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 THE YEAR ENDED
31 DECEMBER 2023
WITH INDEPENDENT AUDITOR'S REPORT
(Originally issued in Turkish)

18 March 2024
This report includes 5 pages of independent auditor's report and
95 pages of consolidated financial statements together with their explanatory notes

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CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Shareholders of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret Anonim Şirketi ("the Company")and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards as adopted within the framework of the Capital Markets Board ("CMB") regulations, published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA *(including Independence Standards)* ("POA's Code of Ethics") and the ethical principles regarding independent audit of consolidated financial statements in the CMB legislation and other relevant legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Note 2.4.2 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

The key audit matter	How the matter was addressed in our audit
Revenue of the Group mainly comprised of the sale of tyres. The Group recognize revenue when the Group fulfill the performance obligation by transferring the committed product or service or the Group recognize revenue throughout the period. The recognition of revenue in the period when the product is sold is related to the sales contract of the product and depends on the proper evaluation of the control over the terms of the contract. Therefore, there is a risk that revenue may not be recognized in the proper period or amount for those may be returned from the delivered products or those whose invoices have not yet been issued to the customer. Due to the nature of the Group's activities and the size of its operations, the revenue recognition was identified as one of the key audit matters, as there may be a risk of improper revenue recognition in the incorrect accounting period and with an incorrect amount.	We have performed the following audit procedures to be responsive to this area: - Assessing the design and implementation of the key internal controls over sales. - Assessing of the compliance of the accounting policies applied by the Group with TFRS 15 by examining the contracts selected on a sample basis from the grouped sales contracts. - Inspecting, on a sampling basis, relevant underlying documentation for revenue recognition in order to assess whether the revenue recognition are properly accounted for in the appropriate financial period and in compliance with the accounting policies. - Obtaining confirmation letters for trade receivables, on a sample basis, and performing reconciliations of account balances received in the confirmation letters and consolidated financial statements. - Performing analytical procedure to identify any unusual transaction. - Inspecting relevant underlying documentation for sales returns on subsequent period in order to assess whether the revenue sales returns are properly accounted in the appropriate financial period. - Inspecting the journal entries posted by the Group regarding the revenue within the reporting period. Assessing the appropriateness and adequacy of the disclosures in the consolidated financial statements of the Group with the disclosures required in accordance with TFRS 15.

Application of TAS 29 , "Financial Reporting in Hyperinflationary Economies"

Refer to Note 2.1 to the consolidated financial statements for summary of significant accounting policies Application of TAS 29 , "Financial Reporting in Hyperinflationary Economies".

The key audit matter	How the matter was addressed in our audit
Since the Group's functional currency ("Turkish Lira") is considered to be the high-inflationary economy currency as of December 31, 2023, the Group has started to apply the "TAS 29 Financial Reporting in Hyperinflationary Economies" ("TAS 29") standard. In accordance with the application of TAS 29, the current period consolidated financial statements and the comparative consolidated financial statements are prepared in terms of the purchasing power index of the Turkish Lira at the end of the reporting period, adjusted for the effect of inflation, using the Turkish Consumer Price Indexes to reflect the changes in the general purchasing power of the Turkish Lira. Considering the significant impact on the Group's consolidated financial information, we identified the application of TAS 29 as a key audit matter.	We performed the following audit procedures in relation to the application of TAS 29: - Understanding the process related to application of TAS 29. - Verifying whether management's determination of monetary and non-monetary items is in compliance with TAS 29. - Inspecting whether application of TAS 29 were applied consistently in the comparative financial statements of the current period. - Evaluate the completeness and accuracy of the calculations and obtaining detailed lists of non-monetary items and testing original entry dates and amounts with supporting documents on a sample basis, - Verifying the general price index rates used in calculations correspond with the coefficients in the "Consumer Price Index in Turkey" published by the Turkish Statistical Institute, - Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.

KPMG

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code (“TCC”) numbered 6102; the Independent Auditor’s Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 18 March 2024.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2023 and 31 December 2023, the Company’s bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company’s articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Hakan Ölekli, SMMM
Partner
18 March 2024
İstanbul, Türkiye

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş AND ITS SUBSIDIARY AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

ASSETS	Notes	Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
Current Assets			
Cash and Cash Equivalents	4	13.123.149.970	6.001.849.193
Financial Investments	4	1.332.023.910	2.045.833.748
Trade Receivables	7	3.818.938.176	3.954.187.019
Trade Receivables from Related Parties	27	359.684.414	340.597.142
Trade Receivables from Third Parties		3.459.253.762	3.613.589.877
Other Receivables	8	66.955.402	41.632.543
Other Receivables from Related Parties	27	549.681	252.541
Other Receivables from Third Parties		66.405.721	41.380.002
Derivative Financial Instruments	6	83.216.667	125.059.733
Inventories	9	3.287.820.389	4.045.055.057
Prepaid Expenses	10	243.000.629	238.177.470
Current Tax Assets	25	12.743.451	716.336
Other Current Assets	18	61.728.150	99.180.864
Total Current Assets		**22.029.576.744**	**16.551.691.963**
Non-Current Assets			
Trade Receivables	7	-	2.620.252
Other Receivables	8	207.684	370.545
Other Receivables from Related Parties	27	-	-
Other Receivables from Third Parties		207.684	370.545
Derivative Financial Instruments	6	1.204.307.490	3.412.453.475
Property, Plant and Equipment	11	12.209.550.177	11.631.747.134
Right of Use Assets	12	88.037.003	72.428.113
Intangible Assets	13	968.238.265	870.018.129
Goodwill	14	63.696.136	63.696.136
Other Intangible Assets		904.542.129	806.321.993
Prepaid Expenses	10	241.073.970	215.518.736
Deferred Tax Assets	25	319.117.281	-
Total Non-Current Assets		**15.030.531.870**	**16.205.156.384**
TOTAL ASSETS		**37.060.108.614**	**32.756.848.347**

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş AND ITS SUBSIDIARY AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

