of services	Purchases	Sales	Received		Rental Expense	
				Interests	Given Interests		
Kıraça Holding A.Ş.	(9,256)	-	-	-	-	-	-
Kırsan Turizm ve Otomotiv San.ve Tic. A.Ş.	(7,811)	-	-	-	-	-	-
Karland Otomotiv A.Ş.	(405)	(106)	2.553	-	-	-	-
Kök Ziraat Turizm San. ve Tic. A.Ş.	(1,496)	-	-	-	-	(3.317)	-
Kar İnşaat Taahhüt San. Ve Tic. A. Ş	-	-	-	-	-	-	(19)
Sirena Marine Denizcilik ve Ticaret A.Ş.	-	(17,783)	8	-	(435)	-	-
Karsan Otomotiv Sanayi Mamülleri Pazarlama A.Ş.	-	(823)	-	-	-	-	137
	(18,968)	(18,712)	2,561	-	(435)	(3.317)	118
Transactions with Related Parties	1 July- 30 September 2023						(Expense)
	Procurement of services	Purchases	Sales	Received		Rental Expense	
				Interests	Given Interests		
Kıraça Holding A.Ş.	(3.405)	-	-	-	-	-	-
Kırsan Turizm ve Otomotiv San.ve Tic. A.Ş.	(1.460)	-	-	-	-	-	-
Karland Otomotiv A.Ş.	(306)	(17)	945	-	-	-	-
Kök Ziraat Turizm San. ve Tic. A.Ş.	(638)	-	-	-	-	(3.317)	-
Kar İnşaat Taahhüt San. Ve Tic. A. Ş	-	-	-	-	-	-	(19)
Sirena Marine Denizcilik ve Ticaret A.Ş.	-	(7.462)	-	-	(435)	-	-
Karsan Otomotiv Sanayi Mamülleri Pazarlama A.Ş.	-	(26)	-	-	-	-	137
	(5.809)	(7.505)	945	-	(435)	(3.317)	118

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6. RELATED PARTY DISCLOSURES (continued)

The Group receives the information systems, human resources, financing and other consultancy services from Kıraca Holding.

The Group supplies some interior cladding, etc. for the production of minibuses, midibuses and buses and molds and equipment for these parts from the company Sirena Marine.

The Group pays monthly rent to Kök Ziraat A.Ş. for the office in Istanbul. The expenses such as security, natural gas, maintenance and repair, cleaning and other common expenses of said office are invoiced monthly by Kök Ziraat A.Ş. In addition, the factory building in Bursa Organized Industrial Zone was rented from Kök Ziraat A.Ş.

Benefits for the senior executives:

The Company's senior management team consists of the members of the Board of Directors, the Executive Board and the Company's general manager and assistants. The benefits provided to the senior executives include the benefits such as wages, premiums, health insurance and transportation. The benefits provided to senior executives during the period are as follows:

	1 January- 30 September 2023	1 July- 30 September 2023	1 January- 30 March 2022	1 July-31 September 2022
Fees and other short-term benefits	29.671	9.967	8.281	2.795
	29.617	9.967	8.281	2.795

7. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

The details of the Group's trade receivables as of the balance sheet date are as follows:

	31 September 2023	31 December 2022
Short-term trade receivables		
Trade receivables	1.627.394	1.695.402
Notes receivable	11.622	170
Trade receivables from related parties (Footnote:6)	546	702
Income accruals	96.424	21.124
Provision for doubtful trade receivables (-)	(50.033)	(56.961)
Expected loss provision (-)	(43.755)	(32.982)
	1.642.198	1.627.455

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7. TRADE RECEIVABLES AND PAYABLES (continued)

	30 September 2023	31 December 2022
Long-term trade receivables		
Trade receivables	-	197.363
	-	197.363

The trade receivables consist of the receivables from the customers for the products sold or services rendered in the normal course of business. The trade receivables consist of the short-term trade receivables with a maturity of 30 - 60 days in general, and the receivables from the municipalities with a maturity of more than 1 year. The Group holds its trade receivables to collect the contractual cash flows and therefore measures at amortized cost using the effective interest method.

	1 January- 30 September 2023	1 January- 30 September 2022
Movement of expected loss provision		
Opening balance restated as of January 1	(32.982)	(13.645)
Period cost	(10.773)	-
Closing balance	(43.755)	(13.645)

The Group measures the impairment for its trade receivables based on the lifetime expected credit losses. The expected credit losses on the trade receivables are estimated using a provision matrix created by looking at the customers' past defaults, analyzing their current financial position, and taking into account the general economic conditions of the industry in which the relevant customer operates and conditions at the reporting date.

In the current period, there has been no significant change in the estimates and assumptions of the management.

The standard maturity applied by the Group to its trade receivables is between 30 and 60 days (31 December 2022: 30 to 60 days).

The provision for the doubtful receivables reserved for the trade receivables has been determined based on the past experience of uncollectibility. For the doubtful receivables in foreign currency, the accrued exchange differences are included in the provisions, and the same amount is reflected in the foreign exchange income and expenses.

