

**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ
VE TİCARET ANONİM ŞİRKETİ
AND ITS SUBSIDIARY**

CONVENIENCE TRANSLATION INTO ENGLISH
OF THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR INTERIM PERIOD
31 MARCH 2024

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**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH
2024**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

| ASSETS | Notes | Current Period (Unaudited) 31 March 2024 | Prior Period (Audited) 31 December 2023 |
|--|--------------|---|--|
| Current Assets | | | |
| Cash and Cash Equivalents | 3 | 8.950.183.555 | 15.100.021.281 |
| Financial Investments | 3 | 2.416.323.337 | 1.532.679.992 |
| Trade Receivables | 6 | 5.264.802.267 | 4.394.223.023 |
| Trade Receivables from Related Parties | 22 | 603.122.396 | 413.867.274 |
| Trade Receivables from Third Parties | | 4.661.679.871 | 3.980.355.749 |
| Other Receivables | | 88.086.645 | 77.041.564 |
| Other Receivables from Related Parties | 22 | 703.578 | 632.485 |
| Other Receivables from Third Parties | | 87.383.067 | 76.409.079 |
| Derivative Financial Instruments | 5 | 77.750.985 | 95.752.426 |
| Inventories | 7 | 4.355.105.269 | 3.783.097.652 |
| Prepaid Expenses | 8 | 476.993.080 | 279.606.244 |
| Current Tax Assets | 21 | - | 14.663.124 |
| Other Current Assets | | 12.012.432 | 71.026.877 |
| Total Current Assets | | 21.641.257.570 | 25.348.112.183 |
| Non-Current Assets | | | |
| Other Receivables | | 210.964 | 238.970 |
| Other Receivables from Related Parties | | 210.964 | 238.970 |
| Derivative Financial Instruments | 5 | 1.332.957.720 | 1.385.724.370 |
| Property Plant and Equipment | 9 | 14.322.106.803 | 14.048.796.816 |
| Right of Use Assets | 10 | 106.185.708 | 101.298.897 |
| Intangible Assets | | 1.098.433.831 | 1.114.093.677 |
| Goodwill | 12 | 73.291.322 | 73.291.322 |
| Other Intangible Assets | 11 | 1.025.142.509 | 1.040.802.355 |
| Prepaid Expenses | 8 | 284.688.613 | 277.389.355 |
| Deferred Tax Assets | 21 | 220.099.269 | 367.189.108 |
| Total Non-Current Assets | | 17.364.682.908 | 17.294.731.193 |
| TOTAL ASSETS | | 39.005.940.478 | 42.642.843.376 |

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

**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH
2024**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

| | | Current Period (Unaudited) 31 March 2024 | Prior Period (Audited) 31 December 2023 |
|---|--------------|---|--|
| LIABILITIES | Notes | | |
| Current Liabilities | | | |
| Short-term Borrowings | 4 | 364.452.204 | 440.948.408 |
| Short-term Portion of Long-Term Borrowings | 4 | 8.555.140.065 | 10.800.599.563 |
| Trade Payables | 6 | 6.506.773.956 | 7.397.006.751 |
| Trade Payables to Related Parties | 22 | 2.757.442.412 | 2.641.959.276 |
| Trade Payables to Third Parties | | 3.749.331.544 | 4.755.047.475 |
| Payables Related to Employee Benefits | | 503.665.282 | 170.767.975 |
| Other Payables | | 100.792.414 | 135.271.540 |
| Other Payables to Related Parties | 22 | 2.890.366 | 3.658.376 |
| Other Payables to Third Parties | | 97.902.048 | 131.613.164 |
| Derivatives | 5 | 47.806.598 | 141.318.742 |
| Deferred Income | 8 | 422.708.236 | 341.103.165 |
| Current Tax Liability | 21 | 29.102.648 | 13.166.342 |
| Short-term Provisions | | 1.018.412.124 | 442.237.969 |
| Short-term Provisions for Employee Benefits | | 156.985.254 | 239.729.491 |
| Other Short-term Provisions | 13 | 861.426.870 | 202.508.478 |
| Other Current Liabilities | | 21.976.813 | 12.850.557 |
| Total Current Liabilities | | 17.570.830.340 | 19.895.271.012 |
| Non-Current Liabilities | | | |
| Long-term Borrowings | 4 | 4.642.389.401 | 6.722.309.165 |
| Long-term Provisions | | 490.753.772 | 553.576.682 |
| Long-term Provisions for Employee Benefits | | 490.753.772 | 553.576.682 |
| Total Non-Current Liabilities | | 5.133.143.173 | 7.275.885.847 |
| Total Liabilities | | 22.703.973.513 | 27.171.156.859 |
| EQUITY | | | |
| Equity of the Parent Company | | 16.227.416.565 | 15.384.034.667 |
| Share Capital | 15 | 305.116.875 | 305.116.875 |
| Adjustment to Share Capital | 15 | 6.461.384.944 | 6.461.384.944 |
| Share Premium | 15 | 92.129 | 92.129 |
| Accumulated Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss | | | |
| Hedging Reserve (Losses) / Gains | | 153.823.276 | (90.213.994) |
| Foreign Currency Conversion Adjustments | | (1.486.594) | (1.485.643) |
| Accumulated Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss | | | |
| Actuarial (Losses)/ Gains | | (569.621.343) | (570.332.978) |
| Restricted Reserves | 15 | 1.868.970.205 | 1.868.970.205 |
| Retain Earnings | 15 | 7.410.503.129 | 2.824.461.485 |
| Net Income for The Period | 15 | 598.633.944 | 4.586.041.644 |
| Not Controlling Interest | 15 | 74.550.400 | 87.651.850 |
| Total Equity | | 16.301.966.965 | 15.471.686.517 |
| TOTAL LIABILITIES AND EQUITY | | 39.005.940.478 | 42.642.843.376 |

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

**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş AND ITS SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 31
MARCH 2024**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

| | | Current Period (Unaudited) 1 January- 31 March 2024 | Prior Period (Audited) 1 January- 31 March 2023 |
|---|-------|--|--|
| Sales | 16 | 7.468.983.539 | 8.062.948.899 |
| Cost of Sales (-) | 16-17 | (5.370.167.211) | (6.227.348.926) |
| GROSS PROFIT | | 2.098.816.328 | 1.835.599.973 |
| General Administrative Expenses (-) | 17 | (267.431.166) | (314.218.743) |
| Marketing Expense (-) | 17 | (780.784.949) | (687.413.341) |
| Research and Development Expenses (-) | 17 | (32.855.889) | (29.383.361) |
| Impairment Loss on Trade Receivables, net (-) | 17 | 3.920.574 | 4.013.696 |
| Other Operating Income | 18 | 526.871.915 | 426.586.224 |
| Other Operating Expenses (-) | 18 | (798.688.613) | (469.332.950) |
| OPERATING PROFIT | | 749.848.200 | 765.851.498 |
| Income From Investing Activities | 19 | 132.737.095 | 183.531.378 |
| Expenses From Investing Activities (-) | 19 | (745.682) | (4.424.354) |
| PROFIT BEFORE FINANCIAL EXPENSES | | 881.839.613 | 944.958.522 |
| Financing Income | 20 | 1.018.338.802 | 300.386.862 |
| Financing Expenses (-) | 20 | (1.456.730.815) | (658.161.223) |
| Net monetary position gain | | 330.932.340 | 507.811.663 |
| PROFIT BEFORE TAX | | 774.379.940 | 1.094.995.824 |
| Taxation on Income (-) | | (188.847.446) | (579.906.570) |
| Current Tax Expense (-) | 21 | (72.667.741) | (317.497.712) |
| Deferred Tax Income / Expense (-) | 21 | (116.179.705) | (262.408.858) |
| PROFIT FOR THE PERIOD | | 585.532.494 | 515.089.254 |
| DISTRIBUTION OF PROFIT FOR THE PERIOD | | | |
| - Non-Controlling Shares | | (13.101.450) | (7.150.698) |
| - Parent Company Shares | | 598.633.944 | 522.239.952 |
| Earnings per share | | 1,835 | 1,532 |
| Diluted earnings per share | | 1,835 | 1,532 |

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

**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş AND ITS
SUBSIDIARY CONDENSED CONSOLIDATED STATEMENT OF OTHER
COMPREHENSIVE INCOME FOR THE PERIOD 31 MARCH 2024**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

| Notes | Current Period (Unaudited) 1 January- 31 March 2024 | Prior Period (Unaudited) 1 January- 31 March 2023 |
|---|--|--|
| PROFIT FOR THE PERIOD | 585.532.494 | 515.089.254 |
| <i>OTHER COMPREHENSIVE INCOME:</i> | | |
| Items that will never be reclassified to profit or loss | 711.635 | (4.154.726) |
| Actuarial (Losses) / Gains (-) | 948.846 | (5.539.635) |
| Other Comprehensive or Expenses That Will Not Be Reclassified to Profit or (Loss) | | |
| Deferred Tax Income / (Expense) (-) | 21 (237.211) | 1.384.909 |
| Items that are or may be reclassified to profit or loss | 244.036.319 | (339.000) |
| Hedging Reserve Gains/ Losses (-) | 274.710.193 | (13.576.208) |
| Foreign Currency Conversion Adjustments | (951) | 6.882.420 |
| Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss (-) | | |
| Deferred Tax Income (-) | 21 (30.672.923) | 6.354.788 |
| OTHER COMPREHENSIVE INCOME/ EXPENSE (-) | 244.747.954 | (4.493.726) |
| TOTAL COMPREHENSIVE INCOME / EXPENSE (-) | 830.280.448 | 510.595.528 |
| DISTRIBUTION OF TOTAL COMPREHENSIVE INCOME | | |
| - Non-Controlling Shares | (13.101.450) | (7.150.698) |
| - Parent Company Shares | 843.381.898 | 517.746.226 |

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş AND ITS SUBSIDIARY CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT AND FOR THE PERIOD JANUARY 1 - 31 MARCH 2024

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

| | Share Capital | Adjustment Share Capital | Share Premium | Currency Translation Differences | Hedging Reserve Gains/ (Losses) | Other Comprehensive | Other Comprehensive | Retained Earnings | | | | |
|--|--------------------|--------------------------|---------------|----------------------------------|---------------------------------|---|---|---------------------------|----------------------|-----------------------|---------------------------|------------------------------|
| | | | | | | Income or Expenses That Will Be Reclassified Profit or Loss | Income or Expenses That Will Not Be Reclassified Profit or Loss | Actuarial (Losses) /Gains | Restricted Reserves | Retained Earnings | Net Income for The Period | Equity of the Parent Company |
| Balance on 1 January 2023 (Beginning of the Period) | 305.116.875 | 6.461.384.944 | 92.129 | (6.782.416) | 361.739.047 | (559.083.017) | 1.645.920.014 | 2.168.499.825 | 2.886.997.916 | 13.263.885.317 | 102.698.205 | 13.366.583.522 |
| Transfers | - | - | - | - | - | - | 223.050.191 | 2.663.947.725 | (2.886.997.916) | - | - | - |
| Dividends (*) | - | - | - | - | - | - | - | (2.007.986.065) | - | (2.007.986.065) | - | (2.007.986.065) |
| Total Comprehensive Income | - | - | - | 6.882.421 | (7.221.421) | (4.154.726) | - | - | 522.239.952 | 517.746.226 | (7.150.698) | 510.595.528 |
| Balance on 31 March 2023 (End of the Period) | 305.116.875 | 6.461.384.944 | 92.129 | 100.005 | 354.517.626 | (563.237.743) | 1.868.970.205 | 2.824.461.485 | 522.239.952 | 11.773.645.478 | 95.547.507 | 11.869.192.985 |
| Balance on 1 January 2024 (Beginning of the Period) | 305.116.875 | 6.461.384.944 | 92.129 | (1.485.643) | (90.213.994) | (570.332.978) | 1.868.970.205 | 2.824.461.485 | 4.586.041.644 | 15.384.034.667 | 87.651.850 | 15.471.686.517 |
| Transfers | - | - | - | - | - | - | - | 4.586.041.644 | (4.586.041.644) | - | - | - |
| Dividends | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Comprehensive Income | - | - | - | (951) | 244.037.270 | 711.635 | - | - | 598.633.944 | 843.381.898 | (13.101.450) | 830.280.448 |
| Balance on 31 March 2024 (End of the Period) | 305.116.875 | 6.461.384.944 | 92.129 | (1.486.594) | 153.823.276 | (569.621.343) | 1.868.970.205 | 7.410.503.129 | 598.633.944 | 16.227.416.565 | 74.550.400 | 16.301.966.965 |

(*) The dividend paid by the Group per share with a nominal value of 1 TL is 3,60 TL gross (Payment date is given by purchasing power).

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

**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş AND ITS
SUBSIDIARY CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
PERIOD JANUARY 1 - 31 MARCH 2024**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

| | Notes | Unaudited | |
|---|----------|---|---|
| | | Current Period 1 January- 31 March 2024 | Prior Period 1 January- 31 March 2023 |
| Net Profit for The Period | | 585.532.494 | 515.089.254 |
| Adjustments to Reconcile Profit for The Period | | 2.038.599.636 | 2.093.969.843 |
| Adjustments Related to Depreciation and Amortization Expenses | 17 | 458.004.065 | 436.304.149 |
| Provisions for Employee Benefits | | 74.824.496 | 58.399.277 |
| Adjustments Related to Retirement Pay Provision | | 198.897.048 | 54.931.806 |
| Lawsuit Provision | 13 | 10.968.579 | 2.835.319 |
| Adjustment Related to Other Provisions | 13 | 804.056.018 | 782.945.216 |
| Adjustments Related to Doubtful Receivables | 6 | (3.920.574) | (3.402.497) |
| Interest Income | 18-20 | (785.505.191) | (267.600.018) |
| Interest Expense | 18-20 | 1.245.441.702 | 637.648.070 |
| Unrealized Foreign Exchange Losses / (Gains) | | 48.830.498 | 27.988.841 |
| (Gains) / Losses from Derivative Financial Instruments | 5 | (169.228.310) | 23.457.795 |
| Adjustments Related to Tax Expense / (Income) | 21 | 188.847.446 | 579.906.570 |
| Losses / (Gain) on Sale of Property, Plant and Equipment and Intangible Assets, Net | | (560.493) | 4.422.314 |
| Adjustments Related to Losses / (Gains) | | | |
| Impairment on Inventories | 7 | 1.479.339 | (4.628.679) |
| Finance expense accruals from credit purchases (net) | 6 | (173.150.548) | (122.456.562) |
| Finance income accruals from credit sales (net) | 6 | 397.597.929 | 320.422.352 |
| Adjustments Related to Other Items that Cause Cash Flows from Investing or Financing Activities | | (153.710.000) | (105.662.480) |
| Other Adjustments Related to Profit (Loss) Reconciliation | | (104.272.368) | (331.541.630) |
| Changes In Working Capital | | (2.255.266.142) | (1.982.327.325) |
| Adjustments Related to Increase / Decreases in Trade Receivables | | (1.229.453.258) | (1.416.306.864) |
| Adjustments Related to Increase / Decreases in Inventory | | (785.168.168) | 419.263.814 |
| Adjustments Related to Increase / Decreases in Other Receivables Related to Operations | | 47.997.370 | 157.596.396 |
| Adjustments Related to Increase / Decreases in Prepaid Expenses | | (204.676.421) | (179.411.009) |
| Adjustments Related to Increase / Decreases in Trade Payables | | (473.090.363) | (1.555.628.873) |
| Adjustments Related to Increase / Decreases in Deferred Income | | 81.605.071 | 60.885.293 |
| Adjustments Related to Increase / Decreases in Employee Benefits Payables | | 332.897.307 | 424.538.811 |
| Adjustments Related to Increase / Decreases in Other Payables Related to Operations | | (25.377.680) | 106.735.107 |
| Cash Flows from Operating Activities | | (176.151.386) | (410.338.812) |
| Collection from doubtful receivables | 6 | - | 611.199 |
| Interest Received | | 4.800.510 | 1.398.070 |
| Interest Paid | | (25.234.638) | (27.176.671) |
| Taxes Paid / Reimbursed | | (44.835.591) | (12.579.830) |
| Paid / Reversed Provisions | | (126.183.721) | (27.274.542) |
| Paid / Reversed Lawsuit Provisions | 13 | (4.056.043) | (452.830) |
| Retirement Benefits Paid | | (317.647.615) | (295.913.278) |
| Cash Inflows / (Outflows) from Financial Derivatives | | 337.005.712 | (48.950.930) |
| A. NET CASH GENERATED FROM OPERATING ACTIVITIES | | 192.714.602 | 216.392.960 |
| Proceeds From Sale of Property, Plant and Equipment and Intangible Assets | | 698.833 | (4.422.311) |
| Net Cash Effect of Subsidiary Acquisition | | (934.013.058) | (576.937.893) |
| Acquisition of Property, Plant and Equipment and Intangible Assets | 3-19 | (828.736.729) | (146.160.833) |
| Change in Financial Investments | 19 | 78.582.498 | 86.101.484 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | (1.683.468.456) | (641.419.553) |
| Proceeds from of Borrowings | 4 | - | 7.056.149.565 |
| Cash outflows from Repayment of Borrowings | 4 | (3.971.500.129) | (3.003.375.661) |
| Interest Paid | 4 | (1.221.927.440) | (571.385.735) |
| Interest Received | | 925.233.973 | 218.024.127 |
| Other Cash Inflows / (Outflows) | | 1.733.205.982 | 810.020.999 |
| Cash Outflows from Lease Liabilities | 4 | (18.050.188) | (11.138.593) |
| Cash inflows from Factoring | 4 | (23.135.743) | 49.777.704 |
| Dividends Paid | | - | (2.007.986.065) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | (2.576.173.545) | 2.540.086.341 |
| Net Increase / (Decrease) in Cash and Cash Equivalents before translation effect of foreign currency (A+B+C) | | (4.066.927.399) | 2.115.059.748 |
| D. Translation Effect of Foreign Currency on Cash and Cash Equivalents | | - | - |
| Inflation effect on cash and cash equivalents | | (1.938.381.035) | (766.802.682) |
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C+D) | | (6.005.308.434) | 1.348.257.066 |
| Cash and Cash Equivalents at the beginning of the period | 3 | 14.806.019.348 | 6.890.446.527 |
| Cash and Cash Equivalents at the end of the period | 3 | 8.800.710.914 | 8.238.703.593 |