LIABILITIES	**Notes**	**Audited Current Period 31 December 2023**	**Audited Prior Period 31 December 2022**
Current Liabilities			
Short-term Borrowings	5	383.220.128	3.040.721.759
Short-term Portion of Long-Term Borrowings	5	9.386.601.859	5.416.837.652
Trade Payables	7	6.428.602.127	7.210.110.087
Trade Payables to Related Parties	27	2.296.078.075	2.446.696.244
Trade Payables to Third Parties		4.132.524.052	4.763.413.843
Payables Related to Employee Benefits	17	148.411.297	186.489.885
Other Payables	8	117.562.000	84.311.637
Other Payables to Related Parties	27	3.179.427	3.328.622
Other Payables to Third Parties		114.382.573	80.983.015
Derivatives	6	122.817.512	69.811.997
Deferred Income	10	296.446.469	172.030.392
Current Tax Liability	25	11.442.625	7.682.564
Short-term Provisions		384.340.862	285.048.976
Short-term Provisions for Employee Benefits	17	208.344.479	142.757.276
Other Short-term Provisions	15	175.996.383	142.291.700
Other Current Liabilities		11.168.182	16.859.183
Total Current Liabilities		**17.290.613.061**	**16.489.904.132**
Non-Current Liabilities			
Long-term Borrowings	5	5.842.234.900	2.796.169.400
Long-term Provisions		481.103.283	954.144.934
Long-term Provisions for Employee Benefits	17	481.103.283	954.144.934
Deferred tax liabilities		-	899.965.759
Total Non-Current Liabilities		**6.323.338.183**	**4.650.280.093**
Total Liabilities		**23.613.951.244**	**21.140.184.225**
EQUITY			
Equity of the Parent Company		**13.369.980.764**	**11.527.410.790**
Share Capital	19	305.116.875	305.116.875
Adjustment to Share Capital	19	5.575.525.045	5.575.525.045
Share Premium	19	80.068	80.068
Accumulated Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss			
Hedging Reserve (Losses) / Gains	19	(78.403.317)	314.381.498
Foreign Currency Conversion Adjustments		(1.291.145)	(5.894.487)
Accumulated Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss			
Actuarial (Losses)/ Gains	19	(495.665.871)	(485.889.919)
Restricted Reserves	19	1.624.287.531	1.430.438.253
Retain Earnings		2.454.687.378	1.884.610.721
Net Income for The Period		3.985.644.200	2.509.042.736
Not Controlling Interest		**76.176.606**	**89.253.332**
Total Equity		**13.446.157.370**	**11.616.664.122**
TOTAL LIABILITIES AND EQUITY		**37.060.108.614**	**32.756.848.347**

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş AND ITS SUBSIDIARY AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2023

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

		Audited	
	Notes	**Current Period 1 January- 31 December 2023**	**Current Period 1 January- 31 December 2022**
Sales	20	26.498.269.397	26.863.170.153
Cost of Sales (-)	20-21	(19.999.236.481)	(20.908.956.178)
GROSS PROFIT		**6.499.032.916**	**5.954.213.975**
General Administrative Expenses (-)	21	(965.777.027)	(736.928.554)
Marketing Expense (-)	21	(2.639.941.054)	(2.441.537.432)
Research and Development Expenses (-)	21	(94.575.080)	(62.436.746)
Impairment Loss on Trade Receivables, net (-)	21	(43.283.836)	(48.418.943)
Other Operating Income	22	1.708.002.456	937.346.371
Other Operating Expenses (-)	22	(2.424.869.960)	(2.129.130.843)
OPERATING PROFIT		**2.038.588.415**	**1.473.107.828**
Income From Investing Activities	23	555.718.873	172.515.298
Expenses From Investing Activities (-)	23	(11.761.135)	(215.605)
PROFIT BEFORE FINANCIAL EXPENSES		**2.582.546.153**	**1.645.407.521**
Financing Income	24	2.046.738.038	1.237.606.025
Financing Expenses (-)	24	(3.105.495.151)	(1.616.845.491)
Net monetary position gain		1.764.990.874	1.551.494.778
PROFIT BEFORE TAX		**3.288.779.914**	**2.817.662.833**
Taxation on Income (-)		**683.787.560**	**(308.169.865)**
Current Tax Expense (-)	25	(398.600.672)	(46.275.709)
Deferred Tax Income / Expense (-)	25	1.082.388.232	(261.894.156)
PROFIT FOR THE PERIOD		**3.972.567.474**	**2.509.492.968**
DISTRIBUTION OF PROFIT FOR THE PERIOD			
- Non-Controlling Shares		(13.076.726)	450.232
- Parent Company Shares		**3.985.644.200**	**2.509.042.736**
Earnings per share	26	**12,524**	**7,761**
Diluted earnings per share		**12,524**	**7,761**

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş AND ITS SUBSIDIARY AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

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

	Notes	Audited Current Period 1 January- 31 December 2023	Audited Prior Period 1 January- 31 December 2022
PROFIT FOR THE PERIOD		**3.972.567.474**	**2.509.492.968**
OTHER COMPREHENSIVE INCOME:			
Items that will never be reclassified to profit or loss		**(9.775.952)**	**(486.351.194)**
Actuarial (Losses) / Gains (-)		(13.034.603)	(608.987.734)
Other Comprehensive or Expenses That Will Not Be Reclassified to Profit or (Loss)			
Deferred Tax Income / (Expense) (-)	25	3.258.651	122.636.540
Items that are or may be reclassified to profit or loss		**(388.181.473)**	**(329.396.621)**
Hedging Reserve Gains/ Losses (-)		(526.220.972)	(374.445.489)
Foreign Currency Conversion Adjustments		4.603.342	(6.631.298)
Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss (-)			
Deferred Tax Income (-)	25	133.436.157	51.680.166
OTHER COMPREHENSIVE INCOME/ EXPENSE (-)		**(397.957.425)**	**(815.747.815)**
TOTAL COMPREHENSIVE INCOME / EXPENSE (–)		**3.574.610.049**	**1.693.745.153**
DISTRIBUTION OF TOTAL COMPREHENSIVE INCOME			
- Non-Controlling Shares		(13.076.726)	(747.853)
- Parent Company Shares		3.587.686.775	1.694.493.006

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş AND ITS SUBSIDIARY AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