The movement table of the Group's provision for the doubtful trade receivables is as follows:

	1 January- 30 September 2023	1 January- 30 September 2022
Movements of provision for the doubtful receivables (-)		
Opening balance	(56.961)	(43.839)
Period cost (Footnote:17)	(6.928)	(5.738)
Closing balance	(50.033)	(49.577)

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7. TRADE RECEIVABLES AND PAYABLES (continued)

b) Trade Payables:

The details of the Group's trade payables as of the balance sheet date are as follows:

Short-term trade payables	30 September 2023	31 December 2022
Trade payables	(721.475)	(912.160)
Trade receivables to related parties (Footnote:6)	(95.875)	(48.184)
	(817.350)	(960.344)

The average payment term for the Group's trade payables is 90-120 days (31 December 2022: 90-120 days).

The Group has the financial risk management policies implemented to ensure that all its debts are paid within the lending period.

8. INVENTORIES

	30 September 2023	31 December 2022
Raw material and material	610.520	453.430
Semi-finished products	231.690	181.503
Finished products	67.792	69.805
Trade goods	155.393	134.555
Goods in transit	73.079	33.900
Provision for inventory impairment (-)	(5.865)	(5.865)
	1.132.609	867.328

For the 1 January – 30 September 2023 accounting period, TL 1.288.976 (1 January – 30 September 2022: TL 1.017.914) of the Group's cost of sold goods account is related to the raw material and material consumption.

As a result of its evaluation of stock movement processes, the Group has not identified any issues that require reserving additional provisions in the accounting period of 1 January - 30 September 2023. (31 December 2022: TL 5,865)

Movement of provision for inventory impairment	1 January- 30 September 2023	1 January- 30 September 2022
Opening balance	(5.865)	(5.369)
Period cost	-	(919)
Closing balance	(5.865)	(6.288)

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9. PROPERTY, PLANT AND EQUIPMENT

	Land and plots	Underground and overland plants	Buildings	Plant machiner and devices	Vehicles	Fixtures	Private costs	Ongoing investments (*)	Total
<u>Cost Value</u>									
Opening balance as of January 1, 2023	941.675	16.443	367.326	321.681	12.720	36.565	3.129	416.756	2.116.295
Purchases	466.325		391.633	1.345	9.020	3.112		220.798	1.092.233
Transfer			73	2.220	(7.727)		(71)	(2.641)	(8.146)
Disposal									(25)
Foreign Currency Conversion Differences		(25)		12.801					22.846
Closing balance as of March 31, 2023	1.408.000	16.418	759.032	338.047	14.013	36.946	3.058	634.914	3.223.203
<u>Accumulated Depreciation</u>									
Opening balance as of January 1, 2023	-	(10.265)	(62.081)	(216.965)	(3.831)	(33.285)	(946)	-	(327.373)
Period cost	-	(457)	(55.247)	(9.084)	(2.668)	(670)	(40)	-	(68.531)
Closing balance as of September 30, 2023	-	(10.722)	(117.328)	(226.049)	(6.499)	(33.955)	(1.350)	-	(395.904)
Net book value as of September 30, 2023	1.408.000	5.695	641.703	111.998	7.514	15.767	1.708	634.914	2.827.299

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9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and plots	Underground and overland plants	Buildings	Plant machinery and equipment	Vehicles	Fixtures	Private costs	Ongoing investments (*)	Total
<u>Cost Value</u>									
Opening balance as of 1 January 2022	262.540	16.418	182.482	283.423	9.857	36.474	3.129	253.054	1.047.377
Purchases	-	-	4.934	351	2.843	45	-	275.959	284.132
Revaluation Fund	679.135	-	169.387	-	-	-	-	-	848.522
Foreign Currency Conversion Differences	-	-	2.417	1.464	12	20	-	-	3.913
Closing balance as of 30 September 2022	941.675	16.418	359.220	285.238	12.712	36.539	3.129	529.013	2.183.944
<u>Accumulated Depreciation</u>									
Opening balance as of 1 January 2022	-	(9.701)	(32.488)	(205.763)	(3.135)	(31.820)	(407)	-	(283.314)
Period cost	-	(423)	(16.388)	(8.668)	(468)	(1.200)	(411)	-	(27.558)
Foreign Currency Conversion Differences	-	-	(235)	(26)	(2)	(5)	-	-	(268)
Closing balance as of 30 September 2022	-	(10.124)	(49.111)	(214.457)	(3.605)	(33.025)	(818)	-	(311.140)
Net book value as of 30 September 2022	941.675	6.294	310.109	70.781	9.107	3.514	2.311	529.013	1.872.804

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9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The depreciation periods of the tangible assets are as follows:

	<u>Economic Life</u>
Underground and overland plants	5-25 years
Buildings	7-50 years
Plant, machinery and devices	1-25 years
Vehicles	4-5 years
Fixtures	3-20 years
Private costs	5 years

Fair value measurements of the Group's land and buildings

The Group's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's land and buildings as of 30 September 2023 were performed by Vakıf Gayrimenkul Değerleme A.Ş., independent valuers not related to the Group. Vakıf Gayrimenkul Değerleme A.Ş., which is authorized by CMB provides real estate valuation services in accordance with the capital markets legislation, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The fair value of the lands owned has been determined according to the precedent comparison approach.