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 31 MARCH 2024

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa" or "Group") was established in 1974 as a subsidiary of Hacı Ömer Sabancı Holding A.Ş.

Brisa is primarily engaged in manufacturing, marketing and selling vehicle tires in Türkiye. In 1988, the Group entered into a license agreement with Bridgestone Corporation for the purpose of manufacturing and selling Bridgestone tires.

The control of the Group is jointly held by H.Ö. Sabancı Holding A.Ş. and Bridgestone Corporation.

The Group's employee headcount with indefinite-term employment contract is 3.668 (31 December 2023: 3.712). This number includes 2.741 employees who are subject to Collective Bargaining Agreement terms (31 December 2023: 2.786), 921 employees who are not subject to these terms (31 December 2023: 906). There are 6 foreign employees (31 December 2023: 20). In addition, there are 69 employees who are subject to definite-term employment contracts (31 December 2023: 6).

Brisa is registered with the Capital Markets Board ("CMB") and its shares have been quoted in Borsa İstanbul A.Ş. since 1986. As of March 31, 2024, and 31 December 2023, the Group has a 10.24% shareholding in Borsa İstanbul. As at 31 March 2024 and 31 December 2023, the main shareholders and their respective shareholding in the Group are as follows.

| | 31 March 2024 | 31 December 2023 |
|--------------------------------|----------------------|-------------------------|
| | % | % |
| Hacı Ömer Sabancı Holding A.Ş. | 43,63 | 43,63 |
| Bridgestone Corporation | 43,63 | 43,63 |
| Other | 12,74 | 12,74 |
| Total | 100,00 | 100,00 |

The address of the registered office of the Company is as follows:
Küçük Çamlıca Mahallesi Şehit İsmail Moray Sokak
Temsal Sitesi No:2/1 Üsküdar, İstanbul

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of compliance with TFRS

The accompanying consolidated financial statements are in accordance with the provisions of the Capital Markets Board ("CMB"), "Communiqué on Principles of Financial Reporting in the Capital Markets" ("Communiqué") No. II -14.1 published in the Official Gazette dated 13 September 2013 and numbered 28676. has been prepared in accordance with the Turkish Financial Reporting Standards ("TFRS"), which was put into effect by the Accounting and Auditing Standards Authority ("KGK"). TFRSs; It includes Standards and Interpretations published by KGK under the names of Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TMS Interpretations and TFRS Interpretations.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş AND ITS SUBSIDIARY NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 31 MARCH 2024

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation (cont'd)

Statement of compliance with TFRS (cont'd)

Consolidated financial statements are presented in accordance with the TFRS taxonomy developed based on the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 28676 on 7 June 2019.

Approval of consolidated financial statements:

The consolidated financial statements for the period 1 January-31 March 2024 have been approved for issue by the Board of Directors on 29 May 2024 and signed on behalf of the Board of Directors by Haluk Kürkçü, General Manager, and Neslihan Döngel Özlem, Chief Financial Officer. The General Assembly of the Group has the right to amend, and relevant regulatory bodies have the right to request the amendment of these consolidated financial statements.

Measurement principles

The consolidated financial statements are prepared under the historical cost convention, except for financial investments measured at fair value through other comprehensive income and profit or loss. See Note 24 for fair value disclosures.

Functional currency

The financial statements of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position are expressed in Turkish Lira ("TL"), which is the functional currency of the Group and the reporting currency for the financial statements.

Financial reporting in hyperinflationary economy

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economies are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December 2023, on the purchasing power basis as of 31 March 2024.

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

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.1 Basis of Presentation (cont'd)

The adjustments made in accordance with TAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index ("CPI") of Türkiye published by the Turkish Statistical Institute ("TURKSTAT"). As of 31 March 2024, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

| | Index | Adjustment Coefficient | Three-years compound inflation rates |
|-------------------|--------------|-------------------------------|---|
| 31.03.2024 | 2.139,47 | 1,00000 | 309% |
| 31.12.2023 | 1.859,38 | 1,15063 | 268% |
| 31.03.2023 | 1.269,75 | 1,68495 | 182% |

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

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

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.1 Basis of Presentation (cont'd)

In the reporting period in which the Group determines that its functional currency is the currency of a hyperinflationary economy and there was no hyperinflation in the previous period, the Group applies the requirements of TAS 29 as if the economy had always been hyperinflationary. Therefore, for non-monetary items measured at historical cost, the opening consolidated statement of financial position at the beginning of the earliest period presented in the Group's consolidated financial statements should be restated to reflect the effects of inflation since the date when assets were acquired, and liabilities were accepted or assumed. For non-monetary items presented at their current amounts in the opening consolidated statement of financial position, this restatement should reflect the effects of inflation from the date when their current values were determined until the end of the reporting period.

2.2 Changes in Significant Accounting Policies

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively in accordance with the transitional provisions. Changes that do not include any transitional provisions, optional significant changes in accounting policy, or accounting errors identified are applied retrospectively and prior period consolidated financial statements are restated.

2.3 Changes and Errors in Accounting Estimates

Changes in accounting estimates are reflected in the consolidated financial statements in the current period when the change is made, if the change is related to future periods, both in the period in which the change is made and in the future period, to be taken into account in determining the net profit or loss for the period. There has been no significant change in the accounting estimates of the Group in the current accounting period. Significant accounting errors identified are applied retrospectively and prior period consolidated financial statements are restated.

2.4 Summary of Significant Accounting Policies

Consolidation Principles

Subsidiaries

Subsidiaries are Groups over which the Group has control. Group's control: Exposure to variable returns in these Groups is provided by the power to own and direct those returns. Subsidiaries are consolidated using the full consolidation method from the date on which the control passes to the Group. They are excluded from the scope of consolidation as of the date of loss of control.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.4 Summary of Significant Accounting Policies (cont'd)

Consolidation Principles (cont'd)

The acquisition method is used in accounting for group business combinations. The acquisition cost includes the fair value of the assets transferred at the acquisition date, the liabilities incurred by the former owners of the acquired business and the costs of equity instruments issued by the Group. Acquisition cost includes the fair value of transferred assets and liabilities arising from contingent acquisition agreements.

Identifiable assets, liabilities and contingent liabilities acquired in a business combination are measured at their fair value at the acquisition date. For each acquisition, the Group's non-controlling interests acquired are accounted for either at their fair value or at their proportional share of the Group's net assets.

The table below shows the subsidiaries and shareholding ratios as of 31 March 2023 and 31 December 2023.

| Subsidiaries | 31 March 2024 | 31 December 2023 |
|--|------------------|---------------------|
| Arvento Mobil Sistemler A.Ş. | %89 | %89 |
| Arvento Kurumsal Hizmetler ve Danışmanlık A.Ş. | %89 | %89 |
| Arvento Mobile Systems Services Company LLC(*) | - | %89 |
| Arvento Mobile Systems GmbH | %89 | %89 |

(*)Arvento Mobile Systems Services, which is a subsidiary of Arvento Mobil Sistemler A.Ş., a subsidiary of the Group Co. was transferred on February 26, 2024 and the registration procedures were completed. Arvento Mobile Systems Services There is no significant impact on the consolidated financial statements of the Group.

2.4.1 Amendments published but not yet effective and not early adopted as of 31 March 2023

Changes that have been published but are not yet effective and have not been early implemented.

Some of the new standards, interpretations and amendments that have been issued but are not yet effective and early application is permitted but not early adopted by the Group as of the reporting date are as follows.

Classification of Liabilities as Short or Long Term (Amendments to TMS 1)

Amendments to the "Short- or Long-Term Classification of Liabilities" published by the International Accounting Standards Board (UMSK) on January 23, 2020, in order to clarify the presentation in the statement of financial position regarding the short-term or long-term classification of liabilities according to IAS 1, POA on March 12, 2020, with the title "Amendments to TMS 1 - Classification of Liabilities as Short-Term or Long-Term".

This amendment clarifies the additional explanations regarding the long-term classification of liabilities that the entity can postpone for at least twelve months, and other matters related to the classification of liabilities.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.1 Amendments published but not yet effective and not early adopted as of 31 March 2024 (Cont')

After reconsidering certain aspects of the 2020 changes; The IASB has removed the requirement that a right be unconditional and instead requires that the right to defer settlement has substance and exists at the end of the reporting period. The relevant amendment was published by the POA on 3 January 2023 as "IFRS 2023".

This right may be subject to a company that complies with the terms (contracts) specified in a loan arrangement. Additional disclosures are also required for long-term liabilities subject to future contracts. The amendments also clarify how an entity classifies a debt payable with its own shares.

The Group is required to apply these changes retrospectively from reporting periods beginning on or after 1 January 2024, but early application is permitted. It also specifies transitional provisions for companies that may have early implemented the 2020 amendments that have already been published but have not yet entered into force.

The implementation of this amendment in TAS 1 is not expected to have a significant impact on the Group's consolidated financial statements.

Lease liability in sales and leaseback transactions - Amendments to IFRS 16 Leases

In September 2022, the IASB issued the amendments to the Lease Liability for Sales and Leaseback Transactions - IFRS 16 Leases. Changes to IFRS 16 Leases affect how variable lease payments that arise in a seller-lessee sale and leaseback transaction are accounted for. The changes introduce a new accounting model for variable lease payments and will require seller-lessees to reassess and possibly reorganize sales and leaseback transactions from 2019.

Changes include:

- At initial recognition, variable lease payments are included when the seller-lessee measures the lease liability arising from a sale and leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent recognition of the lease liability, without recognizing any gains or losses on the right of use it holds.

The seller-tenant may apply different approaches in subsequent measurements that meet the new requirements.

These amendments are valid for reporting periods beginning on or after January 1, 2024, with earlier application permitted.

In accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the seller-lessee must apply retrospectively the changes regarding sales and leaseback transactions made after the initial application date of IFRS 16. Sales and leaseback transactions since the implementation of IFRS 16 in 2019 should be identified and re-examined, and those involving variable lease payments should be re-arranged where possible.

The application of this amendment in IFRS 16 is not expected to have a significant impact on the Group's consolidated financial statements.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.1 Amendments published but not yet effective and not early adopted as of 31 March 2024 (Cont')

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

On 25 May 2023, IASB has amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments introduce additional disclosure requirements for companies that enter into supplier finance arrangements (referred to as supply chain finance, payables finance or reverse factoring arrangements). However, they do not address the classification and presentation of the related liabilities and cash flows.

The IASB's amendments apply to supplier finance arrangements¹ that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

The Group does not expect that application of these amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements will have a significant impact on its consolidated financial statements.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.1 Amendments published but not yet effective and not early adopted as of 31 March 2024 (Cont')

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures

On 26 June 2023, The International Sustainability Standards Board (ISSB) has issued IFRS® Sustainability Disclosure Standards (IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures) to create a global baseline of investor-focused sustainability reporting that local jurisdictions can build on. The related standards were issued by POA as TSRS 1 and TSRS 2 on December 29, 2023.

The ISSB's first two standards are designed to be applied together, supporting companies to identify and report information that investors need for informed decision making – in other words, information that is expected to affect the assessments that investors make about companies' future cash flows.

To achieve this, the general standard provides a framework for companies to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets.

The standards are effective from 1 January 2024, but it will be for individual jurisdictions to decide whether and when to adopt.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

The new standards, amendments and interpretations that are issued by the IASB/ISSB but not issued by POA.

Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

Currencies are considered fungible for an entity if, at the measurement date and for a particular reason, an entity is able to exchange one currency for another currency. However, if the currencies are not fungible for the company, the company is required to estimate a spot exchange rate.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.1 Amendments published but not yet effective and not early adopted as of 31 March 2023 (Cont')

The new standards, amendments and interpretations that are issued by the IASB but not issued by POA (cont'd)

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate.

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable.
- the spot exchange rate used.
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the Amendments to IAS 21.

The amendments that have entered into force for accounting periods beginning on or after January 1, 2023, are as follows:

1. Disclosure of Accounting Policies (Amendments to TAS 1)
2. Definition of Accounting Estimates (Amendments to TAS 8)
3. Deferred Tax on Assets and Liabilities Arising from a Single Transaction - Amendments to TAS 12
Income Taxes
4. International Tax Reform - Second Pillar Model Rules - Amendments to TAS 12
5. Amendments to IAS 12 BOBI FRS - International Tax Reform - Second Pillar Model

These newly implemented standard amendments did not have a significant impact on the Group's consolidated financial statements.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont')

2.4.2 Events after reporting period

Subsequent events are events that occur between the reporting date and the date when the consolidated financial statements are authorized for issue. Events after the reporting date are divided into two categories:

- There is new evidence of the existence of the relevant events as at the reporting date; and
- There is evidence that the related events occurred after the reporting date (events that do not require restatement after the reporting date).

If there is new evidence that the events in question existed as of the reporting date or if the related events occurred after the reporting date and these events require restatement of the consolidated financial statements, the Group adjusts the consolidated financial statements in accordance with the new situation. If such events do not require restatement of the consolidated financial statements, the Group discloses the related matters in the related notes.