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

				Other Comprehensive Income or Expenses That Will Be Reclassified Profit or Loss		Other Comprehensive Income or Expenses That Will Not Be Reclassified Profit or Loss		Retained Earnings				
	Share Capital	**Adjustment Share Capital**	**Share Premium**	**Currency Translation Differences**	**Hedging Reserve Gains/ (Losses)**	**Actuarial (Losses) /Gains**	**Restricted Reserves**	**Retained Earnings**	**Net Income for The Period**	**Equity of the Parent Company**	**Non-Controlling Interests**	**Shareholders ‘Equity**
Balance on 1 January 2022 (Beginning of the Period)	**305.116.875**	**5.575.525.045**	**80.068**	**-**	**637.146.822**	**-**	**1.255.106.328**	**802.130.135**	**2.719.110.276**	**11.294.215.549**	**-**	**11.294.215.549**
Transfers	-	-	-	-	-	-	175.331.925	2.543.778.351	(2.719.110.276)	-	-	-
Dividends (*)	-	-	-	-	-	-	-	(1.461.297.765)	-	(1.461.297.765)	-	(1.461.297.765)
Acquisition Effect	-	-	-	-	-	-	-	-	-	-	90.001.185	90.001.185
Total Comprehensive Income	-	-	-	(5.894.487)	(322.765.324)	(485.889.919)	-	-	2.509.042.736	1.694.493.006	(747.853)	1.693.745.153
Balance on 31 December 2022 (End of the Period)	**305.116.875**	**5.575.525.045**	**80.068**	**(5.894.487)**	**314.381.498**	**(485.889.919)**	**1.430.438.253**	**1.884.610.721**	**2.509.042.736**	**11.527.410.790**	**89.253.332**	**11.616.664.122**
Balance on 1 January 2023 (Beginning of the Period)	**305.116.875**	**5.575.525.045**	**80.068**	**(5.894.487)**	**314.381.498**	**(485.889.919)**	**1.430.438.253**	**1.884.610.721**	**2.509.042.736**	**11.527.410.790**	**89.253.332**	**11.616.664.122**
Transfers	-	-	-	-	-	-	193.849.278	2.315.193.458	(2.509.042.736)	-	-	-
Dividends (*)	-	-	-	-	-	-	-	(1.745.116.801)	-	(1.745.116.801)	-	(1.745.116.801)
Total Comprehensive Income	-	-	-	4.603.342	(392.784.815)	(9.775.952)	-	-	3.985.644.200	3.587.686.775	(13.076.726)	3.574.610.049
Balance on 31 December 2023 (End of the Period)	**305.116.875**	**5.575.525.045**	**80.068**	**(1.291.145)**	**(78.403.317)**	**(495.665.871)**	**1.624.287.531**	**2.454.687.378**	**3.985.644.200**	**13.369.980.764**	**76.176.606**	**13.446.157.370**

(*) The dividend paid by the Group per share with a nominal value of 1 TL is 3,60 TL gross (2022: 2,02790 TL (Payment date is given by purchasing power).

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş AND ITS SUBSIDIARY AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

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

	Notes	Audited Current Period 1 January- 31 December 2023	Audited Prior Period 1 January- 31 December 2022
Net Profit for The Period		**3.972.567.474**	**2.509.492.968**
Adjustments to Reconcile Profit for The Period		**847.622.362**	**1.651.088.933**
Adjustments Related to Depreciation and Amortization Expenses	21	1.473.942.169	1.389.703.406
Provisions for Employee Benefits	17	174.390.648	144.466.331
Adjustments Related to Retirement Pay Provision	17	161.874.429	96.337.909
Lawsuit Provision	15	33.161.173	31.651.101
Adjustment Related to Other Provisions	15	65.554.993	81.836.400
Adjustments Related to Doubtful Receivables	7	45.681.426	49.222.607
Interest Income	22-24	(1.545.701.757)	(284.605.278)
Interest Expense	22-24	2.850.619.594	1.269.177.888
Unrealized Foreign Exchange Losses / (Gains)		258.632.180	207.561.421
(Gains) / Losses from Derivative Financial Instruments	6	(54.798.925)	(528.843.350)
Adjustments Related to Tax Expense / (Income)	25	(683.787.560)	308.169.865
Losses / (Gain) on Sale of Property, Plant and Equipment and Intangible Assets, Net Adjustments Related to Losses / (Gains)	23	11.146.888	(1.150.097)
Impairment on Property, Plant and Equipment and Intangible Assets	9	(3.786.481)	4.717.260
Impairment on Inventories	7	(141.566.947)	(111.820.881)
Finance expense accruals from credit purchases (net)	7	372.951.645	314.163.505
Finance income accruals from credit sales (net)		(936.026.353)	(981.628.611)
Adjustments Related to Other Items that Cause Cash Flows from Investing or Financing Activities (*)	32	(1.234.664.760)	(337.870.543)
Changes In Working Capital		**(525.920.875)**	**(2.400.430.677)**
Adjustments Related to Increase / Decreases in Trade Receivables		(158.541.656)	(1.213.128.270)
Adjustments Related to Increase / Decreases in Inventory		950.922.103	(878.145.519)
Adjustments Related to Increase / Decreases in Other Receivables Related to Operations		77.762.884	47.854.624
Adjustments Related to Increase / Decreases in Prepaid Expenses		(30.283.884)	(80.525.185)
Adjustments Related to Increase / Decreases in Trade Payables		(1.479.650.967)	(312.976.829)
Adjustments Related to Increase / Decreases in Deferred Income		124.416.077	(3.779.253)
Adjustments Related to Increase / Decreases in Employee Benefits Payables		(38.078.588)	66.964.218
Adjustments Related to Increase / Decreases in Other Payables Related to Operations		27.533.156	(26.694.463)
Cash Flows from Operating Activities		**(822.544.488)**	**720.589.692**
Collection from doubtful receivables	7	2.397.590	803.664
Interest Received		8.593.086	29.371.634
Interest Paid		(68.996.915)	(43.721.697)
Taxes Paid / Reimbursed		(407.065.099)	(31.799.971)
Paid / Reversed Provisions		(101.442.573)	(99.455.394)
Paid / Reversed Lawsuit Provisions	15	(5.586.796)	(4.645.844)
Retirement Benefits Paid	17	(276.062.587)	(15.970.878)
Cash Inflows / (Outflows) from Financial Derivatives		25.618.806	886.008.178
A. NET CASH GENERATED FROM OPERATING ACTIVITIES		**3.471.724.473**	**2.480.740.916**
Proceeds From Sale of Property, Plant and Equipment and Intangible Assets		2.529.494	2.588.740
Net Cash Effect of Subsidiary Acquisition	3	-	(315.950.033)
Acquisition of Property, Plant and Equipment and Intangible Assets		(1.341.010.599)	(1.552.637.248)
Change in Financial Investments	4-23	699.633.432	(1.635.771.850)
Interest Received	23	568.933.566	123.920.288
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(69.914.107)**	**(3.377.850.103)**
Proceeds from of Borrowings	5	8.981.623.120	5.351.820.449
Cash outflows from Repayment of Borrowings	5	(4.103.967.232)	(5.301.278.963)
Interest Paid	5	(1.399.317.863)	(1.004.115.036)
Interest Received		1.295.071.674	246.555.726
Other Cash Inflows / (Outflows) (*)		2.811.086.850	3.600.033.598
Cash Outflows from Lease Liabilities	5	(36.683.937)	(35.582.525)
Cash inflows from Factoring	5	28.814.297	(19.189.923)
Dividends Paid		(1.745.116.801)	(1.461.297.765)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**5.831.510.108**	**1.376.945.561**
Net Increase / (Decrease) in Cash and Cash Equivalents before translation effect of foreign currency (A+B+C)		**9.233.320.474**	**479.836.374**
D. Translation Effect of Foreign Currency on Cash and Cash Equivalents		-	-
Inflation effect on cash and cash equivalents		(2.354.056.694)	(3.540.337.474)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C+D)		**6.879.263.780**	**(3.060.501.100)**
Cash and Cash Equivalents at the beginning of the period	4	5.988.374.533	9.048.875.633
Cash and Cash Equivalents at the end of the period	**4**	**12.867.638.313**	**5.988.374.533**