As of 30 September 2023, the information on the land and buildings owned by the Group and the fair value hierarchy for related assets are shown in the following table:

Akçalar ve Nilüfer	30 September 2023	Fair value level as of reporting date		
		1. Level TL	2. Level TL	3. Level TL
Land	1.408.00	-	1.408.00	-
Building	611.00	-	622.00	-
Fair value level as of reporting date				
Akçalar ve Nilüfer	31 December 2022	1. Level TL	2. Level TL	3. Level TL
Land	941.675	-	941.675	-
Building	305.245	-	305.245	-

The Group's land and buildings were revaluated by independent experts on 30 September 2023. Revaluations were performed based on current market conditions. Revaluations fund which have been offset deferred tax are presented in the other comprehensive income statement.

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10. INTANGIBLE ASSETS

Cost Value	Rights	Capitalized development costs	Total
Opening balance as of 1 January 2023	113.143	473.076	586.219
Disposal	(7.644)	-	(7.644)
Transfers	321	27	348
Foreign Currency Conversion Differences	14.502	-	14.502
Closing balance as of 30 September 2023	120.322	473.103	593.425
Accumulated Amortization			
Opening balance as of 1 January 2023	(29.876)	(248.525)	(278.401)
Foreign Currency Conversion Differences	-	-	-
Period cost	(6.178)	(32.769)	(38.947)
Closing balance as of 30 September 2023	(36.054)	(281.294)	(317.348)
Net book value as of 30 September 2023	84.268	191.807	276.077

Cost Value	Rights	Capitalized development costs	Total
Opening balance as of 1 January 2022	102.455	467.978	570.433
Foreign Currency Conversion Differences	1.683	-	1.683
Closing balance as of 30 September 2022	104.138	467.978	572.116
Accumulated Amortization			
Opening balance as of 1 January 2022	(18.276)	(205.092)	(223.367)
Period cost	(6.406)	(32.597)	(39.003)
Closing balance as of 30 September 2022	(24.682)	(237.689)	(262.370)
Net book value as of 30 September 2022	79.456	230.289	309.746

The amortization periods of the rights and capitalized development costs in intangible assets are 1-20 years and 2-15 years, respectively.

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11. PREPAID EXPENSES DEFERRED INCOME

Short-Term Prepaid Expenses	30 September 2023	31 December 2022
Order advances for the stock purchase	286.322	125.757
Expenses for the next month	14.651	9.034
	300.973	134.791
Long-Term Prepaid Expenses	30 September 2023	31 December 2022
Order advances for the non-current asset purchase	-	8.397
Expenses for the next years	32.893	-
	32.893	8.397
Short-Term Deferred Incomes	30 September 2023	31 December 2022
Received order advances	203.389	25.048
Income for the next months	43.304	11.677
	246.693	36.725
Long-Term Deferred Incomes	30 September 2023	31 December 2022
Income for the next years	46.757	16.037
	46.757	16.037

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12. BORROWINGS

The details of the financial liabilities shown at their amortized values are as follows:

Financial Debts	30 September 2023	31 December 2022
Short-Term Bank Loans	2.097.898	1.744.211
Short-Term Part of the Long-Term Bank Loans	430.324	469.817
Bonds, Principal Debt, Installments and Interest	-	44.113
Factoring Payables	231.725	196.030
	2.759.947	2.454.171
Long-Term Bank Credits	790.129	643.498
	790.129	643.489
	3.550.076	3.097.669

Currency	Weighted average effective interest rate	30 September 2023	
		Short-term	Long-term
TL	17,57%	552.549	36.561
EURO	9,07%	1.975.673	753.568
		2.528.222	790.129

Currency	Weighted average effective interest rate	31 December 2022	
		Short-term	Long-term
TL	22,96%	578.594	39.584
EURO	7,72%	1.607.336	603.914
USD	14,7%	28.098	-
		2.214.028	643.498

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12. BORROWINGS (continued)

The maturities of bank loans are as follows::

	30 September 2023	31 December 2022
Payable within 1 year	2.601.875	2.214.028
Payable within 1-2 years	102.693	276.691
Payable within 2-3 years	65.747	144.365
Payable within 3-4 years	44.419	129.409
Payable within 4-5 years	503.617	93.033
Payable 5 years and longer term	-	-
	<u>3.318.351</u>	<u>2.857.526</u>

13. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 September 2023	31 December 2022
Short-term provisions	2023	2022
Warranty expense provision (i)	85.917	54.854
Collective labor agreement provision (ii)	17.300	-
Sales Commissions Given (iii)	34.960	-
Sales discounts provision (iv)	11.436	1.217
Lawsuit provision (v)	3.269	2.484
Other	14.429	10.162
	<u>167.311</u>	<u>68.717</u>
Long-term provisions	30 September 2023	31 December 2022
Warranty expense provision (i)	112.680	84.006
	<u>112.680</u>	<u>84.006</u>

- (i) The Group provides the warranty service for the vehicles it sells with a guarantee commitment, after the date of sale, for periods varying according to the vehicle models.
- (ii) Provision for salary differences for the year 2023 of the Collective Labor Agreement expiring as of September 2023.
- (iii) Provision for sales commissions given by the Group to its distributors.
- (iv) It consists of the price difference discounts applied by the Group to the dealers.
- (v) These are the provisions set aside by the Group for the various litigation risks.