2.4.3 Comparative information and restatement of prior period consolidated financial statements

The consolidated financial statements of the Group are prepared comparatively with the prior period in order to enable the determination of the financial position and performance trends. Comparative figures are reclassified, where necessary, to conform to the presentation of the current period consolidated financial statements and significant changes are explained.

2.4.4 Segment Reporting

The Group is engaged in the production of radial, passenger car, passenger van, van, minibus, truck, bus outer tires and tread rubber, as well as radial and conventional construction machinery outer tires, various inner tubes and column sales and compound sales. The impact of Arvento Mobil Sistemler A.Ş. on the Group's consolidated financial statements as of March 31, 2024 is limited. Therefore, in accordance with the management approach, the Group's operations are considered as a single operating segment as of March 31, 2024 and the Group's results of operations, the determination of resources to be allocated to this activity and the review of the performance of these activities are evaluated within this framework.

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3. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS

| | 31 March 2024 | 31 December 2023 |
|---|----------------------|-------------------------|
| Cash on hand | 1.655 | 2.121 |
| Cash at banks | 8.950.181.900 | 15.100.019.160 |
| Demand deposits | 345.331.037 | 491.140.236 |
| Time deposits | 7.398.753.296 | 10.839.156.893 |
| Credit cards slip receivables | 1.206.097.567 | 2.639.793.553 |
| Investment Funds (*) | - | 1.129.928.478 |
| Total cash and cash equivalents | 8.950.183.555 | 15.100.021.281 |
| Interest accruals | (149.472.641) | (294.001.933) |
| Cash and cash equivalents in the cash flow statement | 8.800.710.914 | 14.806.019.348 |

(*) The Group uses Money Market Fund (Liquid Fund) traded in TEFAS as an investment fund.

The nature and extent of the risks on cash and cash equivalents are described in Note 23. Demand deposits comprise collections from direct debiting system (DDS) and cheques kept under current accounts based on agreements made with banks. Credit card slip receivables contain POS balances which have less than three months' maturity.

Financial Investments

Currency-protected deposit accounts are a financial asset with cash flows that include principal and interest or dividends, but they also show a derivative product feature as these cash flows may change depending on the change in exchange rates. Therefore, currency protected deposit accounts are treated as hybrid contracts and accounted for as financial assets whose fair value is recognized in profit or loss in line with the provisions of TFRS 9 regarding mixed contracts. Changes in the fair value of currency-protected deposit accounts are accounted for under "Income/Expense from Investing Activities" in the Statement of Profit or Loss and Other Comprehensive Income.

The details of short-term financial investments:

| Current Assets | 31 March 2024 | 31 December 2023 |
|-----------------------|----------------------|-------------------------|
| KKM (*) | 1.456.444.438 | 1.528.123.880 |
| Eurobond (**) | 955.694.654 | - |
| Other | 4.184.245 | 4.556.112 |
| | 2.416.323.337 | 1.532.679.992 |

(*) The Group's income from foreign exchange protected TL deposit accounts amounting to TL 131.430.920 (31 December 2023: TL 638.725.587), is accounted for under income from investment activities.

(**) The Group has interest accrual amounting to TL 2.058.194 from Eurobond accounts.

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3. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS (Cont'd)

Financial Investments (cont'd)

The Group presents deposits with maturities over 3 months and currency protected deposits as financial investments. The Group classifies its venture capital fund, Eurobond, and currency protected deposits in cash flows from investing activities in the cash flow statement.

4. FINANCIAL BORROWINGS

| | 31 March 2024 | | 31 December 2023 | |
|---|---|-----------------------|---|-----------------------|
| | Weighted average interest rate % | TL | Weighted average interest rate % | TL |
| Short-term TL sukuk issuances | 38,00 | 303.747.945 | 38,00 | 359.567.118 |
| Short-term bank factoring liabilities | 49,30 | 48.978.517 | 49,30 | 72.114.260 |
| Short term leasing liabilities | | 11.725.742 | | 9.267.030 |
| Short-term borrowings | | 364.452.204 | | 440.948.408 |
| Short-term portion of long-term TL bank borrowings | 38,20 | 4.132.972.270 | 36,15 | 4.716.948.300 |
| Short-term portion of long-term TL sukuk issuances | 45,39 | 1.065.078.411 | 41,06 | 1.689.177.767 |
| Short-term portion of long-term TL bond issuances | 32,33 | 1.676.463.445 | 31,67 | 2.484.001.384 |
| Short-term portion of long-term USD bank borrowings | 2,55 | 189.328.905 | 2,55 | 199.943.947 |
| Short-term portion of long-term EUR bank borrowings (*) | 7,15 | 123.120.671 | 7,15 | 98.751.015 |
| Short-term portion of long-term USD bank borrowings (*) | 6,83 | 1.348.231.093 | 6,85 | 1.601.704.093 |
| Short-term portion of long-term lease liabilities | | 19.945.270 | | 10.073.057 |
| | | 8.555.140.065 | | 10.800.599.563 |
| Total short-term borrowings | | 8.919.592.269 | | 11.241.547.971 |
| Long-term TL bank borrowings | 37,73 | 2.169.390.305 | 38,25 | 2.893.907.368 |
| Long-term TL bond issuances | | - | 32,00 | 855.223.852 |
| Long-term USD bank borrowings | 2,55 | 206.961.313 | 2,55 | 260.572.060 |
| Long-term EUR bank borrowings (*) | 7,15 | 1.651.867.498 | 7,15 | 1.776.449.616 |
| Long-term USD bank borrowings (*) | 7,18 | 574.775.074 | 7,16 | 886.038.074 |
| Long-term lease liabilities | | 39.395.211 | | 50.118.195 |
| Total long-term borrowings | | 4.642.389.401 | | 6.722.309.165 |
| Total financial liabilities | | 13.561.981.670 | | 17.963.857.136 |

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4. FINANCIAL BORROWINGS (Cont'd)

(*) The Group has entered into cross currency and interest rate swap transactions for its long term foreign currency denominated borrowings in order to eliminate the risk of floating interest rates and foreign currency exchange rates at the time of borrowing. TL values of the Group's foreign currency denominated borrowings may increase or decrease as a result of exchange rate fluctuations and accordingly, the fair value of cross currency swap transactions are recognized under derivative assets.

Bank Credits

The Group's net financial liability calculation is as follows:

| | 31 March 2024 | 31 December 2023 |
|---|----------------------|-------------------------|
| Total financial borrowings (**) | 13.490.915.447 | 17.894.398.854 |
| Less: US dollar loans valuation difference due to hedging | (1.592.128.918) | (1.858.139.048) |
| Less: Cash and cash equivalents | (8.950.183.555) | (15.100.021.281) |
| Minus: Financial investments | (2.416.323.337) | (1.532.679.992) |
| Net financial borrowings | 532.279.637 | (596.441.467) |

(**) The Group does not include debts from lease transactions in total financial borrowings.

There are loan commissions and expenses amounting to TL 18.847.614 and TL 10.104.018 in the short-term and long-term bank borrowings, respectively (TL 19.789.197 and TL 22.239.949 as of December 31, 2023, respectively).

As of 31 March 2024, and 31 December 2023, all of the bank borrowings consist of unsecured loans.

Movement of financial liabilities as of 31 March 2024 and 31 December 2023 is as follows:

| | 31 March 2024 | 31 December 2023 |
|---|-----------------------|-------------------------|
| Opening balance | 17.963.857.136 | 12.948.959.047 |
| Cash inflows from borrowing | - | 7.056.149.565 |
| Cash outflows from borrowing | (3.971.500.129) | (3.003.375.661) |
| Interest expense accounted under profit or loss (Note 20) | 1.220.207.064 | 610.471.400 |
| Capitalized interest expense at tangible assets (Note 20) | 19.068.781 | 3.700.137 |
| Interest paid | (1.221.927.440) | (571.385.735) |
| Cash Outflows Related to Rental Agreements | (18.050.188) | (11.138.593) |
| Cash Inflows / (Outputs) from Factoring Transactions | (23.135.743) | 49.777.704 |
| Exchange differences | (226.190.536) | (810.478.424) |
| Other | 18.774.402 | 79.318.893 |
| Inflation adjustment | (199.121.677) | 5.683.845 |
| Closing balance | 13.561.981.670 | 16.357.682.178 |

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4. FINANCIAL BORROWINGS (Cont'd)

Bank Credits (cont'd)

The Group has fulfilled its financial commitments as of 31 March 2024.

As of 31 March 2024, and 31 December 2023, the repayment schedule of its financial debts is as follows:

| | 31 March 2024 | 31 December 2023 |
|------|--------------------------|-----------------------------|
| 2024 | 7.117.300.117 | 11.241.547.971 |
| 2025 | 3.473.882.442 | 3.598.488.310 |
| 2026 | 2.296.352.459 | 2.418.120.894 |
| 2027 | 367.158.296 | 384.129.217 |
| 2028 | 202.312.819 | 211.701.528 |
| 2029 | 104.975.537 | 109.869.216 |
| | 13.561.981.670 | 17.963.857.136 |

5. DERIVATIVE INSTRUMENTS

| | 31 March 2024 | | 31 December 2023 | |
|---|----------------------|--------------------|-------------------------|--------------------|
| | Assets | Liabilities | Assets | Liabilities |
| Cross currency and interest rate swaps | 64.675.333 | - | 95.752.426 | - |
| Forward currency exchange contract | - | 47.724.205 | - | 118.389.419 |
| Commodity swap | 13.075.652 | 82.393 | - | 20.685.099 |
| Option | - | - | - | 2.244.224 |
| Short-term derivative transactions for which hedge accounting is applied | 77.750.985 | 47.806.598 | 95.752.426 | 141.318.742 |
| Cross currency and interest rate swaps | 1.332.957.720 | - | 1.385.724.370 | - |
| Long-term derivative transactions for which hedge accounting is applied | 1.332.957.720 | - | 1.385.724.370 | - |
| | 1.410.708.705 | 47.806.598 | 1.481.476.796 | 141.318.742 |

Derivative financial instruments of the Group include cross currency and interest rate swaps, and forward purchase contracts and valuation differences related to these transactions are accounted for in equity accounts.

The valuation of derivative instruments is based on the market prices quoted for similar instruments at the balance sheet date.

During the current period TL 169.228.310 income (31 March 2023: TL 23.457.795 expense) has been recorded in the profit or loss statement regarding derivative contracts maturing during the period and hedge transactions to hedge currency risk.

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6. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

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

| Short-term trade receivables | 31 March 2024 | 31 December 2023 |
|--|----------------------|-------------------------|
| Account receivables | 5.181.352.073 | 4.566.183.030 |
| Notes receivable | 96.172.942 | 96.281.178 |
| Trade receivables from related parties (Note 22) | 603.122.396 | 413.867.274 |
| Unearned credit finance income | (397.597.929) | (429.133.081) |
| Doubtful receivables provision (-) | (218.247.215) | (252.975.378) |
| | 5.264.802.267 | 4.394.223.023 |

| Long-term trade receivables | 31 March 2024 | 31 December 2023 |
|------------------------------------|----------------------|-------------------------|
| Account receivables | 17.993.145 | 21.988.897 |
| Doubtful receivables provision (-) | (17.993.145) | (21.988.897) |
| | - | - |

Trade receivables include the non-collected amounts arising from the Group's sale of finished goods and merchandise.

As of 31 March 2024, and 31 December 2023, trade receivables from unrelated parties have an average maturity of 65 and 78 days, respectively, and are discounted using an average of 38,93% and 37,47% interest rates.

As of 31 March 2024, trade receivables amounting to TL 417.281.158 (31 December 2023: TL 207.993.997) from non-related parties are not considered doubtful even though they are overdue.

As of 31 March 2024, guarantees amounting to TL 326.233.962 have been received from non-related parties for overdue receivables (31 December 2023: TL 73.676.940).

The aging table of overdue receivables from third parties as of March 31, 2024, and December 31, 2023 is as follows:

| | 31 March 2024 | 31 December 2023 |
|--------------------|----------------------|-------------------------|
| Between 0-1 month | 260.503.554 | 169.727.693 |
| Between 1-3 month | 139.849.390 | 22.475.956 |
| Between 3-12 month | 16.928.214 | 15.790.348 |
| | 417.281.158 | 207.993.997 |

The allowance for doubtful receivables is determined based on past experiences of collection of receivables and risk rating matrix developed for the expected credit loss computation.

Movements in provision for doubtful receivables are as follows:

| | 1 January - 31 March 2024 | 1 January - 31 December 2023 |
|--|--------------------------------------|---|
| Opening balance as of January 1 | 274.964.275 | 368.551.919 |
| Doubtful receivables exchange difference | 1.293.366 | 802.990 |
| Additional provision / (cancellation) | (3.920.574) | (3.402.497) |
| Collections | - | (611.199) |
| Inflation impact | (36.096.707) | (40.724.438) |
| Closing balance | 236.240.360 | 324.616.775 |

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6. TRADE RECEIVABLES AND PAYABLES (cont'd)

Trade Payables

As of the balance sheet date, the Company's trade payables detail is as follows:

| Short-term trade payables | 31 March 2024 | 31 December 2023 |
|--|----------------------|-------------------------|
| Trade payables | 3.922.482.092 | 4.917.940.067 |
| Trade payables to related parties (Note 22) | 2.757.442.412 | 2.641.959.276 |
| Unrealized finance expense due to credit purchases | (173.150.548) | (162.892.592) |
| | 6.506.773.956 | 7.397.006.751 |

Trade payables mainly include non-paid amounts arising from trade purchases and ongoing expenditure.

As of 31 March 2024, and 31 December 2023, trade payables have an average maturity of 97 and 96 days, respectively, and are discounted using an average interest rate of 38.93% and 37.47%. The Group has a financial risk management policy that will ensure that all its debts are paid on time.

7. INVENTORIES

| | 31 March 2024 | 31 December 2023 |
|-------------------------------|----------------------|-------------------------|
| Raw materials | 1.144.970.803 | 772.494.544 |
| Materials and supplies | 395.992.716 | 395.452.047 |
| Semi-finished goods | 312.850.490 | 304.483.643 |
| Finished goods | 874.376.805 | 987.612.084 |
| Trade goods | 458.128.340 | 505.398.624 |
| Goods in transit | 1.266.073.576 | 913.464.832 |
| Less: Impairment of inventory | (97.287.461) | (95.808.122) |
| | 4.355.105.269 | 3.783.097.652 |

As of March 31, 2024, and 2023, the movement table regarding inventory impairment is as follows:

| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
|------------------------------------|-------------------------------------|-------------------------------------|
| Opening balance | 95.808.122 | 100.164.756 |
| Period charge / (cancellation) (*) | 1.479.339 | (4.628.679) |
| Closing balance | 97.287.461 | 95.536.077 |

(*) It is expensed in the cost of goods sold.