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

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 Turkey. 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 3.712 (31 December 2022: 3.712). This number includes, 2.786 employees who are subject to Collective Bargaining Agreement terms (31 December 2022: 820), 906 employees who are not subject to these terms (31 December 2022: 19). There are 20 foreign employees (31 December 2022: 19). In addition, there are 6 employees who is subject to definite-term employment contracts (31 December 2022: 2).

Brisa is registered with the Capital Markets Board ("CMB") and its shares have been quoted in Borsa İstanbul A.Ş. since 1986. As of December 31, 2023, and 31 December 2022, the Group has a 10.24% shareholding in Borsa İstanbul. As at 31 December 2023 and 31 December 2022, the main shareholders and their respective shareholding in the Group are as follows.

	31 December 2023	**31 December 2022**
	%	**%**
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 gross dividend payment of 3,60 TL per share with a nominal value of 1 TL has been decided with the decision of the Board of Directors of the Group, dated 20 February 2022 and numbered 2023/06. (2022:The gross dividend payment of 2,02790 TL (The payment date is given in purchasing power) dividend payment has been decided) per share with a nominal value of 1 TL has been decided with the decision of the Board of Directors of the Company, dated 18 February 2022 and numbered 2022/06.) The dividend payment was made in cash in March 2023 (2022: The dividend payment was made in cash in March 2022).

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of compliance with TFRS

The accompanying consolidated financial statements have been prepared in accordance with the Turkish Financial Reporting Standards ("TFRSs") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") in accordance with the Communiqué No: II-14.1 "Communiqué on the Principles of Financial Reporting in Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on June 13, 2013 which is published on Official Gazette No: 28676.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cond't)

2.1 Basis of Presentation (Cond't)

Statement of compliance with TFRS (cond't)

TFRSs comprise Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations issued by POA.

The consolidated financial statements are presented in accordance with the formats specified in the "Announcement on TFRS Taxonomy" published by POA on April 15, 2019 and the Financial Statement Examples and User Guide published by CMB.

Approval of consolidated financial statements:

The consolidated financial statements for the period 1 Janaury-31 December 2023 have been approved for issue by the Board of Directors on 18 March 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 29 for fair value disclosures.

Functional and presentation 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 2022, on the purchasing power basis as of 31 December 2023.

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.

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 December 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Adjustment Coefficient	Three-years compound inflation rates
31.12.2023	1.859,38	1,00000	268%
31.12.2022	1.128,45	1,64773	156%
31.12.2021	686,95	2,70672	74%

In accordance with the POA's "Guidance on Financial Reporting in Hyperinflationary Economies", the financial statements dated January 1, 2022, which are the opening amounts of the comparative financial statements for the financial statements ending on December 31, 2023, are accepted as the opening statement of financial position.

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.

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.

The Group has applied TAS 29 in the opening consolidated statement of financial position as of January 1, 2022 and restated the related amounts to reflect the effects of inflation from the date the assets were acquired and liabilities assumed until the end of the reporting period.

As of 1 January 2022, retained earnings amounted to TL 1.567.901.018 before the adjustments made in accordance with TAS 29. As of 1 January 2022, restated amount of retained earnings after the adjustments made in accordance with TAS 29 is TL 802.130.135 with the purchasing power of 31 December 2023.

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

<u>Consolidation Principles</u>

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.

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 December 2023 and 31 December 2022.

Subsidiaries	31 December 2023	31 December 2022
Arvento Mobil Sistemler A.Ş.	%89	%89
Arvento Kurumsal Hizmetler ve Danışmanlık A.Ş.	%89	%89
Arvento Mobile Systems Services Company LLC	%89	%89
Arvento Mobile Systems GmbH	%89	%89

2.4.1 Amendments published but not yet effective and not early adopted as of 31 December 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.

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 December 2023 (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 "TFRS 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 - TFRS 16 Leases. Changes to TFRS 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 TFRS 16. Sales and leaseback transactions since the implementation of TFRS 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 TFRS 16 is not expected to have a significant impact on the Group's consolidated financial statements.

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 December 2023 (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 is assessing the potential impact of the application of these amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements on its consolidated financial statements.

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 December 2023 (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 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.

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 December 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.

Amendments that have been published and effective.

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 Rules

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

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.2 Revenue

TFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

Step 1: Identifying the contract.