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14. COMMITMENTS

Collateral-Pledge-Mortgages (“CPM”)

As of 30 September 2023 and 31 December 2022, the tables of the Group’s collateral/pledge/mortgage position are as follows:

	TL equivalent	Turkish lira	US Dollar	EURO	RON	HUF	BGN
30 September 2023							
A. Total Amount of CPMs Given on behalf of its Own Legal Entity							
-Collateral	2.004.228	90.794	4.000	61.347	8.887	4.000	-
-Mortgage	758.671	120.000	-	22.000	-	-	-
-Bill guarantee	-	-	-	-	-	-	-
-Letter of credit	8.629	-	-	297	-	-	-
B. Total Amount of CPMs Given in Favor of Partnerships Included							
in Full Consolidation							
-Collateral	-	-	-	-	-	-	-
-Pledge	-	-	-	-	-	-	-
-Mortgage	-	-	-	-	-	-	-
C. Total Amount of CPMs Given by Other 3 rd Parties for the Purpose of Ordinary Commercial Activities							
-Collateral	1.170	-	-	-	-	-	79
-Pledge	-	-	-	-	-	-	-
-Mortgage	-	-	-	-	-	-	-
D. Total Amount of Other CPMs Given							
i. Total Amount of CPMs Given in Favor of the Parent Shareholder							
-Collateral	-	-	-	-	-	-	-
-Pledge	-	-	-	-	-	-	-
-Mortgage	-	-	-	-	-	-	-
ii. Total Amount of CPMs Given in Favor of Other Group Companies that are not in the Scope of Articles B and C							
-Collateral	-	-	-	-	-	-	-
-Pledge	-	-	-	-	-	-	-
-Mortgage	-	-	-	-	-	-	-
iii. Total Amount of CPMs Given in Favor of 3 rd Parties that are not in the Scope of Article C							
-Collateral	-	-	-	-	-	-	-
-Pledge	-	-	-	-	-	-	-
-Mortgage	-	-	-	-	-	-	-
Total	2.812.698	210.946	4.400	83.644	8.887	4.000	79

The ratio of other CPMs given by the Group to the Group's equity is 0% as of 30 September 2023 (31 December 2022: 0%).

As of 30 September 2023, the mortgage consists of letters of guarantee amounting to TL 90.946, USD 4.400, RON 8.887, HUF 4.000 and EURO 61.347 given to the customs offices, tax offices and other public institutions, a letter of credit which has been opened for the purchase of the raw materials and materials amounting to EURO 297 EURO, but the actual import of which has not been realized, and mortgages on land and buildings in the amount of TL 120.000 TL and EURO 22.000 given within the scope of the long-term loans.

	30 September 2023	31 December 2022
Letters and checks of guarantee received	63.207	70.735
Direct debiting system	24.153	14.889
	87.360	85.624

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14. COMMITMENTS (continued)

Collateral-Pledge-Mortgages (“CPM”) (continued)

December 31, 2022	TL equivalent	Turkish lira	US Dollar	EURO	RON	BGN	HUF
A. Total Amount of CPMs Given on behalf of its Own Legal Entity							
<i>-Collateral</i>	2.091.936	108.019	5.020	92.809	9.911	-	4.000
<i>-Mortgage</i>	558.568	120.000	-	22.000	-	-	-
<i>-Surety</i>	-	-	-	-	-	-	-
<i>-Letter of credit</i>	23.608	-	-	1.184	-	-	-
B. Total Amount of CPMs Given in Favor of Partnerships in Full Consolidation							
<i>-Collateral</i>	99.655	-	-	4.999	-	-	-
<i>-Pledge</i>	-	-	-	-	-	-	-
<i>-Mortgage</i>	-	-	-	-	-	-	-
C. Total Amount of CPMs Given by Other 3 rd Parties for the Purpose of Ordinary Commercial Activities							
<i>-Collateral</i>	801	-	-	-	-	79	-
<i>-Pledge</i>	-	-	-	-	-	-	-
<i>-Mortgage</i>	-	-	-	-	-	-	-
D. Total Amount of Other CPMs Given							
i. Total Amount of CPMs Given in Favor of the Parent Shareholder							
<i>-Collateral</i>	-	-	-	-	-	-	-
<i>-Pledge</i>	-	-	-	-	-	-	-
<i>-Mortgage</i>	-	-	-	-	-	-	-
ii. Total Amount of CPMs Given in Favor of Other Group Companies that are not in the Scope of Articles B and C							
<i>-Collateral</i>	-	-	-	-	-	-	-
<i>-Pledge</i>	-	-	-	-	-	-	-
<i>-Mortgage</i>	-	-	-	-	-	-	-
iii. Total Amount of CPMs Given in Favor of 3 rd Parties that are not in the Scope of Article C							
<i>Collateral</i>	-	-	-	-	-	-	-
<i>-Pledge</i>	-	-	-	-	-	-	-
<i>-Mortgage</i>	-	-	-	-	-	-	-
	2.774.568	228.019	5.020	120.992	9.911	79	4.000

Total

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15. OTHER ASSETS AND LIABILITIES

<u>Other Current Assets</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
Deferred VAT	254.489	140.897
Miscellaneous Other Current Assets	15.429	13.794
	296.918	154.691
<u>Other property, plant and equipment</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
Deposits and guarantees given	97	-
VAT to be Deducted in Future Years		53.348
	97	53.348
<u>Other Short-Term Liabilities</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
Taxes and funds payable	21.269	28.381
Miscellaneous other debts and liabilities	611	1.294
	21.880	29.675