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8. PREPAID EXPENSES AND DEFERRED INCOME

| Short-term Prepaid Expenses | 31 March 2024 | 31 December 2023 |
|------------------------------------|----------------------|-------------------------|
| Prepaid expenses | 383.246.457 | 221.342.567 |
| Order advances given | 82.988.751 | 54.957.678 |
| Advances given to personnel | 10.209.269 | 2.787.981 |
| Advances given to dealers | 548.603 | 518.018 |
| | 476.993.080 | 279.606.244 |

| Long-term Prepaid Expenses | 31 March 2024 | 31 December 2023 |
|-----------------------------------|----------------------|-------------------------|
| Prepaid expenses | 51.650.864 | 83.617.260 |
| Advances given for fixed assets | 233.037.749 | 193.772.095 |
| | 284.688.613 | 277.389.355 |

| Short-term Deferred Income | 31 March 2024 | 31 December 2023 |
|-----------------------------------|----------------------|-------------------------|
| Advances receivables | 180.312.755 | 177.972.543 |
| Deferred income | 238.820.907 | 159.017.575 |
| Income for the coming months | 3.574.574 | 4.113.047 |
| | 422.708.236 | 341.103.165 |

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9. PROPERTY, PLANT AND EQUIPMENT

| | 1 January 2024 | Additions | Transfers (*) | Disposals | 31 March 2024 |
|---------------------------------|---------------------------|--------------------|----------------------|--------------------|-----------------------|
| Cost | | | | | |
| Land and land improvement | 527.531.561 | - | - | - | 527.531.561 |
| Buildings | 6.016.668.254 | 1.962.461 | 19.373.779 | - | 6.038.004.494 |
| Machinery and equipment | 18.603.888.382 | 10.360.043 | 129.906.467 | (388.973) | 18.743.765.919 |
| Motor vehicles | 279.077.315 | 11.812.016 | 455.388 | - | 291.344.719 |
| Furniture and fixtures | 1.387.254.180 | 13.232.997 | 85.527 | (151.579) | 1.400.421.125 |
| Other fixed assets | 1.090.042.761 | 10.251.216 | - | (794.736) | 1.099.499.241 |
| Construction in progress | 590.121.706 | 646.805.938 | (200.516.455) | - | 1.036.411.189 |
| | 28.494.584.159 | 694.424.671 | (50.695.294) | (1.335.288) | 29.136.978.248 |
| Accumulated depreciation | | | | | |
| Land and land improvement | 165.074.773 | 5.120.571 | - | - | 170.195.344 |
| Buildings | 2.169.169.472 | 32.191.279 | - | - | 2.201.360.751 |
| Machinery and equipment | 10.554.008.731 | 266.942.853 | - | (231.103) | 10.820.720.481 |
| Motor vehicles | 111.359.965 | 9.566.435 | - | - | 120.926.400 |
| Furniture and fixtures | 830.660.385 | 33.261.966 | - | (53.311) | 863.869.040 |
| Other fixed assets | 615.514.017 | 23.197.946 | - | (912.534) | 637.799.429 |
| | 14.445.787.343 | 370.281.050 | - | (1.196.948) | 14.814.871.445 |
| Net book value | 14.048.796.816 | 324.143.621 | (50.695.294) | (138.340) | 14.322.106.803 |

(*) In the current period, TL 50.695.294 has been transferred to intangible assets. (31 March 2023: 62.166.293 TL). Transfers realized in the current period are investments in buildings, machinery, and fixtures in Aksaray and Izmit factories, whose investments continue.

For the period ended 31 March 2024, depreciation expenses amounting to TL 302.706.094 is charged to cost of goods sold, TL 176.873 is charged to research and development expenses, TL 45.661.845 is charged to marketing expenses, TL 16.791.225 is charged to general administrative expenses, TL 706.297 is charged to inventories and TL 4.238.716 is charged to capitalized development expenses.

The amount of borrowing costs capitalized during the period is TL 19.068.781 (31 March 2023: TL 3.700.137).

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9. PROPERTY PLAN AND EQUIPMENT (Cont'd)

As of 31 March 2024, there is no mortgage on tangible and intangible assets. (31 March 2023: None).

| | 1 January 2023 | Additions | Transfers (*) | Disposals | 31 March 2023 |
|---------------------------------|-----------------------|---------------------|---------------------|------------------|-----------------------|
| Cost | | | | | |
| Land and land improvement | 526.381.876 | - | - | - | 526.381.876 |
| Buildings | 5.881.647.667 | 8.760.348 | 13.393.993 | - | 5.903.802.008 |
| Machinery and equipment | 16.154.170.356 | 98.004.535 | 745.079.459 | - | 16.997.254.350 |
| Motor vehicles | 186.271.585 | 10.315.587 | 24.485.516 | - | 221.072.688 |
| Furniture and fixtures | 1.228.489.178 | 921.528 | 20.117.056 | (147.784) | 1.249.379.978 |
| Other fixed assets | 991.276.678 | 6.240.575 | - | (513.996) | 997.003.257 |
| Construction in progress | 1.509.108.889 | 150.910.889 | (844.757.236) | - | 815.262.542 |
| | 26.477.346.229 | 275.153.462 | (41.681.212) | (661.780) | 26.710.156.699 |
| Accumulated depreciation | | | | | |
| Land and land improvement | 144.506.005 | 5.152.454 | - | - | 149.658.459 |
| Buildings | 2.043.856.996 | 31.213.237 | - | - | 2.075.070.233 |
| Machinery and equipment | 9.584.406.896 | 242.478.541 | - | - | 9.826.885.437 |
| Motor vehicles | 80.150.374 | 6.586.261 | - | - | 86.736.635 |
| Furniture and fixtures | 716.848.567 | 29.024.450 | - | (147.784) | 745.725.233 |
| Other fixed assets | 523.656.401 | 22.864.812 | - | (513.996) | 546.007.217 |
| | 13.093.425.239 | 337.319.755 | - | (661.780) | 13.430.083.214 |
| Net book value | 13.383.920.990 | (62.166.293) | (41.681.212) | - | 13.280.073.485 |

For the period ending on 31 March 2023, 273.964.720 TL of depreciation expenses belong to cost of goods sold, 183.045 TL to research and development expenses, 43.311.117 TL to marketing expenses, 13.671.634 TL to general administrative expenses, 1.836.874 TL is included in stocks and TL 4.352.366 is included in capitalized development expenses.

10. RIGHT OF USE ASSETS

| | 1 January 2024 | Additions | Disposals | 31 March 2024 |
|---------------------------------|--------------------|-------------------|--------------------|--------------------|
| Cost | | | | |
| Buildings | 111.520.267 | 17.387.293 | - | 128.907.560 |
| Motor vehicles | 121.179.325 | 3.494.535 | (3.496.591) | 121.177.269 |
| Rights | 13.554.232 | - | - | 13.554.232 |
| | 246.253.824 | 20.881.828 | (3.496.591) | 263.639.061 |
| Accumulated Depreciation | | | | |
| Buildings | 78.598.953 | 6.040.714 | - | 84.639.667 |
| Motor vehicles | 56.233.981 | 9.954.303 | (3.496.591) | 62.691.693 |
| Rights | 10.121.993 | - | - | 10.121.993 |
| | 144.954.927 | 15.995.017 | (3.496.591) | 157.453.353 |
| Net book value | 101.298.897 | 4.886.811 | - | 106.185.708 |

For the period ended March 31, 2024, 459.750 TL of depreciation expenses are included in the cost of goods sold, 2.868.435 TL in research and development expenses, 1.282.161 TL in marketing expenses, 11.384.671 TL in general administrative expenses.

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10. RIGHT OF USE ASSETS (Cont'd)

| | 1 January 2023 | Additions | Disposals | 31 March 2023 |
|---------------------------------|-----------------------|-------------------|--------------------|----------------------|
| Cost | | | | |
| Buildings | 84.081.728 | 16.773.893 | - | 100.855.621 |
| Motor vehicles | 81.934.557 | 29.086.015 | (3.153.507) | 107.867.065 |
| Rights | 13.554.199 | - | - | 13.554.199 |
| | 179.570.484 | 45.859.908 | (3.153.507) | 222.276.885 |
| Accumulated Depreciation | | | | |
| Buildings | 54.019.778 | 6.043.772 | - | 60.063.550 |
| Motor vehicles | 32.973.054 | 11.691.218 | (3.153.507) | 41.510.765 |
| Rights | 9.239.171 | 819.942 | - | 10.059.113 |
| | 96.232.003 | 18.554.932 | (3.153.507) | 111.633.428 |
| Net book value | 83.338.481 | 27.304.976 | - | 110.643.457 |

For the period ending on 31 March 2023, 1.550.590 TL of depreciation expenses are included in cost of goods sold, 2.945.121 TL in research and development expenses, 1.194.089TL in marketing expenses, 12.865.132 TL in general administrative expenses.

11. INTANGIBLE ASSETS

| | 1 January 2024 | Additions | Transfers | Disposals | 31 March 2024 |
|----------------------------------|-----------------------|---------------------|-------------------|------------------|----------------------|
| Costs | | | | | |
| Capitalized development costs | 1.216.206.443 | 1.853.228 | 29.468.549 | - | 1.247.528.220 |
| Customer contracts and relations | 336.821.729 | - | - | - | 336.821.729 |
| Trademark | 66.062.356 | - | - | - | 66.062.356 |
| Rights | 322.400.640 | 108.323 | - | - | 322.508.963 |
| Other intangible assets | 572.770.014 | 9.404.825 | 21.226.745 | - | 603.401.584 |
| | 2.514.261.182 | 11.366.376 | 50.695.294 | - | 2.576.322.852 |
| Accumulated Depreciation | | | | | |
| Capitalized development costs | 611.647.414 | 46.810.893 | - | - | 658.458.307 |
| Customer contracts and relations | 101.665.396 | 13.995.688 | - | - | 115.661.084 |
| Rights | 317.669.766 | 1.034.625 | - | - | 318.704.391 |
| Other intangible assets | 442.476.251 | 15.880.310 | - | - | 458.356.561 |
| | 1.473.458.827 | 77.721.516 | - | - | 1.551.180.343 |
| Net book value | 1.040.802.355 | (66.355.140) | 50.695.294 | - | 1.025.142.509 |

For the period ended 31 March 2024, amortization expenses amounting to TL 56.376.145 is in cost of goods sold, TL 2.267 to research and development expenses, TL 2.966.948 to marketing expenses, TL 18.344.570 to general administrative expenses and TL 31.586 to capitalized development expenses.

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11. INTANGIBLE ASSETS (Cont'd)

| | 1 January 2023 | Additions | Transfers | Disposals | 31 March 2023 |
|----------------------------------|---------------------------|---------------------|-------------------|------------------|--------------------------|
| Costs | | | | | |
| Capitalized development costs | 895.768.169 | 4.781.770 | 29.121.092 | - | 929.671.031 |
| Customer contracts and relations | 336.820.910 | - | - | - | 336.820.910 |
| Trademark | 66.062.195 | - | - | - | 66.062.195 |
| Rights | 320.990.033 | 21.112 | - | - | 321.011.145 |
| Other intangible assets | 509.105.363 | 1.180.427 | 12.560.119 | - | 522.845.909 |
| | 2.128.746.670 | 5.983.309 | 41.681.211 | - | 2.176.411.190 |
| Accumulated Depreciation | | | | | |
| Capitalized development costs | 457.833.596 | 36.438.452 | - | - | 494.272.048 |
| Customer contracts and relations | 50.589.026 | 29.261.851 | - | - | 79.850.877 |
| Rights | 312.953.275 | 1.228.608 | - | - | 314.181.883 |
| Other intangible assets | 379.586.690 | 15.883.168 | - | - | 395.469.858 |
| | 1.200.962.587 | 82.812.079 | - | - | 1.283.774.666 |
| Net book value | 927.784.083 | (76.828.770) | 41.681.211 | - | 892.636.524 |

For the period ended 31 March 2023, amortization expenses amounting to TL 44.748.016 is included in cost of goods sold, TL 1.752 to research and development expenses, TL 3.766.566 to marketing expenses, TL 34.271.320 to general administrative expenses and TL 24.425 to capitalized development expenses.

12. GOODWILL

The movement table of goodwill for the periods ended as of 31 March 2024 and 2023 is as follows:

| | 1 January - 31 March 2024 | 1 January - 31 December 2023 |
|-----------------|--------------------------------------|---|
| Opening balance | 73.291.322 | 73.291.322 |
| Closing balance | 73.291.322 | 73.291.322 |

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13. PROVISIONS, CONTINGENT AND LIABILITIES

Provisions

| Other short-term provisions | 31 March 2024 | 31 December 2023 |
|---|----------------------|-------------------------|
| Provision for customer turnover premium | 617.159.610 | - |
| Provision for sales discount premium | 30.380.545 | 84.251.624 |
| Provision for export commission | 122.932.020 | - |
| Lawsuits | 61.259.490 | 62.533.780 |
| Warranty claims | 15.805.187 | 17.921.013 |
| Other | 13.890.018 | 37.802.061 |
| | 861.426.870 | 202.508.478 |

The sales discount is the estimated portion of the premium amounts to be paid to the customers corresponding to the relevant period.

Provisions for lawsuits consist of lawsuits brought against the Group such as reemployment and work accidents.

Warranty provision represents the present value of the provision amount that will be required in line with the Group's 24-month warranty program for tires. Estimates made by management are based on historical warranty expenses.

Other provisions mainly consist of advertising promotion expenses that will be invoiced in the next period.

Movements of provisions during the period are as follows:

| | Provision for customer turnover premium | Provision for sales discount premium | Provision for export commission | Lawsuits | Warranty Claims | Other | Total |
|-----------------------|--|---|--|-------------------|------------------------|-------------------|--------------------|
| 1 January 2024 | - | 84.251.624 | - | 62.533.780 | 17.921.013 | 37.802.061 | 202.508.478 |
| Additions | 617.159.610 | 28.430.577 | 122.932.020 | 10.968.579 | 7.613.465 | 27.920.346 | 815.024.597 |
| Payments/reversals | - | - | - | (4.056.043) | - | - | (4.056.043) |
| Inflation impact | - | (82.301.656) | - | (8.186.826) | (9.729.291) | (51.832.389) | (152.050.162) |
| 31 March 2024 | 617.159.610 | 30.380.545 | 122.932.020 | 61.259.490 | 15.805.187 | 13.890.018 | 861.426.870 |

| | Provision for customer turnover premium | Provision for sales discount premium | Provision for export commission | Lawsuits | Warranty Claims | Other | Total |
|-----------------------|--|---|--|-------------------|------------------------|-------------------|--------------------|
| 1 January 2023 | - | 84.920.937 | - | 56.937.315 | 12.515.713 | 9.352.158 | 163.726.123 |
| Additions | 659.890.950 | - | 111.772.754 | 2.835.319 | 124.440 | 11.157.072 | 785.780.535 |
| Payments/reversals | - | (24.880.413) | - | (452.830) | - | - | (25.333.243) |
| Inflation impact | - | 15.429.996 | - | (6.336.265) | (2.730.854) | (1.040.755) | 5.322.122 |
| 31 March 2023 | 659.890.950 | 75.470.520 | 111.772.754 | 52.983.539 | 9.909.299 | 19.468.475 | 929.495.537 |

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14. COMMITMENTS

| Received Commitments | 31 March 2024 | 31 December 2023 |
|---|----------------------|-------------------------|
| Direct debiting system (D.B.S) limits | 2.228.455.639 | 2.359.152.548 |
| Letter of guarantees received | 3.212.099.509 | 2.901.668.615 |
| Mortgages | 1.314.900.585 | 1.391.058.599 |
| Export insurance | 426.534.007 | 442.231.690 |
| Cheques and notes receivables received as guarantee | 287.104.028 | 330.353.379 |
| Domestic receivables insurance | 2.444.000 | 2.812.970 |
| Payment guarantees from banks | 52.380.400 | 102.907.800 |
| Letter of credit | 126.656.320 | 143.177.058 |
| Bail checks | 13.850.000 | 15.936.364 |
| Foreign currency blockage received as collateral | 3.228.540 | 15.936.364 |
| | 7.667.653.028 | 7.705.235.387 |

Bank letters of guarantee, guarantee checks and notes are available for the advances given by the Group in return for the purchase of goods and services from its suppliers.