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved, and the parties are committed to their obligations.

If either contract were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Company accounts the contracts as a single contract.

Step 2: Identifying the performance obligations.

The Group defines 'performance obligation' as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as:

(a) A performance obligation either a good or service that is distinct

(b) Or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

If the Company can define a good or service in the contract separately from other commitments in the contract and enables the customer to benefit from the good or service separately or in combination with other resources ready to use, it defines it as a different good or service.

A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price.

In order to determine the transaction price, the Company assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Company considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Company revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects the cash selling price of the promised good or service.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.2 Revenue (cont'd)

Variable consideration

The Company identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocating the transaction price to performance obligations.

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Step 5: Recognition of revenue

The Group recognizes revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or.

- The customer controls the asset as the entity creates or enhances it, or

- Group's performance does not create an asset for which the entity has a use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably.

The Group uses costs incurred to measure the progress towards completion of the project where the input method is used and uses units transferred to measure the progress towards completion of the project where the output method is used.

If a performance obligation is not satisfied over time, then the Group recognizes revenue at the point in time at which it transfers control of the good or service to the customer.

In cases where the costs to be incurred by the Group to fulfill its obligations under the contract exceed the economic benefits expected to be obtained under the contract in question The Group recognizes a provision in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

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

2.4 Summary of Significant Accounting Policies (cont'd)

Contract modifications

The Company recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

Revenues are recognized at the time of transfer of control. Net sales represent the invoiced value of goods sold less sales returns and commissions and exclude sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on the asset.

2.4.3 Inventories

Inventories are valued at the lower cost or net realizable value. Cost elements included in inventories are expenditure incurred in acquiring the inventories, production or conversion costs, foreign currency differences of derivative financial instruments designed as hedging instrument and other costs incurred in bringing them to their existing location and condition. The cost of unproduced finished goods and semi-finished goods includes general overhead expenses in accordance with normal production capacity. The unit cost of inventories is determined on the moving weighted average basis (Note 9). Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are recorded at historical cost. Accordingly, items of property, plant and equipment are accounted for at cost, after deducting accumulated depreciation and impairment, if any (Note 11). Cost refers to expenses directly related to the acquisition of the relevant asset. The cost of assets constructed by the Company includes the following items:

- Material and direct labor costs.

- Costs directly attributable to making the asset operational for the Company's intended use.

- If the Company has an obligation to dispose of the asset or restore the site, the costs of dismantling or restoring its parts, relocating parts and restoring the site where it is located.

- Capitalized borrowing costs.

The purchased software is booked as part of the equipment when it is an integral element for the use of the relevant equipment.

When the parts that make up items of property, plant and equipment have different useful lives, they are booked for as separate parts (significant parts) of the items of property, plant and equipment.

Gains and losses on the disposal of a tangible asset are recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditures and expenses arising from replacing any part of items of property, plant and equipment and maintenance and repair costs can only be capitalized in cases where it is possible to transfer future economic benefits to the Company as a result of these expenditures. All other expenses are recognized in profit or loss when incurred.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.4 Property, plant and equipment(cont'd)

(iii) Depreciation

Items of property, plant and equipment are depreciated as of the day they are available for use and for assets constructed by the Company, on the day these assets are completed and ready for use. Depreciation is calculated using the straight-line method over the estimated useful lives of the items, after deducting the estimated residual values from the costs of the items of property, plant and equipment. Depreciation is generally recognized in profit or loss unless it is included in the carrying amount of another asset.

The leased assets are depreciated over the lease term and the shorter of the useful life if the Company does not acquire ownership of the leased asset at the end of the lease with reasonable certainty. Land is not depreciated. The estimated useful lives of property, plant and equipment are as follows:

	Useful Life (Years)
Land and land improvement	10-20
Buildings	4-50
Machinery and equipment	3-20
Motor vehicles	5-10
Furniture and fixtures	5-10
Other	5-10

Any gain or loss from the disposal of an item of property, plant and equipment is determined by comparing the book value with the collected amounts and is recognized in profit or loss.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Normal maintenance and repair expenditures on property, plant and equipment are recognized as expenses. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Large-scale maintenance and repair expenses, including replacement parts changes and labor costs, are capitalized and depreciated over the average lifetime between the next large-scale maintenance.

2.4.5 Intangible assets

Intangible assets include acquired rights, software, licenses, development costs and other identifiable rights. Intangible assets are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method (Note 13).

	Useful Life (Years)
Capitalized development costs	5-10
Rights	5
Other intangible assets	3-10
Customer Contracts	6

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.5 Intangible assets (Cont'd)

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Research and development

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

2.4.6 Cash and cash equivalents

Cash and cash equivalents are reflected in the balance sheet with their cost values. Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments with a definite amount, easily convertible into cash, with an insignificant risk of change in value and with a maturity of 3 months or less (Note 4). In cases where cash and cash equivalents are not impaired for any reason, the Group calculates impairment using the expected credit loss model.

The Group presents the deposits with a maturity of more than 3 months as financial investments in the statement of financial position. Currency Protected TL Time Deposit Account is a deposit product that provides foreign exchange protection in case of higher interest rates at the end of the maturity date of TL-sized USD and Euro exchange rates. Currency protection deposit accounts are accounted for as financial assets at fair value through profit or loss.

2.4.7 Trade Receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. In cases where the trade receivables are not impaired for certain reasons, the Group measures the expected credit loss provision from an amount equal to lifetime expected credit losses. In calculating the expected credit losses, the dealer and customer rating model is taken into consideration, which includes past credit loss experiences and the Group's future forecasts.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.7 Trade Receivables (cont'd)

Those with maturities greater than 1 year are classified as non-current assets. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited as income (Note 7).

2.4.8 Maturity difference finance charges / (expenses)

Maturity difference charges /(expenses) represent the income / (expenses) that are resulting from credit purchase or sales. These income / (expenses) are considered as income and expenses which result from credit purchase or sales during the period and included in other operating income / (expense) throughout the maturity period.

2.4.9 Taxes on income

Income tax expense consists of the sum of period tax and deferred tax. Income tax is recognized in profit or loss other than those associated with business mergers or directly with equity or other comprehensive income.