16. REVENUE AND COST OF SALES

<u>a) Sales</u>	<u>1 January- 30 September 2023</u>	<u>1 July- 30 September 2023</u>	<u>1 January- 30 September 2022</u>	<u>1 July- 30 September 2022</u>
Domestic Sales	1.877.509	579.396	1.364.341	483.614
Overseas Sales	1.889.132	700.255	460.092	191.764
Other incomes	87.753	43.886	8.386	1.069
Sales returns (-)	(137.024)	(50.988)	(85.389)	(9.235)
Sales discounts (-)	(32.018)	(9.252)	(13.594)	(2.976)
	3.685.352	1.263.297	1.733.836	664.186

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16. REVENUE AND COST OF SALES (continued)	1 January- 30 September 2023	1 July- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2022
<u>b) Cost of Sales</u>				
Raw material and material expenses	(1.288.976)	(417.557)	(1.017.914)	(276.472)
Direct labor costs	(350.932)	(226.568)	(98.074)	(37.061)
General production expenses	(363.674)	(262.692)	(152.756)	(57.710)
Depreciation and amortization expenses (Footnote 9-10)	67.509	92.815	(49.409)	(13.786)
Change in stocks of semi-finished products	49.356	77.529	84.160	(86.803)
Change in stocks of finished products	14.677	840	56.841	19.622
Cost of merchandise sold	(359.744)	192.897	(119.233)	(86.207)
Cost of service provided	(471.847)	(388.224)	(21.628)	(12.380)
Change of inventory impairment (Footnote 9)	-	-	(919)	-
	(2.703.631)	(930.960)	(1.318.932)	(550.797)

<u>c) Revenues from the finance sector</u>	1 January- 30 September 2023	1 July-30 September 2023	1 January- 30 September 2022	1 July- 30 September 2022
Gross profit from finance sector activities (*)	152.739	22.176	-	-
	152.739	22.176	-	-

(*) represents earned financial leasing income.

17. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from the main operations for the years ended on 30 September 2023 and 2022 are as follows:

	1 January- 30 September 2023	1 July- 30 September 2023	1 January- 30 September 2022	1 July- 31 September 2022
Foreign exchange income from activities	499.238	81.526	155.364	69.250
Incentive incomes	40.830	28.108	-	-
Delay interest income from commercial activities	9.181	9.181	18.460	5.898
Other	55.617	8.599	18.620	2.306
	604.866	127.414	192.444	77.454

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17. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (CONT'D)

The details of other expenses from the main operations for the years ended on 30 September 2023 and 2022 are as follows:

	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
Delay interest expense from commercial activities	-	(110)	(470)	-
Provision for doubtful receivable (Footnote 6)	(15.893)	(15.893)	-	-
Other	(15.122)	105	(5.687)	(2.981)
	(31.015)	(15.898)	(6.157)	(2.981)

18. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	30 September 2023	30 September 2022
Short-Term Assets Related to Current Period Tax		
Other prepaid taxes and funds	1.941	1.677
Period income tax liability	-	(1.744)
	1.941	(67)

The tax expense consists of:

	1 January-30 September 2023	1 July-30 September 2023	1 January-30 September 2022	1 July-30 September 2022
<u>The tax expense consists of:</u>				
Deferred Tax Asset	91.945	49.883	96.217	65.604
Total tax income	91.945	49.883	96.217	65.604

Corporation Tax

The Group is subject to corporate tax valid in Turkey. The necessary provisions have been made in the attached financial statements for the estimated tax liabilities of the Group regarding the current period operating results. Turkish tax legislation does not allow the parent company to file a tax return on the consolidated financial statements of its subsidiaries. For this reason, the tax liabilities reflected in these consolidated financial statements have been calculated separately for all companies included in the scope of consolidation.

The corporate tax rate to be accrued on the taxable corporate income is calculated over the remaining tax base after adding the non-deductible expenses from the tax base in the determination of the commercial profit and deducting the tax-exempt earnings, non-taxable incomes and other discounts (if any, the previous year losses and preferably the investment discounts used).

The corporate tax rate applied in Turkey in 2023 is 25% (2022: 23%).

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18. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (continued)
Corporation Tax (continued)

On 15 July 2023, with the “Law on Additional Motor Vehicles Tax and Amendments to Certain Laws and Decree Law No. 375 for the Compensation of Economic Losses Caused by the Earthquakes that occurred on 6 February 2023” published in the Official Gazette, the corporate tax rate was increased from 20% to 25%. Accordingly, provision for corporate tax and deferred tax have been calculated based on the corporate tax rate valid in the related year.

The Law No. 7061 on “Amending Some Tax Laws and Some Other Laws” was published in the Official Gazette no. 30261 on December 5, 2017. With Article 89 of this Law, the amendments are made to Article 5 of the Corporate Tax Law titled “Exceptions”. With the subparagraph (a) of the first paragraph of the article, the exemption of 75% applied to the earnings arising from the sale of the immovables in the assets of the corporates for two full years has been reduced to 50%. This regulation entered into force as of 5 December 2017.

In accordance with the decision on the amendment of the decision on Government Grants in Investment No. 2017/9917 published in the Official Gazette dated 22 February 2017 and numbered 29987, based on Decision no. 2012/3305 and previous decisions, within the scope of the investment incentive certificates issued for manufacturing sector (“US-97 Code: 15-37”), for the investment expenditures between 1 January 2017 and 31 December 2017, the investment contribution rates to be applied in the contribution to the tax reductions within the scope of regional, large-scale and strategic incentive applications shall be applied, without any action on the incentive certificate, by adding 15 points to the contribution rate of investment which is effective in each region and to provide the corporate tax or income tax reduction to be as 100% in all regions and the rate of the investment contribution amount to be applied to the earnings of the investor from other activities during the investment period to be 100%.