The Group has letters of guarantee received to minimize customer credit risk in forward sales to its domestic customers, DBS limits allocated to customers through mortgages, promissory notes and banks, and export insurance, bank letters of guarantee and letter of credit for trade receivables from foreign customers, as required by credit risk management.

The total amount of guarantees that the Group has received from international export insurance companies in order to make open accounts and forward sales to its customers abroad is defined as export insurance.

The number of guarantees received within the framework of the agreement that the Group has made with domestic and international insurance companies in order to make open account and forward sales to its domestic dealers and fleet customers is defined as domestic receivables insurance.

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14. COMMITMENTS (Con't)

As of 31 March 2024, and 31 December 2023, the tables regarding the collateral / pledge / mortgage/ bail ("CPMB") position of the Group are as follows.

| CPMBB given by the Group | 31 March 2024 | | | 31 December 2023 | | |
|---|---------------|-------------|--------------------|------------------|-------------|--------------------|
| | Currency | Amount | TL Equivalent | Currency | Amount | TL Equivalent |
| A. The legal entity that it has given on behalf of its own legal entity Total of CPMBs | TL | 120.013.361 | 120.013.361 | TL | 138.746.891 | 138.746.891 |
| | Avro | 2.955.705 | 102.865.332 | Avro | 3.585.903 | 116.806.840 |
| B. Total amount of CPMBs given in favor of subsidiaries included in the scope of full consolidation | - | - | - | - | - | - |
| C. For the purpose of carrying out ordinary business activities, other given by 3rd parties for the purpose of securing their debts Total amount of CPMBs | - | - | - | - | - | - |
| D. Total amount of other CPMBs given | - | - | - | - | - | - |
| i) Total amount of CPMBs given in favor of the parent company | - | - | - | - | - | - |
| ii) Other Group not included in the scope of items B and C | - | - | - | - | - | - |
| Total amount of CPMBs given in favor of groups | - | - | - | - | - | - |
| iii) In favor of third parties not covered by Article C | - | - | - | - | - | - |
| Total amount of CPMBs given | - | - | - | - | - | - |
| | | | 222.878.693 | | | 255.553.731 |

The ratio of other CPMB's given by the Group to the Group's total equity is 0% (31 December 2023: 0%).

Except for the CPMB's given by the Group on behalf of its own legal entity, there are no CPMBs given in favor of third parties. To the customs directorates for the guarantees given by the Group, the inward processing certificate and the import transactions made within the scope of the SCT legislation; In response to the business lawsuits filed against the Group, to the enforcement offices; It consists of letters of guarantee given to various public institutions in order to participate in various tenders.

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15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-in capital and adjustment to share capital

The company has accepted the registered capital system in accordance with the provisions of the Capital Market Law and has adopted this system with the permission of the Capital Markets Board dated 24.2.1989 and numbered 96. The registered capital ceiling of the company is 400.000.000.- (Four hundred million) TL. It is divided into 40.000.000.000 shares, each with a nominal value of 1 kr (One Kuruş).

The registered capital ceiling permission granted by the Capital Markets Board is valid between 2018-2022 (5 years). Even if the authorized registered capital ceiling has not been reached at the end of 2022, in order for the board of directors to take a capital increase decision after this date; It is obligatory to obtain authorization from the General Assembly for a new period by obtaining permission from the Capital Markets Board for the previously allowed ceiling or a new ceiling amount. If the said authorization is not obtained, no capital increase can be made with the decision of the Board of Directors. The Board of Directors is authorized to increase the issued capital by issuing registered shares up to the registered capital ceiling, when deemed necessary, in accordance with the provisions of the Capital Markets Law.

The fully paid-up capital of the company is 305.116.875 TL (31 December 2023: 305.116.875 TL) divided into 30.511.687.500 (31 December 2023: 30.511.687.500) registered shares, each with a nominal value of 1 kr (One Kuruş). All issued shares were paid in cash. The Group's shareholders and their shares in the capital as of 31 March 2024 and 31 December 2023 are as follows:

| Shareholders | (%) | 31 March 2024 | (%) | 31 December 2023 |
|---------------------------------|------------|----------------------|------------|-------------------------|
| H.Ö. Sabancı Holding A.Ş. | 43,63 | 133.111.388 | 43,63 | 133.111.388 |
| Bridgestone Corporation | 43,63 | 133.111.388 | 43,63 | 133.111.388 |
| Other | 12,74 | 38.894.099 | 12,74 | 38.894.099 |
| Nominal capital | 100 | 305.116.875 | 100 | 305.116.875 |
| Adjustment to share capital (*) | | 6.461.384.944 | | 6.461.384.944 |
| Total | | 6.766.501.819 | | 6.766.501.819 |

(*) Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital restated for the effects of inflation. Adjustment to share capital is not available for any other usage except to be added to share capital.

The shares are divided into seven classes, such as (A), (B), (C), (D), (E), (F) and (G) as listed below. In case of an increase of the issued capital, new shares shall be issued for each class of shares in proportion with their share ratios in the issued capital.

| Share Classes | Numbers of Shares | Issued Capital Amount (TL) |
|----------------------|--------------------------|-----------------------------------|
| A | 6.865.129.687,50 | 68.651.296,875 |
| B | 762.792.187,50 | 7.627.921,875 |
| C | 762.792.187,50 | 7.627.921,875 |
| D | 762.792.187,50 | 7.627.921,875 |
| E | 10.679.090.625,00 | 106.790.906,25 |
| F | 3.059.101.102,00 | 30.591.011,020 |
| G | 7.619.989.523,00 | 76.199.895,230 |
| Toplam | 30.511.687.500,00 | 305.116.875,00 |

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15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

As stated in the article of association, Hacı Ömer Sabancı Foundation which owns 100 redeemed shares has privilege in profit sharing. These privileges are being computed in accordance with the article of association. There are no privileges for shares other than that.

Share premium

Share premium which is considered as a part of capital results from equity movements such as cancelled shares and gains on the sales of shares. As at 31 March 2024, The Company's share premium in the financial statements is TL 92.129 (31 December 2023: TL 92.129).

Restricted reserves and retained earnings

Restricted reserves are reserves which are reserved for specific purposes other than law or contractual obligations or dividend payments. These reserves are presented as the same amount in the Group's statutory books and differences arising preparing the financial statements in accordance with TFRS are associated with prior years' profit or losses.

Pursuant to Article 519 of the TCC, 5% of the annual commercial profit reaches 20% of the paid-in capital as the first-order general legal reserve; After the 5% dividend is paid to the shareholders, 10% of the total amount to be distributed to those who will receive a share of the profit is set aside as the second order general legal reserve fund.

As of 31 March 2024, the Group's first-order general legal reserves amount to 20% of its paid-in capital (20% of 31 December 2023), and there is no limit for the second-order general legal reserves. As long as the said reserves do not exceed half of the Group's paid/issued capital, they can only be used to cover losses, to continue the business when things are not going well, or to take measures suitable to prevent unemployment and mitigate its consequences.

The details of the Group's restricted reserves account as of 31 March 2024 and 31 December 2023 are as follows:

| | 31 March 2024 | 31 December 2023 |
|------------------------------------|----------------------|-------------------------|
| First order general legal reserve | 423.150.755 | 423.150.755 |
| Second order general legal reserve | 1.445.819.450 | 1.445.819.450 |
| Total | 1.868.970.205 | 1.868.970.205 |

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15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

Restricted reserves and retained earnings (cont'd)

The details of the Group's equity accounts are as follows:

| | 31 March 2024 | 31 December 2023 |
|---|----------------------|-------------------------|
| Restricted reserves separated from profit | 1.868.970.205 | 1.868.970.205 |
| Net profit for the period | 598.633.944 | 4.586.041.644 |
| Retain earnings | 7.410.503.129 | 2.824.461.485 |
| Non-Controlling Interests | 74.550.400 | 87.651.850 |
| Total equity | 9.952.657.678 | 9.367.125.184 |

Historical values and inflation adjustment effects of the following accounts under shareholders' equity of the Group, in accordance with TFRS and TPL financial statements, as of March 31, 2024, it is as follows:

| 31 March 2024 (According to TPL) | Historical Value | Inflation adjustment effect | Indexed value |
|---|-------------------------|--|--------------------------|
| Capital Adjustment Differences | 305.116.875 | 7.429.109.911 | 7.734.226.786 |
| Share Premiums | 4.903 | 135.515 | 140.418 |
| Restricted Reserves | 354.489.836 | 1.928.034.023 | 2.282.523.859 |
| Total | 659.611.614 | 9.357.279.449 | 10.016.891.063 |

| 31 March 2024 (According to TFRS) | Historical Value | Inflation adjustment effect | Indexed value |
|--|-------------------------|--|--------------------------|
| Capital Adjustment Differences | 305.116.875 | 6.156.268.069 | 6.461.384.944 |
| Share Premiums | 4.903 | 87.226 | 92.129 |
| Restricted Reserves | 354.452.296 | 1.514.517.909 | 1.868.970.205 |
| Total | 659.574.074 | 7.670.873.204 | 8.330.447.278 |

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16. SALES AND COST OF SALES

| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
|----------------------|---|---|
| Revenue | | |
| Domestic sales | 5.750.854.307 | 6.382.872.575 |
| Export sales | 2.348.498.104 | 2.854.656.354 |
| Sub-total | 8.099.352.411 | 9.237.528.929 |
| Sales returns (-) | (38.625.458) | (18.033.359) |
| Sales discounts (-) | (591.743.414) | (1.156.546.671) |
| Net Sales | 7.468.983.539 | 8.062.948.899 |
| Cost of sales | (5.370.167.211) | (6.227.348.926) |
| Gross profit | 2.098.816.328 | 1.835.599.973 |

The details of domestic and export sales are as follow:

| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
|---------------------|---|---|
| Finished goods | 7.024.706.166 | 8.349.952.281 |
| Trade goods | 970.548.869 | 781.509.723 |
| Semi-finished goods | - | 6.510.354 |
| Other | 104.097.376 | 99.556.571 |
| Total | 8.099.352.411 | 9.237.528.929 |

17. EXPENSES BY NATURE

| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
|---|---|---|
| Raw materials and supplies | 3.139.338.608 | 4.120.055.354 |
| Personnel expenses and direct labor expenses | 1.497.210.897 | 1.105.243.055 |
| Production overheads | 470.045.490 | 591.060.579 |
| Cost of trade goods sold | 424.741.204 | 371.347.524 |
| Transportation and storage expenses | 214.296.058 | 225.093.195 |
| Depreciation and amortization | 458.004.065 | 436.304.149 |
| Royalty and sales commission expenses | 121.740.279 | 135.362.863 |
| Advertisement expenses | 48.946.493 | 31.206.255 |
| Communication and information technology expenses | 19.743.532 | 24.771.309 |
| Consultancy expenses | 18.536.271 | 18.325.813 |
| Service, maintenance and repair expenses | 27.554.190 | 22.899.566 |
| Energy expenses | 14.282.859 | 20.176.540 |
| Doubtful receivables expense, net | (3.920.574) | (4.013.696) |
| Insurance expenses | 11.734.306 | 9.966.853 |
| Claims for defective tires | 4.785.290 | 5.329.404 |
| Provision for inventory impairment | 1.479.339 | (4.628.679) |
| Other taxes and charges | 5.165.778 | 4.156.698 |
| ELT (end of life-tire) management service | 1.847.451 | 1.737.839 |
| Change in semi-finished goods | (35.601.147) | 38.845.816 |
| Change in finished goods | (105.457.035) | (2.112.540) |
| Other expenses | 112.845.287 | 103.222.778 |
| Total | 6.447.318.641 | 7.254.350.675 |

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17. EXPENSES BY NATURE(Cont'd)

The details of general administrative expenses and marketing expenses are as follows:

| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
|---|---|---|
| Depreciation and amortization expenses | | |
| Cost of sales (*) | 358.525.070 | 324.094.372 |
| Marketing expenses | 49.910.954 | 48.271.770 |
| General administrative expenses | 46.520.466 | 60.808.088 |
| Research and development expenses | 3.047.575 | 3.129.919 |
| | 458.004.065 | 436.304.149 |

(*) As of 31 March 2024, TL 1.016.919 depreciation expense remaining on inventories is recognized under cost of sales after the sales of related inventories in 2023.

| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
|-----------------------------------|---|---|
| Personnel expenses | | |
| Cost of sales | 1.069.451.366 | 759.858.874 |
| Marketing expenses | 264.653.267 | 165.351.313 |
| General administrative expenses | 136.521.829 | 157.113.990 |
| Research and development expenses | 26.584.435 | 22.918.878 |
| | 1.497.210.897 | 1.105.243.055 |

18. OTHER OPERATING INCOME AND EXPENSES

Details of other operating income for years ended 31 March 2024 and 2024 are as follows:

| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
|--|---|---|
| Other income from operating activities | | |
| Income from derivative financial instruments (**) | 15.968.787 | - |
| Due date income on trade payables | 485.491.488 | 377.049.589 |
| Interest income from operations | 4.800.510 | 1.398.070 |
| Other income | 20.611.130 | 48.138.565 |
| | 526.871.915 | 426.586.224 |
| Other operating expenses | | |
| Foreign exchange losses on operations, net (***) | 259.706.359 | 91.646.078 |
| Due date expenses on trade payables | 355.727.805 | 246.568.178 |
| Loss from derivative financial instruments, net (**) | 25.913.869 | 54.718.163 |
| Interest expense from operations | 25.234.638 | 27.176.671 |
| Credit card commission expenses | 129.673.241 | 45.432.316 |
| Other expenses | 2.432.701 | 3.791.544 |
| | 798.688.613 | 469.332.950 |

(***) The amount consists of the foreign exchange gains and losses resulting from trade receivables and payables.

(**) The amount consists of gain and losses resulting from derivative instruments made for the purpose of balance sheet hedging.

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21. TAXATION ON INCOME

Corporation tax

| | 31 March 2024 | 31 December 2023 |
|---|----------------------|-------------------------|
| Corporate income tax provision for the current period (*) | 147.563.156 | 130.445.988 |
| Less: Prepaid taxes | (118.460.508) | (131.942.770) |
| Current tax liabilities /(assets) | 29.102.648 | (1.496.782) |

(*) Current corporate tax provision includes the tax effect of TL 2.956.269 calculated at the effective tax rate of the foreign exchange loss of time deposits under hedging reclassified to other comprehensive income. (December 31, 2023: 227.105 TL).

Current corporate tax provision in excess of prepaid corporate tax amounting to TL 29.102.648 is included in Current Period Profit Tax Liability (December 31, 2023: Current Period Profit Tax Liability amounting to TL 13.166.342, Current Period Tax Related Assets amounting to TL 14.663.124).

The Company and its subsidiaries located in Türkiye are subject to the tax legislation and practices in force in Türkiye. Corporate tax is paid in the fourth month following the end of the relevant accounting period. It is declared until the evening of the twenty-fifth day and is paid in one installment until the end of the relevant month. Necessary provisions have been made in the accompanying consolidated financial statements for the estimated tax liabilities of the Group related to the current period operating results. The corporate tax rate to be accrued on the taxable corporate income is added to the tax base that cannot be deducted from the tax base, which is deducted from the tax base in the determination of the commercial income, tax-exempt gains, non-taxable income and It is calculated over the remaining base after deducting other discounts (past year losses, if any, and investment discounts used if preferred).

In Türkiye, corporate tax rate is 25% as of March 31, 2024 (December 31, 2023: 25%). Corporate tax is payable at a rate of 25% on the total income of the Group after adjusting for certain disallowable expenses and deducting certain exemptions and allowances.