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized as temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets are recognized if it is probable that taxable profit will be generated in the future for tax advantages and deductible temporary differences, which will be sufficient to offset them in the future. Taxable profit is determined according to the Group's business plans. Deferred tax assets are reviewed at each reporting date and likely future taxable profits deferred tax asset recognized on previously not being limited to the amount that would be recognized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.9 Taxes on income (cont'd)

2.4.9 Taxes on income

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss whether in other comprehensive income or directly in equity.

2.4.10 Borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received; net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement as financial expense over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the income statement when they are incurred (Note 5).

2.4.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method (Note 7).

Those with maturities greater than 1 year are classified as non-current liabilities.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.12 Foreign currency transactions

The financial statements are presented in Turkish Lira ("TL"), which is the functional currency and the presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss statement except when deferred in other comprehensive income according to effectiveness as qualifying cash flow hedges.

Foreign currency differences related with borrowings and cash and cash equivalents are recognized in the financial income / (expense), whereas foreign currency differences related with other monetary assets and liabilities are recognized in the other operating income/(expense) in the statement of profit or loss.

2.4.13 Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present legal constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used to calculate the present value of the provision should be pre-tax rate reflecting the current market assessments of the time value of money and the risks specific to the liability. The discount rate shall not reflect the risks for which future cash flow estimates have been adjusted.

When all or part of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Contingent liabilities are assessed on an ongoing basis to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item that is treated as a contingent liability, the contingent liability is recognized as a provision in the financial statements of the period in which the change in probability occurs, except where no reliable estimate can be made.

An asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity is recognized as a contingent asset. A contingent asset is disclosed in the notes to the financial statements if it is probable that an inflow of resources embodying economic benefits will arise.

The Group discloses a contingent liability when it becomes probable that an outflow of resources embodying economic benefits will be required to settle the obligation, but no reliable estimate can be made of the amount of the obligation.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.14 Employee Benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Vacation pays liability

In accordance with the existing labor law in Turkey, the Company is required to pay to the employee, whose employment is terminated due to any reasons, the wage of the deserved and unused vacation days over the gross prevailing wage and other benefits subject to contract at the date the contract is terminated. Unused leave provision is the earned and unused vacation rights of its employees of the Company, and measured on an undiscounted basis and are recognized in profit or loss as the related service is provided.

Long-term employee benefits

In accordance with the current labor law in Turkey, the Group is obliged to pay certain amounts to employees who have completed 1 year who quit their jobs for reasons such as retirement, military service or death. The provision for severance pays represents the present value of the Group's estimated probable future liability in the event of the retirement of its employees. The provision for severance pays is calculated as if all employees would be subject to such payment and is reflected in the financial statements on an accrual basis. The provision for severance pays is calculated according to the severance pay ceiling announced by the government. As explained in Note 15, the management of the Group used some estimates in the calculation of the provision for severance pay.

All actuarial gains and losses are accounted under the other comprehensive income.

2.4.15 Share Capital

Ordinary shares are classified as equity. Dividends payables are recognized in the financial statements as a result of profit distribution in the period in which they are declared.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.16 Earnings per share

Earnings per share disclosed in the income statement are determined by dividing net income excluding net income attributable to redeemed shares by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported (Note 26).

2.4.17 Related Parties

a) A person or a member of that person's close family is related to the Company in the following cases:

(i) Having control or joint control over the company,
(ii) In case of having significant influence over the Company,
(iii) In case of being a member of the Company of Company's main ownership's key management personnel.

b) If any of the following conditions are met, the entity is counted as related with the Company:

(i) In case of, Entity and the Company are members of the same group.
(ii) In case of entity is another company's subsidiary or joint venture (or in case of a membership of a groups' member)
(iii) In case of both the companies having a business partnership with the same third party,
(iv) One of the companies having a business partnership with a third party and the other company is a subsidiary of that third party,
(v) In case of having Entity's, Company's or the associated Company's employees having a post-employment defined benefit plans (In case of Company has such a plan, the sponsoring companies are also related with the Company).
(vi) Company's control or jointly controlled by a person identified in the article (a),
(vii) A person who is identified as in (a) article, at (i) part, in the presence of a significant impact on a person's business or such entity (or of a parent of these businesses) in the case of being a member of the key management personnel.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.17 Related Parties (cont'd)

In terms of these consolidated financial statements, the partners, Hacı Ömer Sabancı Holding A.Ş. Group companies, Bridgestone Corporation Group companies, the Group's senior management staff, their families and companies controlled by or affiliated with them, affiliates and partnerships are considered and expressed as related parties. The Group has determined the senior management staff as the members of the board of directors and the executive board (Note 27).

2.4.18 Financial instruments

I. Recognition and initial measurement

The Group records its trade receivables on the date they are incurred. The Group recognizes all other financial assets and liabilities only and only on the date of the transaction in which it becomes a party to the contractual terms of the financial instrument.

In the initial measurement of financial assets (other than trade receivables that do not have a significant financing component) and financial liabilities other than those at fair value through profit or loss, the transaction costs directly attributable to their acquisition or issuance are added to the fair value. Trade receivables that do not have a significant financing component are measured at the transaction price at initial recognition.

ii. Classification and subsequent measurement

On initial recognition, a financial instrument is classified as specified; measured at amortized cost; Those measured at fair value through other comprehensive income - investments in debt instruments, those measured at fair value on other comprehensive income - investments in equity instruments or those measured at fair value through profit or loss.

After initial recognition, financial instruments are not reclassified unless the Group changes the business model used for the management of financial assets.

Financial assets are not reclassified after initial recognition unless the Group changes its business model to manage the financial assets. In this case, all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortized cost if both of the following conditions are met, and it is not classified as fair value ("VAR") at profit or loss:

– Holding the financial asset under a business model aimed at collecting contractual cash flows; and

– The contractual terms of the financial asset give rise to cash flows on specified dates that include only payments of principal and interest on the principal balance.

A debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met and it is not classified as at fair value through profit or loss:

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.18 Financial instruments (cont'd)

ii. Classification and subsequent measurement (cont'd)

– Holding the financial asset under a business model aimed at collecting contractual cash flows and selling financial assets; and

– The contractual terms of the financial asset give rise to cash flows on certain dates that include only payments of principal and interest on the principal balance.