Tax Advantages Obtained under the Investment Incentive System:

R&D Incentives

The Company capitalizes the R&D expenditures it has made within the scope of the law numbered 5746 in its legal books. As of 30 September 2023, it carries the R&D deduction amounting to TL 434,164 into the next years. As of 30 September 2023, TL 108,541 was transferred to the consolidated financial statements as a deferred tax asset.

Investment Incentives

The Company's earnings from investments subject to incentive certificate are subject to corporate tax at reduced rates starting from the accounting period in which the investment is partially or fully operational until the solid amount of the investment is reached. In this context, as of 30.09.2023, the Company has a tax advantage of TL 374,408 that it can benefit from in the future. As of 30.09.2023, TL 114,568 was transferred to the consolidated financial statements as a deferred tax asset.

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18. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (continued)

Deferred Tax

The Group recognizes the deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TFRS. These differences are generally due to the fact that some income and expense items take place in different periods in the tax base financial statements and the financial statements prepared in accordance with TFRS, and these differences are stated below.

The tax rate used in the calculation of the deferred tax assets and liabilities is 20% (2022: 23%) over the temporary timing differences that are expected to reverse in 2023, and 20% (2022: 23%) over the temporary timing differences that are expected to reverse after 2023.

The subsidiaries with the deferred tax assets are not netted off with the subsidiaries with the deferred tax liabilities and are shown separately, since the businesses in Turkey cannot declare the consolidated tax returns.

<u>Deferred tax assets / (liabilities):</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
Deductible financial losses	58.586	13.895
Revaluation and differences on depreciation of property, plant and equipment / amortization of other intangible assets	(386.750)	(135.807)
Investment incentive	223.110	173.855
Income accruals	(22.545)	(1.412)
Derivative instruments	(57.595)	(31.076)
Warranty expense provision	82.704	27.772
Severance pay provisions	31.723	26.333
Deferred tax assets arising from cash capital increase	49.244	39.396
Impact of stock adjustments	(3.216)	4.398
Adjustments for bonds	-	263
Lawsuit provision	-	497
Permission and fee provision	6.198	2.666
Provision for sales discounts	-	243
Adjustments to trade receivables	18.542	21.464
Hedge accounting adjustments	27.164	21.563
Other	-	8.617
	<u>27.195</u>	<u>172.667</u>

As of 30 September 2023, the Group has an accumulated tax loss of TL 243,817 (31 December 2022: TL 69,475). Within the framework of the five-year projections made by the Group management regarding whether it will be possible to obtain the taxable profit before the accumulated tax losses expire or not, the deferred tax assets of TL 243,817 (31 December 2022: TL 69,475) are reflected in the financial statements for the deferred tax losses of TL 60,954 (31 December 2022: TL 13,815), which it considers likely to be reused.

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18. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (continued)

Deferred Tax (continued)

	<u>30 September</u> <u>2023</u>	<u>31</u> <u>December</u> <u>2022</u>
expire in 2023	33.105	33.105
expire in 2024	1.148	1.148
expire in 2025	6.594	6.594
expire in 2026	-	-
expire in 2027	68.538	28.628
	<u>109.385</u>	<u>69.475</u>

As of 30 September 2023, the movement of the deferred tax assets / (liabilities) for the year ended is given below:

<u>Movement of the deferred tax asset / (liability):</u>	<u>30 September</u> <u>2023</u>	<u>31</u> <u>December</u> <u>2022</u>
Opening balance restated as of January 1	172.667	97.334
Recognized in the profit or loss statement	91.945	128.982
Recognized under equity	(243.858)	(53.649)
Change occurring due to share-based transactions	6.441	-
Closing balance as of September 30	<u>27.195</u>	<u>172.667</u>

19. EARNINGS / (LOSS) PER SHARE

The weighted average of Group shares for the periods ended on 30 September 2023 and 2022 and calculations of 1 full TL equivalent earnings per share are as follows (assuming that the cash increases do not include bonus shares):

	<u>1 January-1 July-30</u> <u>30 September-September</u> <u>2023 2023</u>	<u>1 January-30</u> <u>September</u> <u>2023</u>	<u>1 January-31</u> <u>March</u> <u>2022</u>
Weighted average number of shares outstanding	90.000.000.000	90.000.000.000	90.000.000.000
Net profit for the period of the parent (one thousand TL)	8.699	(65.789)	18.853.000
Earnings per share (kr) (per share)	0,010	(0,073)	0,002

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20. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Market risk management

Due to its activities, the Group is exposed to the financial risks related to the changes in foreign exchange rates and interest rates.

Market risks encountered at the group level are measured on the basis of the sensitivity analysis.

In the current period, there has been no change in the market risk to which the Group is exposed or the method of handling the risks encountered or the method used to measure these risks compared to the previous year.

Currency risk management

The transactions in foreign currencies cause an exchange rate risk. The currency risk is managed with the forward foreign exchange purchase/sell contracts based on the approved policies.