In accordance with the provisional Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of March 31, 2024, are included in the deferred tax calculation as of March 31, 2024.

| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
|------------------------------|---|---|
| Current tax expense (-) (*) | (72.667.741) | (317.497.712) |
| Deferred tax expense /income | (116.179.705) | (262.408.858) |
| | (188.847.446) | (579.906.570) |

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21. TAXATION ON INCOME (Cont'd)

Corporate Tax (cont'd)

As of March 31, 2024, and 2023, the reconciliation of tax expense in the income statements for the years ended March 31, 2024 and 2023 is as follows

| Reconciliation of tax provision: | 1 January- 31 March 2024 | % | 1 January- 31 March 2023 | % |
|--|---|----------------|---|----------------|
| Profit before taxation on income | 774.379.940 | | 1.094.995.824 | |
| Corporate tax rate %25 (2023: %20) | (193.594.985) | (25,00) | (218.999.165) | (20,00) |
| Tax effect: | | | | |
| - Non-taxable income (*) | 27.907.742 | 3,60 | 16.656.758 | 1,52 |
| - Non-deductible expenses | (95.066.415) | (12,28) | (120.854.327) | (11,04) |
| - Non-deductible expenses, additional tax | - | - | (295.992.580) | (27,03) |
| - R&D incentive | 13.521.691 | 1,75 | 9.956.038 | 0,91 |
| - Discounted corporate tax deferred tax income / (expense) | 20.328.587 | 2,63 | (117.146.573) | (10,70) |
| - Income tax exemption arising from fx protected TL deposit | 13.417.009 | 1,73 | 4.863.496 | 0,44 |
| - Monetary gain / (loss) | (212.675.931) | (27,46) | (140.971.823) | (12,87) |
| - Other | 3.216.238 | 0,42 | 2.181.462 | 0,20 |
| - Reduced corporate tax | 234.098.618 | 30,23 | 280.400.144 | 25,61 |
| Tax provision income / (expense) in the statement of profit or loss | (188.847.446) | (24,39) | (579.906.570) | (52,96) |

(*) The Group has obtained Corporate Tax Exemption advantage amounting to TL 19.137.159 due to the income from the foreign exchange protected TL deposit account

Tax legislation in Türkiye does not allow the Company and its subsidiaries to file consolidated tax returns. Therefore, the tax provision reflected in the consolidated financial statements has been calculated on a company-by-company basis. According to the Corporate Tax Law, financial losses shown on the return can be deducted from the corporate tax base of the period, if they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments made to resident joint stock companies in Türkiye, to those who are not responsible for and exempt from corporate tax and income tax, and to real persons and non-resident legal entities in Türkiye are subject to 10% income tax. Dividend payments made from joint stock companies residing in Türkiye to joint stock companies residing in Türkiye are not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to the capital.

Pursuant to the General Communiqué on Tax Procedure Law No. 560 published in the Official Gazette dated April 30, 2024 and numbered 32532 and the repeated article 298 of the Tax Procedure Law No. 213, it is essential that the financial statements of the enterprises operating in Türkiye for the 2023 accounting period are subject to inflation adjustment. In the first provisional tax period of the 2024 accounting period, the inflation effects of the inflation adjustment will not be taken into consideration in accordance with the repeated article 298 of the Law No. 213.

In accordance with the provisional Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of March 31, 2024 as of March 31, 2024 deferred tax included in the calculation.

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21. TAXATION ON INCOME (Cont'd)

Corporate Tax (cont'd)

Dividend income derived by corporations from participation in the capital of another corporation subject to full taxation is exempt from corporate tax. In addition, 75% of the gains arising from the sale of founders' shares, usufruct shares and preemptive rights of founders' shares, usufruct shares and preemptive rights of real estates (immovable properties) owned by the corporations for at least two full years are exempt from corporate tax. However, with the amendment made by Law No. 7061, this rate was reduced from 75% to 50% for immovable properties and this rate is used as 50% in tax returns to be prepared as of 2018. In addition, as of July 15, 2023, with the amendment made, the 50% tax exemption stipulated in Law No. 5520 for the gains on the sale of immovable property has been abolished. However, this exemption will be applied as 25% for the sales of immovable properties included in the assets of the enterprises before July 15, 2023.

In order to benefit from the exemption, the said income must be kept in a passive fund account and not withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale.

There is no practice in Türkiye to reach an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the accounting period. The tax inspection authorities may examine the tax returns and the accounting records underlying them for five years following the accounting period and make a reassessment as a result of their findings.

Income tax withholding

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Dividend payments are subject to a 15% withholding tax until December 22, 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Türkiye, and those made to companies residing in Türkiye. However, in accordance with Presidential Decision No. 4936, published in the Official Gazette dated December 22, 2021, and numbered 31697, the provisions of the Income Tax Law No. have been downloaded. The withholding tax rates in the relevant Double Taxation Prevention Agreements are also taken into account in the application of the withholding tax rates for profit distributions to non-resident companies and real persons. The addition of retained earnings to the capital is not considered as profit distribution, so it is not subject to withholding tax.

Transfer pricing regulations

In Türkiye, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price or price, they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing in whole or in part. Disguised profit distribution through such transfer pricing is considered as an expense that is not legally accepted for corporate tax.

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21. TAXATION ON INCOME (Cont'd)

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal consolidated financial statements and the consolidated financial statements prepared in accordance with TFRS. These differences are generally since some income and expense items are included in different periods in the tax base consolidated financial statements and in the consolidated financial statements prepared in accordance with TFRS, and the said differences are stated below.

| | Temporary differences | | Deferred income tax Assets/ liability | |
|---|-----------------------|----------------------|--|---------------------|
| | 31 March 2024 | 31 December 2023 | 31 March 2024 | 31 December 2023 |
| Deferred tax assets | | | | |
| Foreign currency forward transactions valuation differences | 365.875.167 | 515.695.539 | 91.468.792 | 128.923.885 |
| Allowance for doubtful receivables | 103.038.783 | 123.875.830 | 25.759.696 | 30.968.958 |
| Provision for employment termination benefits | 408.773.500 | 457.233.948 | 102.193.375 | 114.308.486 |
| Trade receivables | 403.624.707 | 432.417.064 | 100.906.177 | 108.104.267 |
| Provision for bonus premium | 82.661.180 | 193.175.033 | 20.665.295 | 48.293.759 |
| Inventories | 64.867.822 | 206.454.904 | 16.216.955 | 51.613.726 |
| Provision for lawsuits | 61.259.490 | 62.533.780 | 15.314.872 | 15.633.445 |
| Provision for unused vacation liability | 76.562.177 | 43.223.517 | 19.140.544 | 10.805.879 |
| Provision for warranty claims | 15.805.187 | 21.251.954 | 3.951.297 | 5.312.988 |
| Investment incentive | | | 277.517.673 | 257.189.086 |
| Export seasonality adjustment | 28.463.255 | 48.942.935 | 7.115.814 | 12.235.733 |
| Lease liability | 71.066.222 | 69.458.283 | 17.766.555 | 17.364.571 |
| Deferred income | 159.049.553 | 137.679.940 | 21.052.360 | 15.994.384 |
| Other provisions | 40.710.485 | 96.393.641 | 10.177.621 | 24.098.410 |
| Prepaid Expenses | - | 189.332 | - | 47.333 |
| Other | 106.085.181 | 34.035.766 | 26.521.295 | 8.508.940 |
| | 1.987.842.709 | 2.442.561.466 | 755.768.321 | 849.403.850 |
| Deferred tax liabilities | | | | |
| Tangible and intangible assets | 1.731.270.512 | 1.522.279.267 | 432.817.628 | 380.569.816 |
| Trade payables | 173.150.547 | 162.892.592 | 43.287.637 | 40.723.148 |
| Prepaid Expenses | 37.168.578 | - | 9.292.144 | - |
| Other | 201.111.453 | 243.687.098 | 50.271.643 | 60.921.778 |
| | 2.142.701.090 | 1.928.858.957 | 535.669.052 | 482.214.742 |
| Deferred tax assets / (liabilities), net | | | 220.099.269 | 367.189.108 |

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21. TAXATION ON INCOME (Cont'd)

Movement tables of deferred taxes for the accounting periods ending on 31 March 2024 and 2023 are as follows:

| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
|---|---|---|
| Opening as of 1 January | 367.189.108 | (1.035.534.084) |
| Recognized in profit or loss statement | (116.179.705) | (262.408.858) |
| Income / (expense) recognized in equity | (30.910.134) | 7.739.697 |
| Closing as of 31 December | 220.099.269 | (1.290.203.245) |

Investment incentive certificate

T.R. Pursuant to the letter of the Ministry of Economy, General Directorate of Incentive Implementation and Foreign Capital dated 10 June 2013 and numbered 40613, the Large Scaled Investment Incentive Certificate of 366.623.571 TL issued within the scope of Regional Incentive Practices, dated 1 June 2010, and numbered 5534, is valid. Within the scope of investments, the Investment Incentive Certificate numbered 5534/B amounting to TL 481.014.717 was reissued. With the said change, the investment amount increased by TL 114.391.146 and the investment contribution rate provided by the investment incentive certificate increased from 20% to 30%. The tax deduction rate is 50%. The term of the said document expired on May 20, 2015, and an investment completion visa amounting to TL 472.729.954 was obtained on June 29, 2017. The company benefited from reduced corporate tax amounting to TL 36.793.195 between 2010 and 2022, and TL 3.491.668,86 for the accounting period of 1 January - 31 March 2024.

The Group's investment incentive certificate application to the Ministry of Economy, General Directorate of Incentive Implementation and Foreign Capital was approved and the Investment Incentive Certificate dated August 20, 2015 and numbered 120314 was issued for the expansion investment amounting to TL 690.443.917 with a start date of May 21, 2015 and an end date of May 21, 2020 within the scope of large scale investments. The investment contribution rate provided by the investment incentive certificate is 25% and the tax reduction rate is 50%. On July 22, 2022, the amount of the certificate was increased to TL 1.513.666.277. In addition, on 20 December 2022, the document was revised again, and the total investment amount was increased to TL 2.087.461.936. On 15 September 2023, the document was revised again and increased to TL 2,773,279,042.

The investment period of the first investment incentive certificate dated August 20, 2015 for the Group's İzmit factory was extended by the "Decision on the Amendment of the Decision on State Aids in Investments (Decision No: 323)" published in the Official Gazette dated November 9, 2018 and numbered 30590. According to Article 2 of this published decision, the duration of the document was extended by 2.5 years to November 2022. In accordance with the provision of the provisional article 14 amended by the Presidential Decree No. 2021/4191 published in the Official Gazette dated 29 June 2021 and numbered 31526, it was extended until November 21, 2024 with an additional extension of 2 years. Within the scope of this incentive certificate, the Group benefited from reduced corporate tax amounting to TL 12.396.091,86 between 2015 - 2023 and TL 365.899.950,19 between 1 January – 31 March 2024.

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21. TAXATION ON INCOME (Cont'd)

Investment incentive certificate (cont'd)

In line with the Group's decision to invest in the second factory to be located in Aksaray Organized Industrial Zone, the application for Investment Incentive Certificate made to the Republic of Türkiye Ministry of Economy, General Directorate of Incentive Implementation and Foreign Capital has been approved and Investment Incentive Certificate dated 13 February 2014 and numbered 113798 has been issued for the new factory investment amounting to TL 495.000.000 with a start date of 9 October 2013 within the scope of Large Scale Investments. The investment contribution rate provided by the investment incentive certificate is 60% and the tax reduction rate is 90%.

Pursuant to the letter dated March 28, 2016 and numbered 67577454-401.07 - E.36663 of the Republic of Türkiye Ministry of Economy, General Directorate of Incentive Implementation and Foreign Investment, the domestic and imported machinery and equipment lists for the Complete New Investment in Aksaray Factory were revised and approved and the total investment expenditure was increased to 755,998,847 TL. On February 9, 2021, the document was revised again, and the total investment amount was increased to 1.238.225.012 TL. In addition, on October 5, 2021, the document was revised again, and the total investment amount was increased to TL 1,374,547,375. There has been no change in the support elements that the new investment incentive certificate will benefit from. Within the scope of this incentive certificate, the Group has benefited from reduced corporate tax amounting to TL 906.179.561,28 between 2013 - 2023 and TL 23.877.283,60 between 1 January - 31 March 2024.

The term of the investment incentive certificate dated October 9, 2013 and numbered 113798 for the Group's Aksaray factory has been extended from October 9, 2018 to April 9, 2022 with the extension permission obtained on March 23, 2021. In addition, the investment period of the incentive certificate was extended until April 9, 2023 in accordance with the provision of the provisional article 14 amended by the Presidential Decree No. 2021/4191 published in the Official Gazette dated June 29, 2021 and numbered 31526. The application for the closure of the investment incentive certificate due to the expiration of the document period was made as of 07.03.2023 and the document closure processes before the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy were completed on 23.01.2024 and the document was closed.

The Group's investment incentive certificate application made to the Republic of Türkiye Ministry of Economy General Directorate of Incentive Implementation and Foreign Capital in line with the expansion investment decision planned to be made in Aksaray factory has been approved and a new 3-year incentive certificate has been issued within the scope of regional priority investments with a start date of 27.12.2022, number 551117 and dated 30.03.2023 amounting to TL 934.558.927. The investment contribution rate of the certificate is 40% and the tax discount rate is 80%. On February 15, 2024, the document was revised again and the total investment amount was increased to TL 1.283.921.977. Within the scope of this incentive certificate, the Group benefited from reduced corporate tax amounting to TL 162.758.106,23 for the accounting period January 1 - March 31, 2024. Aksaray plant investment incentive certificate numbered 551117 was revised on 25.04.2024 and the investment amount was increased to TL 1.626.210.486.

In line with the solar energy investment decision planned to be made in the Group's Aksaray factory, the investment incentive certificate application made to the Republic of Türkiye Ministry of Industry and Technology was approved on March 22, 2024 and a 3-year investment incentive certificate dated March 22, 2024, document number 566197 and ID number 1082393 was issued on behalf of our Company for a total investment of TL 29,631,327 with a start date of March 18, 2024 and an end date of March 18, 2027.

Pursuant to the provisional article 8 of the Decree on the Amendment of the Decree on State Aids in Investments dated 15.06.2012 and numbered 2012/3305, 15% additional contribution amount right and 100% tax deduction right has been obtained for the investment expenditures made within the scope of our Aksaray incentive certificate numbered 113798 and İzmit incentive certificate numbered 120314 between 2017-2022.

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21. TAXATION ON INCOME (Cont'd)

Investment incentive certificate (cont'd)

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Where it is probable that taxable income will be available, deferred tax assets are recognized for deductible temporary differences, tax losses and investment incentives with indefinite useful lives that allow for the payment of reduced corporate income tax. In this context, the Group bases the recognition of deferred tax assets arising from investment incentives in the consolidated financial statements on long-term plans and evaluates the recoverability of deferred tax assets related to such investment incentives at each balance sheet date based on business models including taxable profit forecasts.

Changes in taxable profit estimates, capital expenditure amounts and the current year corporate tax rate have been reflected in the business model and sensitivity analyses have been performed and there has been no significant change in the recoverability of deferred tax assets.

As of March 31, 2024, in the sensitivity analysis performed by increasing/decreasing the inputs included in the basic macroeconomic and sectoral assumptions that make up the business plans by 10%, there is no change in the recovery period of deferred tax assets related to investment incentives, which is projected as 3 years.

As of December 30, 2023, the Group estimates that it will be able to benefit from reduced corporate tax amounting to TL 11.765.622.025,91 in the following years within the scope of incentivized investment certificates. However, due to the unpredictability of the realization of the benefit, the Group has recognized deferred tax assets amounting to TL 277.517.673 calculated for the foreseeable 3 years.