In the initial recognition of investments in equity instruments that are not held for trading, an irrevocable choice may be made to present subsequent changes in fair value in other comprehensive income. The choice of this preference can be made on the basis of each investment.

All financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss. These include all derivative financial assets. At the initial recognition of financial assets, a financial asset is irreversibly recognized at fair value, provided that it eliminates or significantly reduces an accounting mismatch that would result from measuring financial assets differently and recognizing gains or losses on them differently. or can be defined as measured through loss.

Financial assets - Evaluation of the business model

The Group considers the purpose of holding a financial asset at the portfolio level so that its business model best reflects the way assets are managed and the information provided to management. The information covered includes:

- Policies and targets set for the portfolio and the use of these policies in practice. These include whether management's strategy focuses on generating contractual interest income, continuing to enjoy a specified interest rate, matching the maturity of financial assets with the maturity of the liabilities funding those assets, or realizing cash flows through the sale of assets.

- The business model and how the performance of financial assets held within the scope of the business model is reported to the Group management.

- Risks affecting the performance of the business model (financial assets held under the business model), and in particular the way these risks are managed.

- How the additional payments to business managers are determined (for example, whether the bonuses are based on the fair value of the assets managed or the contractual cash flows collected) and the frequency, value, timing and reason for sales in prior periods and future sales prospects.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.18 Financial instruments (cont'd)

ii. Classification and subsequent measurement (cont'd)

Transfers of financial assets to third parties in transactions that are not eligible for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of its assets in its consolidated financial statements.

Financial assets held for trading or managed on a fair value basis and whose performance is evaluated on this basis are classified as measured at fair value through profit or loss.

Financial assets – Evaluate whether there are contractual cash flows that include only principal and interest payments on the principal balance:

For the purposes of this assessment, the principal is the fair value of the financial asset at initial recognition in the consolidated financial statements. Interest: It consists of the time value of money, the credit risk of the principal balance for a given time period, other key lending risks and costs (for example, liquidity risk and management costs), and the profit margin.

In assessing whether the contractual cash flows are only contractual cash flows that include payments of principal and interest on the principal balance, the Group relies on the characteristics of the contractual cash flows. This assessment requires evaluating whether the financial asset contains contractual terms that change the timing or amount of contractual cash flows so that they do not meet this condition. In making this assessment, the Group considers the following:

– Any contingent event (i.e., a triggering event) that could change the timing or amount of the contractual cash flows.
– Terms that adjust the contractual coupon rate, including variable rate features.
– Features that allow early payment and extend the maturity.
– Terms that restrict the Group's contractual rights to receive cash flows from certain assets (for example, non-recourse).

The prepayment feature is consistent with the criterion of paying only principal and interest on the principal balance if, where the contract is terminated prematurely, prepaid amounts that include reasonable consideration substantially reflect the outstanding amount of principal and interest on the principal balance.

In addition, if (i) the financial asset is received at a premium or discount to its contractual face value, (ii) the prepaid amounts, including a reasonable surcharge if the contract is terminated prematurely, substantially reflect the contractual face value and accrued (but unpaid) interest. and (iii) if the fair value of the prepayment feature is immaterial at initial recognition, it is considered to meet this criterion.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.18 Financial instruments (cont'd)

ii. Classification and subsequent measurement (cont'd)

Financial assets – Subsequent measurement and gains or losses:

Financial assets measured at fair value through profit/loss.

These assets are measured at their fair value in subsequent measurements. Net gains and losses related to them, including any interest or dividend income, are recognized in profit or loss. For derivatives defined as hedging instruments, see section (v) below.
Financial assets measured at fair value through profit/loss.

Financial assets measured at amortized cost.
These assets are subsequently measured at amortized cost using the effective interest method. Amortized costs, if any, are reduced by the number of impairment losses. Interest income, foreign currency gains and losses and impairments are recognized in profit or loss. Gains or losses resulting from their derecognition are recognized in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost and at fair value through profit or loss.

A financial liability is classified as at fair value through profit or loss if it meets the definition of held for trading. A financial liability is classified as a financial liability held for trading if it is a derivative or designated as such at initial recording. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including interest income, are recognized in profit or loss.

Other financial liabilities, after initial recognition, are measured at effective interest rates and amortized cost values of future principal and interest cash flows, less any impairment. Interest expenses and foreign exchange differences are recognized in profit or loss. Gains or losses resulting from derecognition of these liabilities are recognized in profit or loss. For derivatives defined as hedging instruments, see section (v) below.

iii. Financial derecognition

Financial assets

When the contractual rights to the cash flows related to the financial asset expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial asset, or when it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, derecognizes the financial asset if it does not continue to have control over the financial asset.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.18 Financial instruments (cont'd)

iii. Financial derecognition (cont'd)

If the Group continues to retain substantially all the risks and rewards of ownership of a financial asset, it continues to recognize the financial asset in the statement of financial position.

Financial liabilities

The Group derecognizes financial liability and only when the liability for the liability is eliminated or canceled. In addition, the Group derecognizes a financial liability in the event of a material change in the terms or cash flows of an existing financial liability. Instead, it requires the recognition of a new financial liability at its fair value based on the modified terms.

On derecognition of a financial liability, the difference between it carrying amount and the amount paid for this liability (including any non-cash assets transferred or any liabilities assumed) is recognized in the consolidated financial statements as profit or loss.

iv. Offsetting of financial assets and liabilities

The Group offsets its financial assets and liabilities and presents the net amount in its consolidated financial statements only when it has a legal right to offset, and it intends to settle the transaction on a net basis or to realize the asset and settle the liability simultaneously.

v. Derivative financial instruments and hedge accounting

TFRS 9 also includes new hedge accounting rules aimed at aligning hedge accounting with risk management practices. TFRS 9 provides the option to defer the adoption of hedge accounting of TFRS 9 and continue to apply the hedge accounting provisions of TAS 39 in the choice of accounting policy. In this context, the Group continues to apply the hedge accounting provisions of TAS 39.