The distribution of the Group's monetary and non-monetary assets in foreign currency and monetary and non-monetary liabilities as of the balance sheet date is as follows:

	30 September 2023					
	TL Equivalent (Functional currency)	US Dollar	EURO	RON	GBP	Other
1. Trade Receivable	1.576.887	4.928	49.051	3.053	2	9
2a. Monetary Financial Assets	318.547	591	10.346	-	59	1
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	5.400	-	186	-	-	-
4. CURRENT ASSETS	1.900.834	5.519	59.583	3.053	61	10
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	6.908	-	238	-	-	-
8. PROPERTY, PLANT AND EQUIPMENT	6.908	-	238	-	-	-
9. TOTAL ASSETS	1.907.742	5.519	59.821	3.053	61	10
10. Trade Payables	556.954	958	13.334	4.121	51	37
11. Financial Liabilities	2.080.032	-	71.521	-	-	-
12a. Other Monetary Liabilities	2.030	-	70	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-
13. SHORT-TERM LIABILITIES	2.639.016	958	84.925	4.121	51	37
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	25.761	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-
17. LONG-TERM LIABILITIES	-	-	25.761	-	-	-
18. TOTAL LIABILITIES	2.639.016	958	110.686	4.121	51	37
20. Net foreign currency asset liability position (9-18+19)	(731.274)	4.561	(50.865)	(1.068)	10	(27)
21. Monetary items net foreign currency asset / liability position (1+2a+5+6a-10-11-12a-14-15-16a)	(743.582)	4.561	(51.289)	(1.068)	10	(27)
23. Amount of the hedged portion of the foreign currency assets	1.914.730	-	68.837	-	-	-
25. Export	2.035.401	5.036	80.870	-	-	-
26. Import	983.542	2.666	29.591	-	193	6

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20. NATURE AND LEVEL OF THE RISKS ARISING FROM THE FINANCIAL INSTRUMENTS

(continued) Currency risk management (continued)

	31 December 2022					
	TL Equivalent (Functional currency)	USD	EURO	RON	GBP	Other
1. Trade Receivable	1.241.218	323	53.355	42.448	-	107
2a. Monetary Financial Assets	30.654	22	1.488	133	1	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	70.450	-	3.534	-	-	-
4. CURRENT ASSETS	1.342.322	345	42.581	42.581	1	107
5. Trade Receivables	125.498	-	6.295	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	282.044	-	14.148	-	-	-
8. PROPERTY, PLANT AND EQUIPMENT	407.542	-	20.444	-	-	-
9. TOTAL ASSETS	1.749.864	345	42.581	42.581	1	107
10. Trade Payables	483.507	2.554	21.510	296	8	1.822
11. Financial Liabilities	1.635.434	1.500	80.484	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-
13. SHORT-TERM LIABILITIES	2.118.941	4.054	296	296	8	1.822
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	603.914	-	30.240	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-
17. LONG-TERM LIABILITIES	603.914	-	30.240	-	-	-
18. TOTAL LIABILITIES	2.722.855	4.054	132.234	296	8	1.822
20. Net foreign currency asset liability position (9-18+19)	(972.991)	(3.708)	(53.413)	42.285	(6)	(1.715)
21. Monetary items net foreign currency asset / liability position (1+2a+5+6a-10-11-12a-14-15-16a)	(1.325.485)	(3.708)	(71.095)	42.285	(6)	(1.715)
23. Amount of the hedged portion of the foreign currency assets	1.415.196	-	70.991	-	-	-
25. Export	1.718.989	6	84.353	35.473	-	4.793
26. Import	837.100	6.305	41.311	-	200	8.226

Sensitivity to currency risk

The Group is exposed to the currency risk mainly in USD and EURO.

The table below shows the Group's sensitivity to 10% increase or decrease in USD and EURO exchange rates. The 10% rate is the rate used when reporting the currency risk within the Group to the senior managers, and the said rate represents the possible change expected by the management in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at year-end and shows the effects of 10% change in foreign currency exchange rates at the end of the year. This analysis includes the foreign borrowings, as well as non-functional currency loans of borrower and creditor parties, which are used for foreign operations within the Group. A positive value represents an increase in profit/loss and other equity items.

The Group management is of the opinion that the sensitivity analysis does not fully express the foreign currency risk since the currency risk analysis at the end of the year does not reflect the currency risk that occurred during the year.

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20. NATURE AND LEVEL OF THE RISKS ARISING FROM THE FINANCIAL INSTRUMENTS

(continued) Currency risk management (continued)

	30 September 2023			
	Profit / loss		Equities	
	Appreciation of foreign	Depreciation of foreign	Appreciation of foreign	Depreciation of foreign
In case of 10% appreciation of USD against TL				
1 - USD net asset / liability	12.487	(12.487)	12.487	(12.487)
2- The portion hedged against the USD risk (-)	-	-	-	-
3- USD net effect (1 +2)	12.487	(12.487)	12.487	(12.487)
In case of 10% appreciation of EURO against TL				
4 - EURO net asset / liability	(147.664)	147.664	(147.664)	147.664
5- The portion hedged against the EURO risk (-)	191.128	(191.128)	191.128	(191.128)
6- EURO net effect (4+5)	43.464	(43.464)	43.464	(43.464)
In case of 10% appreciation of RON against TL				
7 - RON currency net asset / liability	(620)	620	(620)	620
8- The portion hedged against the RON exchange rate risk (-)	-	-	-	-
9- RON Currency Assets net effect (7 +8)	(620)	620	(620)	620
In case of 10% appreciation of GBP against TL				
10 - GBP currency net asset / liability	33	(33)	33	(33)
11- The portion hedged against the GBP exchange rate risk (-)	-	-	-	-
12- GBP Currency Assets net effect (10 +11)	33	(33)	33	(33)
In case of 10% appreciation of Other against TL				
13 - Other currency net asset / liability	(80)	80	(80)	80
14- The portion hedged against the Other exchange rate risk (-)	-	-	-	-
15- Other Currency Assets net effect (13 +14)	(80)	80	(80)	80
TOTAL (3 + 6 + 9 + 12 + 15)	55.284	(55.284)	55.284	(55.284)