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22. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Trade receivables from related parties generally arise from sales transactions and their approximate maturity is 7 days (31 December 2023: 9 days). Trade payables to related parties generally arise from purchase transactions and have an approximate maturity of 154 days (31 December 2023: 152 days).

Balances with related parties

| | 31 March 2024 | | | |
|--|--------------------------|----------------|------------------------------|------------------|
| | Receivables | | Payables | |
| | Short / Long term | | Short / Long term (*) | |
| | Trade | Non-Trade | Trade | Non-Trade |
| <u>Shareholders</u> | | | | |
| H.Ö. Sabancı Holding A.Ş. | - | - | 1.183.676 | - |
| Bridgestone Corporation | 166.969 | 16.594 | 395.972.331 | 2.890.366 |
| <u>Other companies managed by the main partners</u> | | | | |
| Bridgestone Europe S.A/N.V. | 228.220.367 | 548.125 | 26.213.533 | - |
| Bridgestone Hispania | - | - | 16.472.897 | - |
| Akbank T.A.Ş (*) | 337.963.784 | - | - | - |
| Ak Sigorta A.Ş. | - | - | 106.777.676 | - |
| Akçansa Çimento San.ve Tic. A.Ş. | 707.578 | - | - | - |
| Bridgestone Singapore Pte. Ltd. | - | - | 1.669.992.423 | - |
| Temsa Ulaşım Araçları San. Tic. A.Ş. | 33.888.743 | - | - | - |
| Kordsa Teknik Tekstil A.Ş. | - | - | 346.547.534 | - |
| Enerjisa Enerji Üretim A.Ş. | - | - | 55.506.479 | - |
| Bridgestone Technical Center Europe | 1.700.722 | 130.669 | - | - |
| Sabancı Dijital Teknoloji Hizmetleri A.Ş. | - | - | 18.967.542 | - |
| Bridgestone Carbon Black Co. Ltd. | - | - | 20.681.145 | - |
| Bridgestone Plant Engineering Co. Ltd. | - | - | 3.765.775 | - |
| Enerjisa Müşteri Çözümleri A.Ş. | - | - | 71.147.374 | - |
| Firestone Polymers, LLC. | - | - | 10.316.372 | - |
| Lasder Lastik Sanayicileri Derneği | - | - | 4.878.059 | - |
| Vista Turizm ve Seyahat A.Ş. | - | - | 4.714.196 | - |
| Other | 474.233 | 8.190 | 4.305.400 | - |
| | 603.122.396 | 703.578 | 2.757.442.412 | 2.890.366 |

(*) Akbank T.A.Ş. includes credit card pos receivables over 90 days.

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22. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

Balances with related parties

| | 31 December 2023 | | | |
|---|--------------------------|----------------|------------------------------|------------------|
| | Receivables | | Payables | |
| | Short / Long term | | Short / Long term (*) | |
| | Trade | Non-Trade | Trade | Non-Trade |
| Shareholders | | | | |
| Bridgestone Corporation | 16.191 | 17.410 | 430.009.222 | 3.658.376 |
| Other companies managed by the main partners | | | | |
| Bridgestone Europe S.A/N.V. | 133.230.178 | 465.529 | 91.700.211 | - |
| Bridgestone Italia Manufacturing S.A. | - | - | 5.159.863 | - |
| Bridgestone Poznan Sp. Z.O.O. | - | - | 1.122.922 | - |
| Bridgestone Tatabanya Termelo Kft. | - | - | 1.878.256 | - |
| Bridgestone Hispania | - | - | 1.314.897 | - |
| Akbank T.A.Ş (*) | 247.983.501 | - | 6.497.215 | - |
| Ak Sigorta A.Ş. | - | - | 2.238.839 | - |
| Bridgestone Singapore Pte. Ltd. | - | - | 1.481.686.874 | - |
| Temsa Ulaşım Araçları San. Tic. A.Ş. | 27.806.370 | - | - | - |
| Kordsa Teknik Tekstil A.Ş. | - | - | 390.187.731 | - |
| Enerjisa Enerji Üretim A.Ş. | - | - | 70.012.533 | - |
| Raidflow Limited | - | - | 1.545.536 | - |
| Sabancı Dijital Teknoloji Hizmetleri A.Ş. | - | - | 51.513.049 | - |
| Bridgestone Carbon Black Co. Ltd. | - | - | 11.670.536 | - |
| Bridgestone Technical Center Europe | 1.843.905 | - | - | - |
| Vista Turizm ve Seyahat A.Ş. | - | - | 2.553.373 | - |
| Akçansa Çimento Sanayi ve Ticaret A.Ş. | 1.378.153 | - | - | - |
| Bridgestone Plant Engineering CO. L | - | - | 7.500.203 | - |
| Enerjisa Müşteri Çözümleri A.Ş. | - | - | 73.244.850 | - |
| Firestone Polymers, LLC. | - | - | 3.919.381 | - |
| Lasder Lastik Sanayicileri Derneği | - | - | 5.000.714 | - |
| Other | 1.608.976 | 149.546 | 3.203.071 | - |
| | 413.867.274 | 632.485 | 2.641.959.276 | 3.658.376 |

(*) Akbank T.A.Ş. includes credit card pos receivables over 90 days.

| | 1 January- 31 March 2024 | 1 January- 31 December 2023 |
|---|---|--|
| Sales of finished goods and trade goods | | |
| Shareholders | | |
| Bridgestone Corporation | 99.518 | - |
| Other companies managed by the main partners | | |
| Bridgestone Europe SA./N.V. | 561.757.012 | 484.750.622 |
| Temsa Ulaşım Araçları San.ve Tic. A.Ş. | 27.079.196 | 17.701.247 |
| Bridgestone Poznan Sp. Z.o.o. | - | 6.369.592 |
| Akbank T.A.Ş. | - | 144.150 |
| Other | 718.434 | 1.311.530 |
| | 589.654.160 | 510.277.141 |

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22. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
|--|---|---|
| Other sales | | |
| <u>Shareholders</u> | | |
| Bridgestone Corporation | 67.238 | 56.440 |
| <u>Other companies managed by the main partners</u> | | |
| Bridgestone Europe SA./N.V. | 920.150 | 1.500.468 |
| Temsa Ulaşım Araçları San.ve Tic. A.Ş. | 1.018.244 | 647.202 |
| Other | 1.001.798 | 818.793 |
| | 3.007.430 | 3.022.903 |
| Purchases of Raw Materials, Semi Finished Goods and Consumables | | |
| <u>Shareholders</u> | | |
| Bridgestone Corporation | 5.283.698 | 6.781.164 |
| <u>Other companies managed by the main partners</u> | | |
| Bridgestone Singapore Pte. Ltd. | 1.057.934.554 | 419.864.893 |
| Kordsa Teknik Tekstil A.Ş. | 218.866.239 | 301.268.123 |
| Bridgestone Hispania Manufacturing | 27.485.457 | - |
| Bridgestone Carbon Black Co. Ltd. | 21.748.891 | 4.151.943 |
| Firestone Polymers, LLC. | 19.779.439 | 13.935.847 |
| Other | 25.443.498 | 9.237.669 |
| | 1.376.541.776 | 755.239.639 |
| Purchases of finished goods and trade goods | | |
| <u>Shareholders</u> | | |
| Bridgestone Corporation | 66.642.768 | 107.120.137 |
| <u>Other companies managed by the main partners</u> | | |
| Bridgestone Europe SA./N.V. | 202.761.845 | 212.423.380 |
| Enerjisa Enerji Üretim A.Ş. | 138.381.720 | 234.668.222 |
| Enerjisa Doğalgaz Toptan Satış A.Ş. | 7.867.228 | - |
| Other | 4.899.072 | 20.659.519 |
| | 420.552.633 | 574.871.258 |

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22. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
|--|---|---|
| Purchases of services | | |
| <u>Shareholders</u> | | |
| H. Ö. Sabancı Holding A.Ş. | 1.086.241 | 1.174.249 |
| <u>Other companies managed by the main partners</u> | | |
| Sabancı Dijital Teknoloji Hizmetleri A.Ş. | 13.922.050 | 20.874.673 |
| Aksigorta A.Ş. | 178.962.318 | 112.685.538 |
| Lasder Lastik Sanayicileri Derneği | 12.041.435 | 9.770.554 |
| Vista Turizm ve Seyahat A.Ş. | 33.692.158 | 4.178.213 |
| Other | 377.429 | 708.738 |
| | 240.081.631 | 149.391.965 |
| | | |
| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
| Rent Expense | | |
| <u>Other companies managed by the main partners</u> | | |
| Exsa Export Sanayi Mamulleri A.Ş. | 1.307.896 | 1.418.229 |
| | 1.307.896 | 1.418.229 |
| | | |
| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
| Purchase of fixed assets | | |
| <u>Shareholders</u> | | |
| Bridgestone Corporation | 233.853.901 | 29.914.740 |
| <u>Other companies managed by the main partners</u> | | |
| Sabancı Dijital Teknoloji Hizmetleri A.Ş. | 1.775.893 | 2.069.253 |
| Enerjisa Müşteri Çözümleri A.Ş. | - | 1.032.204 |
| Bridgestone Plant Eng. | 12.440.798 | 1.060.494 |
| Bridgestone Logistics Co. | 1.769.346 | 11.500 |
| Other | 63.436 | - |
| | 249.903.374 | 34.088.191 |

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22. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
|---|---|---|
| Commission expense | | |
| (Sales premium, Royalty, and Interest Expense) | | |
| <u>Shareholders</u> | | |
| Bridgestone Europe SA./N.V. | 121.613.491 | 43.174.090 |
| Ak Yatırım Menkul Değerler A.Ş | - | 92.188.773 |
| Bridgestone Corporation | 126.788 | - |
| | 121.740.279 | 135.362.863 |
| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
| Financial Income | | |
| Akbank T.A.Ş. | 96.382.544 | 104.036.201 |
| | 96.382.544 | 104.036.201 |
| Financial Expense | | |
| Akbank Malta | 3.675.896 | 9.086.200 |
| Akbank T.A.Ş. | 348.114.124 | 35.039.508 |
| Ak Yatırım Menkul Değerler A.Ş | 186.151.082 | 138.018.921 |
| | 537.941.102 | 182.144.629 |
| | 31 March 2024 | 31 December 2023 |
| Demand deposits | | |
| Akbank T.A.Ş. | 276.314.832 | 324.898.890 |
| | 276.314.832 | 324.898.890 |
| Time deposits (**) (less than 3 months) | | |
| Akbank T.A.Ş. | 221.080.905 | 1.522.066.702 |
| | 221.080.905 | 1.522.066.702 |
| Credit card slip receivables | | |
| Akbank T.A.Ş. | 1.296.279.691 | 1.448.711.754 |
| | 1.296.279.691 | 1.448.711.754 |
| Derivative assets | | |
| Akbank Malta | 747.616.248 | 477.112.103 |
| | 747.616.248 | 477.112.103 |
| Financial investment | | |
| Akbank T.A.Ş. | 1.296.279.691 | 1.448.711.754 |
| | 1.296.279.691 | 1.448.711.754 |
| Short-term financial liabilities | | |
| Akbank T.A.Ş. | 2.000.877.109 | 1.927.784.156 |
| Ak Yatırım Menkul Değerler A.Ş | 1.691.549.212 | 2.498.784.699 |
| | 3.692.426.321 | 4.426.568.855 |
| Long-term financial liabilities | | |
| Akbank T.A.Ş. | - | 387.736.424 |
| Ak Yatırım Menkul Değerler A.Ş | - | 865.189.384 |
| | - | 1.252.925.808 |

(**) The interest rates of time deposits of the Group from related parties are 49,27%, 2,75% and 0,01% for TL, USD and EUR, respectively and their maturities are April 2024.

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22. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

| | 31 March 2024 | 31 December 2023 |
|------------------------------|--------------------------|-----------------------------|
| Advanced given | | |
| Bridgestone Europe S.A/N.V. | 88.958.132 | 22.267.797 |
| | 88.958.132 | 22.267.797 |
| Advances received | | |
| Bridgestone Europe N.V./S.A. | 747.616.248 | 477.112.103 |
| | 747.616.248 | 477.112.103 |

There are no guarantees received or given due to transactions with related parties.

The senior management team of the Group consists of the members of the Board of Directors and the members of the Executive Board. Benefits provided to senior executives include wages, severance pay, premiums, private pension, health insurance, life insurance, rent paid to foreign personnel, overseas moving expenses, passenger car rentals, fuel and mobile phone, etc. consists of payments made within the scope of other expenses, severance pay and other provisions.

The benefits provided to senior management personnel for the periods ending on 31 March 2024 and 2023 are as follows:

| | 1 January- 31 March 2024 | 1 January- 31 March 2023 |
|--|---|---|
| Salaries and other short-term benefits | 77.844.020 | 48.270.659 |
| Employment termination benefits | 74.116 | 48.060 |
| Other long-term benefits | 936.880 | 628.921 |
| | 78.855.016 | 48.947.640 |

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23. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Market Risk

Foreign exchange risk

The Group's assets and liabilities denominated in foreign currencies at 31 March 2024 and 31 December 2023 are as follows:

| | 31 March 2024 | | | | |
|--|---|----------------------|---------------------|----------------------|------------------|
| | TL Equivalent (Functional currency) | US Dollar | Euro | JPY | GBP |
| Foreign currency position table | | | | | |
| Cash and cash equivalents | 465.390.928 | 8.739.327 | 4.081.682 | 9.124.428 | 965.037 |
| Trade receivables | 663.169.536 | 4.654.655 | 12.830.076 | - | 1.632.203 |
| Trade receivables from related parties | 230.910.685 | - | 6.634.926 | - | - |
| Other receivables | 1.053.472 | 874 | 25.774 | 602.732 | - |
| Trade receivables from other parties | 703.563 | - | 20.216 | - | - |
| Current Assets | 1.361.228.184 | 13.394.856 | 23.592.674 | 9.727.160 | 2.597.240 |
| Trade receivables | 40.134 | 345 | - | - | 713 |
| Non-Current Assets | 40.134 | 345 | - | - | 713 |
| Total Assets | 1.361.268.318 | 13.395.201 | 23.592.674 | 9.727.160 | 2.597.953 |
| Trade payables | 1.702.352.621 | 769.455 | 47.911.044 | 25.739.318 | 37.516 |
| Trade payables to related parties | 2.371.783.380 | 59.311.205 | 11.906.146 | 178.975.056 | - |
| Other payables to related parties | 15.694.340 | - | 326.341 | 20.150.826 | - |
| Short-term portion of long-term bank borrowings | 1.660.680.653 | 47.538.307 | 3.531.354 | - | - |
| Short-term Liabilities | 5.750.510.994 | 107.618.967 | 63.674.885 | 224.865.200 | 37.516 |
| Long-term financial liabilities | 2.450.707.519 | 24.698.550 | 47.378.962 | - | - |
| Long-term Liabilities | 2.450.707.519 | 24.698.550 | 47.378.962 | - | - |
| Total Liabilities | 8.201.218.513 | 132.317.517 | 111.053.847 | 224.865.200 | 37.516 |
| Net Foreign Currency Position | (6.839.950.195) | (118.922.316) | (87.461.173) | (215.138.040) | 2.560.437 |
| Total foreign currency amount of off-balance sheet derivative financial assets | 5.832.603.998 | 125.453.438 | 50.910.316 | - | - |
| Total foreign currency amount of off-balance sheet derivative financial liabilities (*) | 5.832.603.998 | 125.453.438 | 50.910.316 | - | - |
| Net foreign currency asset/ (liability) position | (1.007.346.197) | 6.531.122 | (36.550.857) | (215.138.040) | 2.560.437 |
| Fair Value of Financial Instruments Used for Foreign Exchange Hedge | (34.730.946) | - | - | - | - |
| Hedged Amount of Foreign Currency Assets | - | - | - | - | - |
| Hedged Amount of Foreign Currency Liabilities | (5.832.603.998) | (125.453.438) | (50.910.316) | - | - |
| Export (**) | 2.348.498.104 | 156.640.100 | 378.109.288 | - | 15.772.867 |
| Import (**) | 4.098.215.707 | 38.475.647 | 55.005.217 | 900.474.428 | 20.200 |

(*) In addition, as of March 31, 2024, the Group holds forward transactions amounting to USD 65.328.000 in order to hedge the foreign currency risk of import transactions to be realized in 2024, and also holds time deposits amounting to USD 40.000.000 for hedging purposes. These amounts are not presented in cash and cash equivalents in the currency risk table.

(**) In the export and import foreign currency balances of 2024 and 2023, the exclusion of sales and purchases from maturity is not taken into account. The exchange rates on the export dates are taken into account for the TL equivalents of exports. The monthly average exchange rate was used to calculate the TL equivalent of imports.

(***) The Group also keeps 1.456.444.438 TL in its foreign currency protected deposit accounts for the foreign currency balances that it can recover when due in order to hedge against currency risks (Note 3).

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**23. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(Cont'd)**

Market Risk (Cont'd)

Foreign exchange risk (Cont'd)

| | 31 December 2023 | | | | |
|--|---|----------------------|----------------------|----------------------|------------------|
| Foreign currency position table | TL Equivalent (Functional currency) | US Dollar | Euro | JPY | GBP |
| | Cash and cash equivalents (*) | 1.094.231.900 | 17.009.823 | 3.477.688 | 8.724.840 |
| Trade receivables | 217.182.259 | 309.735 | 2.780.394 | - | 780.121 |
| Other receivables | 1.423.136 | 360 | 21.765 | 602.732 | - |
| Trade receivables from related parties | 198.331.825 | - | 3.613.563 | - | - |
| Other receivables from related parties | 926.192 | - | 16.875 | - | - |
| Current Assets | 1.512.095.312 | 17.319.918 | 9.910.285 | 9.327.572 | 1.677.102 |
| Trade receivables | 62.094 | 345 | - | - | 713 |
| Non-Current Assets | 62.094 | 345 | - | - | 713 |
| Total Assets | 1.512.157.406 | 17.320.263 | 9.910.285 | 9.327.572 | 1.677.815 |
| Trade payables | 2.980.101.760 | 13.831.953 | 41.449.677 | 30.795.670 | 45.021 |
| Trade payables to related parties | 3.392.747.893 | 49.621.737 | 12.456.158 | 687.957.006 | - |
| Other payables to related parties | 5.351.661 | - | - | 15.208.477 | - |
| Short-term portion of long-term bank borrowings | 2.782.866.394 | 53.092.915 | 2.629.968 | - | - |
| Short-term Liabilities | 9.161.067.708 | 116.546.605 | 56.535.803 | 733.961.153 | 45.021 |
| Long-term financial liabilities | 4.311.765.971 | 34.420.588 | 79.716.600 | - | - |
| Long-term Liabilities | 4.311.765.971 | 34.420.588 | 79.716.600 | - | - |
| Total Liabilities | 13.472.833.679 | 150.967.193 | 136.252.403 | 733.961.153 | 45.021 |
| Net Foreign Currency Position | (11.960.676.273) | (133.646.930) | (126.342.118) | (724.633.581) | 1.632.794 |
| Total foreign currency amount of off-balance sheet derivative financial assets | 10.216.931.354 | 150.347.336 | 49.940.927 | - | - |
| Amount of passive off-balance sheet derivative instruments denominated in foreign currency | - | - | - | - | - |
| Total foreign currency amount of off-balance sheet derivative financial liabilities (*) | 10.216.931.354 | 150.347.336 | 49.940.927 | - | - |
| Net foreign currency asset/ (liability) position | (1.743.744.919) | 16.700.406 | (76.401.191) | (724.633.581) | 1.632.794 |
| Fair Value of Financial Instruments Used for Foreign Exchange Hedge | (206.941.367) | - | - | - | - |
| Hedged Amount of Foreign Currency Assets | - | - | - | - | - |
| Hedged Amount of Foreign Currency Liabilities | (10.216.931.354) | 150.347.336 | (49.940.927) | - | - |
| Export | 15.542.326.976 | 156.640.100 | 378.109.288 | - | 15.772.867 |
| Import | 19.056.978.174 | 297.497.734 | 346.405.867 | 3.370.997.863 | 474.528 |

(*) In addition, as of March 31, 2024, the Group holds forward transactions amounting to USD 118.598.624, option transactions amounting to USD 5.000.000 and time deposits amounting to USD 15.000.000 for hedging purposes in order to hedge the currency risk of import transactions that will be realized in 2024. These amounts are not presented in cash and cash equivalents in the currency risk table.

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**23. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(Cont'd)**

Market Risk (Cont'd)

Foreign exchange risk (Cont'd)

The Group is exposed to currency risk mainly in US Dollar, Euro, GBP and Japanese Yen. In order to eliminate the risks on the short-term foreign currency short-term balance sheet foreign currency position, the Group holds USD denominated deposits and cash equivalents corresponding to the open position in its balance sheet. In addition, the Group is protected from cash flow risk arising from foreign currency time deposits, funds and derivative transactions and purchases of certain inventory in the future.

The table below shows the Group's sensitivity to 10% increase and decrease in USD, Euro, GBP and Japanese Yen 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 the end of the period and shows the effects of 10% change in foreign exchange rates at the end of the period. This analysis includes foreign-sourced loans as well as non-functional currency loans of borrowers and borrowers used for foreign operations within the Group. A positive value represents an increase in profit/loss and other equity items.

**Foreign currency sensitivity analysis
table**

| | 31 March 2024 | | | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | Profit / Loss | | Equity | |
| | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| Change in USD against TL by 10% | | | | |
| 1 - USD net asset / liability | 21.046.041 | (21.046.041) | (405.761.583) | 405.761.583 |
| 2- Hedged USD (-) | - | - | 405.761.583 | (405.761.583) |
| 3- USD net effect (1 +2) | 21.046.041 | (21.046.041) | - | - |
| Change in Euro against TL by 10% | | | | |
| 4 - Euro net asset / liability | (305.081.305) | 305.081.305 | (177.179.609) | 177.179.609 |
| 5 - Hedged Euro (-) | - | - | 177.179.609 | (177.179.609) |
| 6- Euro net effect (4+5) | (305.081.305) | 305.081.305 | - | - |
| Change in other currencies against TL by 10% | | | | |
| 7- Other currencies net asset / liability | 5.801.827 | (5.801.827) | - | - |
| 8- Hedged other currencies (-) | - | - | - | - |
| 9- Other currencies net effect (7+8) | 5.801.827 | (5.801.827) | - | - |
| TOTAL (3+6+9) | (278.233.437) | 278.233.437 | - | - |

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**23. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(Cont'd)**

Market Risk (Cont'd)

Foreign exchange risk (Cont'd)

**Foreign currency sensitivity analysis
table**

| | 31 December 2023 | | | |
|---|-------------------------------------|--|-------------------------------------|--|
| | Profit / Loss | | Equity | |
| | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| Change in USD against TL by 10% | | | | |
| 1 - USD net asset / liability | 56.565.115 | (56.565.115) | (510.186.686) | 510.186.686 |
| 2- Hedged USD (-) | - | - | 510.186.686 | (510.186.686) |
| 3- USD net effect (1 +2) | 56.565.115 | (56.565.115) | - | - |
| Change in Euro against TL by 10% | | | | |
| 4 - Euro net asset / liability | (352.783.141) | 352.783.141 | (162.677.076) | 162.677.076 |
| 5 - Hedged Euro (-) | - | - | 162.677.076 | (162.677.076) |
| 6- Euro net effect (4+5) | (352.783.141) | 352.783.141 | - | - |
| Change in other currencies against TL by 10% | | | | |
| 7- Other currencies net asset / liability | (10.381.099) | 10.381.099 | - | - |
| 8- Hedged other currencies (-) | - | - | - | - |
| 9- Other currencies net effect (7+8) | (10.381.099) | 10.381.099 | - | - |
| TOTAL (3+6+9) | (306.599.125) | 306.599.125 | - | - |

Funding Risk

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders. The borrowings of the Company are from financially strong various financial institutions.

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**23. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(Cont'd)**

Credit Risk

Credit risk consists of cash and cash equivalents, deposits with banks, derivative instruments, credit card receivables and customers exposed to credit risk. Holding financial instruments also carries the risk that the other party will not be able to fulfill the requirements of the agreement. Group management covers these risks by limiting the average risk for each contracting counterparty and by taking collateral if necessary.

The Group has calculated the remaining credit losses based on past year credit losses experience, current financial position analysis of its customers and their expectations for the future. The Group performed BKZ rate calculations separately for its customers. The Group makes separate assessments for export customers and other private customers and sets aside provisions when deemed necessary. Considering the receivables remaining after the current collaterals of the dealers, their payment habits, and the credit risk score status of independent credit rating firms, the method of allocation of doubtful receivables provision has been applied.

Deposits in banks, credit card receivables and derivative products are kept in banks and financial institutions with high creditworthiness.

The tables below provide information on credit risk for trade receivables as of 31 March 2024 and 31 December 2023, credit losses, and exposure to ECL.

| 31 March 2024 | | Gross Trade Receivables(*) | Doubtful Receivables Provision |
|---|-----------|---------------------------------------|---|
| Domestic – Dealers | 6% | 3.552.095.862 | 196.336.745 |
| Export Receivables | 2% | 627.592.905 | 10.895.902 |
| Receivables from Automotive Manufacturers | 0,03% | 996.966.713 | 291.339 |
| Domestic – Customers | 24% | 118.862.680 | 28.716.374 |
| Trade Receivables from Related Parties | - | 603.122.396 | - |
| | 4% | 5.898.640.556 | 236.240.360 |
| 31 December 2023 | | Gross Trade Receivables(*) | Doubtful Receivables Provision |
| Domestic – Dealers | 8% | 3.071.611.866 | 237.348.871 |
| Export Receivables | 10% | 146.402.701 | 14.254.584 |
| Receivables from Automotive Manufacturers | 0,06% | 881.870.933 | 570.254 |
| Domestic – Customers | 4% | 584.567.605 | 22.790.566 |
| Trade Receivables from Related Parties | - | 413.867.274 | - |
| | 5% | 5.098.320.379 | 274.964.275 |

(*) Gross trade receivables do not include unearned credit finance income amounting to TL 397.597.929 (31 December 2023: TL 429.133.081) (Note 6).

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24. FINANCIAL INSTRUMENTS

Classes and fair values of financial instruments

| 31 March 2024 | Financial assets shown at amortized cost | Financial liabilities shown at amortized cost | Fair value through other comprehensive income | Fair value through profit or loss | Carrying value | Note |
|----------------------------------|--|--|--|---|-----------------------|------|
| Financial assets | | | | | | |
| Cash and cash equivalents | 8.950.183.555 | - | - | - | 8.950.183.555 | 3 |
| Financial investments | - | - | - | 2.416.323.337 | 2.416.323.337 | 3 |
| Trade receivables | 4.661.679.871 | - | - | - | 4.661.679.871 | 6 |
| Receivables from related parties | 603.122.396 | - | - | - | 603.122.396 | 6-22 |
| Other receivables (*) | 71.266.293 | - | - | - | 71.266.293 | |
| Derivative financial assets | - | - | 1.410.708.705 | - | 1.410.708.705 | 5 |
| | 14.286.252.115 | - | 1.410.708.705 | 2.416.323.337 | 18.113.284.157 | |
| Financial liabilities | | | | | | |
| Financial liabilities | - | 13.561.981.670 | - | - | 13.561.981.670 | 4 |
| Trade payables | - | 3.749.331.544 | - | - | 3.749.331.544 | 6 |
| Payables to related parties | - | 2.757.442.412 | - | - | 2.757.442.412 | 6-22 |
| Other payables | - | 100.792.414 | - | - | 100.792.414 | |
| Derivative financial liabilities | - | - | 47.806.598 | - | 47.806.598 | |
| | - | 20.169.548.040 | 47.806.598 | - | 20.217.354.638 | |

Classes and fair values of financial instruments

| 31 December 2023 | Financial assets shown at amortized cost | Financial liabilities shown at amortized cost | Fair value through other comprehensive income | Fair value through profit or loss | Carrying value | Note |
|----------------------------------|--|--|--|---|-----------------------|------|
| Financial assets | | | | | | |
| Cash and cash equivalents | 15.100.021.281 | - | - | - | 15.100.021.281 | 3 |
| Financial investments | - | - | - | 1.532.679.992 | 1.532.679.992 | 3 |
| Trade receivables | 3.980.355.749 | - | - | - | 3.980.355.749 | 6 |
| Receivables from related parties | 413.867.274 | - | - | - | 413.867.274 | 6-22 |
| Other receivables (*) | 64.510.456 | - | - | - | 64.510.456 | |
| Derivative financial assets | - | - | 1.481.476.796 | - | 1.481.476.796 | 5 |
| | 19.558.754.760 | - | 1.481.476.796 | 1.532.679.992 | 22.572.911.548 | |
| Financial liabilities | | | | | | |
| Financial liabilities | - | 17.963.857.136 | - | - | 17.963.857.136 | 4 |
| Trade payables | - | 4.755.047.475 | - | - | 4.755.047.475 | 6 |
| Payables to related parties | - | 2.641.959.276 | - | - | 2.641.959.276 | 6-22 |
| Other payables | - | 135.271.540 | - | - | 135.271.540 | |
| Derivative financial liabilities | - | - | 141.318.742 | - | 141.318.742 | 5 |
| | - | 25.496.135.427 | 141.318.742 | - | 25.637.454.169 | |

(*) Receivables from tax office are not included.

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24. FINANCIAL INSTRUMENTS (Cont'd)

Some financial assets and financial liabilities of the Group are reflected in the consolidated financial statements at their fair values at each balance sheet date.

The table below provides information on how the fair values of these financial assets and liabilities are determined.

| Financial Assets/ Financial Liabilities | Fair Value | | | | Fair value hierarchy | Valuation Technique | Significant unobservable input | Relationship of unobservable inputs to fair value |
|--|---------------|-------------|------------------|-------------|----------------------|--|--------------------------------|---|
| | 31 March 2024 | | 31 December 2023 | | | | | |
| | Assets | Liabilities | Assets | Liabilities | | | | |
| Forward contracts | - | 47.724.205 | - | 118.389.419 | 2 | Discounted cash flow method: The future cash flows, predicted by forward foreign currency rate (observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties credit risk. | - | - |
| Cross-currency swap | 1.397.633.053 | - | 1.481.476.796 | - | 2 | Discounted cash flow method: The future cash flows, predicted by forward foreign currency rate (observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties credit risk | - | - |
| Option | - | - | - | 2.244.224 | 2 | Discounted cash flow method: The future cash flows, predicted by forward foreign currency rate (observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties credit risk. | | |
| Commodity swap | 13.075.652 | 82.393 | - | 20.685.099 | 2 | Discounted cash flow method | | |
| FX protected TL deposit | 1.456.444.438 | - | 1.528.123.880 | - | 2 | Discounted cash flow method | | |

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25. EVENTS AFTER THE REPORTING PERIOD

On April 19, 2024, at the Ordinary General Assembly Meeting of Shareholders, it was decided to distribute gross cash dividends amounting to TL 1,035,566,673.75 and dividend payments were completed on April 24 and April 26.