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	31 December 2022			
	Profit / loss		Equities	
	Appreciation of foreign	Depreciation of foreign	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TL				
1 - USD net asset / liability	(6.933)	6.933	(6.933)	6.933
2- The portion hedged against the USD risk (-)				
3- USD net effect (1 +2)	(6.933)	6.933	(6.933)	6.933
In case of 10% appreciation of EURO against TL				
4 - EURO net asset / liability	(106.478)	106.478	(106.478)	106.478
5- The portion hedged against the EURO risk (-)	141.520	(141.520)	141.520	(141.520)
6- EURO net effect (4+5)	35.042	(35.042)	35.042	(35.042)
In case of 10% appreciation of RON against TL				
7 - RON currency net asset / liability	16.940	(16.940)	16.940	(16.940)
8- The portion hedged against the RON exchange rate risk (-)	-	-	-	-
9- RON Currency Assets net effect (7 +8)	16.940	(16.940)	16.940	(16.940)
In case of 10% appreciation of GBP against TL				
10 - GBP currency net asset / liability	(13)	13	193	(193)
11- The portion hedged against the GBP exchange rate risk (-)				
12- GBP Currency Assets net effect (10 +11)	(13)	13	193	(193)
In case of 10% appreciation of Other against TL				
13 - Other currency net asset / liability	(3.465)	3.465	(3.434)	3.434
14- The portion hedged against the Other exchange rate risk (-)				
15- Other Currency Assets net effect (13 +14)	(3.465)	3.465	(3.434)	3.434
TOTAL (3 + 6 + 9 + 12 + 15)	41.571	(41.571)	41.808	(41.808)

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21. FINANCIAL INSTRUMENTS

30 September 2023	Financial assets shown at amortized value	Amounts at fair value through other income	Amounts at fair comprehensive through profit or loss	Financial liabilities shown at amortized value	Book value	Not
<u>Financial assets</u>						
Cash and cash equivalents	206.591	-	-	-	206.591	
Trade receivables	1.641.652	-	-	-	1.641.652	7
Trade receivables from related	546	-	-	-	546	6
Financial leasing receivables	428.640	-	-	-	428.640	
Financial investments	127.325	-	80.350	-	207.675	
Other receivables	239.034	-	-	-	239.034	
Derivative instruments	-	-	197.845	-	197.845	
<u>Financial liabilities</u>						
Financial debts	-	-	-	(3.550.076)	(3.550.076)	12
Payables from leasing	-	-	-	(15.035)	(15.035)	
Trade payables	-	-	-	(721.475)	(721.475)	7
Receivables to related parties	-	-	-	(95.875)	(95.875)	6
Other liabilities	-	-	-	(21.880)	(21.880)	15
<hr/>						
31 December 2022	Financial assets shown at amortized value	Amounts at fair value through other	Amounts at fair value through profit or loss	Financial liabilities shown at amortized value	Book value	Not
<u>Financial assets</u>						
Cash and cash equivalents	44.731	-	-	-	44.731	36
Trade receivables	1.824.116	-	-	-	1.824.116	6
Trade receivables from related	702	-	-	-	702	5
Financial leasing receivables	352.494	-	-	-	352.494	7
Financial investments	18.855	86.743	169.334	-	274.932	30
Other receivables	137.917	-	-	-	137.917	8
Derivative instruments	-	-	144.754	-	144.754	29
<u>Financial liabilities</u>						
Financial debts	-	-	-	(3.097.669)	(3.097.669)	30
Payables from leasing transactions	-	-	-	(25.971)	(25.971)	13
Trade payables	-	-	-	(912.160)	(912.160)	6
Receivables to related parties	-	-	-	(48.184)	(48.184)	5
Other liabilities	-	-	-	(29.675)	(29.675)	18

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22. EVENTS AFTER THE REPORTING PERIOD

- On 04.10.2023, our company announced the bookbuilding notification dated October 4-5, 2023 in the PDP for the issue of commercial papers with a nominal value of 150.000.000 TL, 364-day maturity and quarterly coupon payments, to be issued to the qualified investors.
- On 06.10.2023, our company announced the special event disclosure regarding the Completion of Issue of the Commercial Paper in an amount of TL 350 Million in the PDP.
- On 12.10.2023, our company announced the Real Estate Valuation Report prepared by Vakıf Gayrimenkul Değerleme A.Ş. in the PDP.
- On 16.10.2023, our company announced the special event disclosure for the Senior Management Change in the PDP.
- On 17.10.2023, our company revised and announced in the PDP the Company General Information form with the change for the senior management.
- On 03.11.2023, our company announced the Expansion of our Distributorship Agreement for the USA in the PDP.