The derivative financial instruments of the Group consist of forward foreign exchange purchase contracts and cross currency and interest swap contracts. The Group hedges its derivative financial instruments (hedging instrument) from cash flow (hedged item) risk from foreign purchases and cash flow (hedged item) risk from floating rate foreign currency loans. At the same time, time deposits are used as a hedging instrument and are used to hedge the exchange rate risk in future raw material purchases.

Derivative financial instruments are initially recorded with their fair values, and in the following periods, fair value is calculated separately for each derivative financial instrument. The accounting method of the resulting profit or loss varies depending on whether the related derivative transaction is for hedging purposes and, if so, the content of the hedged item.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.18 Financial instruments (cont'd)

iii. Financial derecognition (cont'd)

The Group documents the relationship between the hedging instrument and the hedged item at the transaction date, together with the Group's risk management objectives and strategies for hedging transactions. In addition, the Group regularly documents its assessment that derivative transactions used for hedging purposes can effectively offset changes in the fair value of the hedged item.

The effective portion of the fair value changes of derivative financial instruments for cash flow hedging is accounted for under equity. Gains and losses related to the inactive portion are shown directly in the income statement.

Gains and losses related to the ineffective portion of interest rate swaps for hedging the risk of floating rate debts are shown in the income statement. Gains and losses occur on hedged items (when the hedged item is a forecast transaction); Gains and losses previously recognized in equity are transferred to the profit or loss statement in the relevant period. Gains and losses related to the effective portion of cross currency and interest rate swaps for hedging the risk of floating rate debts are presented in the statement of comprehensive income (Note 5).

Hedge accounting is terminated prospectively when the hedging relationship (or part of it) no longer meets the required criteria, the hedging instrument expires, or is sold, terminated or used. If cash flow hedge accounting is discontinued, the amount accumulated in the hedge fund continues to be classified in equity until a hedged forecast transaction is recognized in the non-financial item, the cost of the hedge is included directly in the initial cost of the non-financial item or, for other cash flow hedges, the financial The cost of hedging is reclassified to profit or loss in the period or periods in which the estimated future cash flows hedged affect profit or loss.

If the estimated future cash flows that are hedged are no longer expected to occur, the amount accumulated in the hedge fund and the cost of that fund is immediately reclassified to profit or loss.

vi. Impairment

Non-Derivative Financial instruments and contract assets

The Group recognizes a loss allowance for expected credit losses for:

– financial and contract assets measured at amortized cost.

The Group measures the following loss allowance at the amount equal to lifetime ECLs:

-Debt instruments determined to have low credit risk at the reporting date, and

–Bank balances for which the credit risk (i.e., the risk of default over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.18 Financial instruments (cont'd)

vi. Impairment (cont'd)

Measurement of SEEs

The ECAs are a probability-weighted estimate of credit losses over the expected life of the financial instrument. In other words, they are credit losses measured at the present value of all cash deficits (for example, the difference between the contractual cash inflows to the business and the cash flows the business expects to receive).

The Group has calculated the EQUs based on past year's credit losses experience, customers' analysis of their current financial position, and their expectations for the future. The Group performed BKZ rate calculations separately for domestic customers and dealer 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.

The cash gap is the difference between the contractual cash flows to the business and the cash flows that the business expects to receive. Because expected credit losses consider the amount and timing of payments, a credit loss is incurred even if the entity expects to receive full payment later than the contractual maturity.

EQUs are discounted at the effective interest rate of the financial asset.

Loan impaired financial assets

At the end of each reporting period, the Group assesses whether financial assets measured at amortized cost are impaired. A financial asset is credit impaired when one or more events occur that adversely affect the estimated future cash flows of a financial asset.

Evidence of a financial asset's credit impairment includes the following observable data:

– The borrower or issuer is in significant financial difficulty.

– breach of contract, such as the debtor's default or 30 days past the due date of the financial instrument.

– restructuring of a loan or an advance, subject to conditions that the Group would not consider otherwise.

– The debtor is likely to go into bankruptcy or financial restructuring, or

– The disappearance of an active market for security due to financial difficulties.

Presentation of impairment

Loss provisions for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.18 Financial instruments (cont'd)

vi. Impairment (cont'd)

Write off

In the absence of reasonable expectations of a partial or total recovery of the financial asset's value, an entity reduces the gross carrying amount of the financial asset directly. A write-off is a cause for derecognition.

The Group makes an individual assessment of the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group does not anticipate any significant recovery regarding the write-off amount.
However, financial assets written off may still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

2.4.19 Cash flow reporting

In the cash flow statement, cash flows for the period are classified and reported based on operating, investing and financing activities. Cash flows from operating activities represent the cash flows from the Group's main activities.

Cash flows from investing activities represent the cash flows that the Group uses and generates in its investing activities (asset investments and financial investments).

Cash flows from financing activities show the resources used by the Group in financing activities and the repayments of these resources.

Cash and cash equivalents include cash, bank deposits and short-term, highly liquid investments with a maturity of 3 months or less that can be easily converted into cash (Note 4).

2.4.20 Provision for warranty expense

Provision for warranty expense is set aside for returns that may occur as a result of manufacturing defects within the next two years regarding the products sold under warranty by the Group. In addition to the general reserve, the Group has set aside a provision for the files whose files have been accepted but whose invoices have not yet been issued, which are within the scope of warranty.

2.4.21 Events after the reporting period

It represents events that occur in favor of or against the entity between the reporting date and the date of authorization for the issue of the consolidated financial statements. Events after the reporting date are divided into two:

• There is new evidence that the relevant events existed as of the reporting date; and

• There is evidence that the relevant events occurred after the reporting date (non-adjusting events after the reporting date).

The Group adjusts its consolidated financial statements in accordance with the new situation, in case there is new evidence that the said events exist as of the reporting date or if the related events occur after the reporting date and these events necessitate the restatement of the consolidated financial statements. If the said events do not require the restatement of the consolidated financial statements, the Group explains the said issues in the related footnotes.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.22 Impairment of non-financial assets

On each reporting date, the Group examines the carrying value of its tangible and intangible assets, excluding inventories and deferred tax assets, to determine if there are any signs of impairment. If such an indicator exists, the asset's recoverable amount is estimated. In order to determine the amount of impairment, the recoverable amount of the assets, if any, is estimated. Where the recoverable amount of an asset cannot be measured, the Group measures the recoverable amount of the cash-generating unit associated with the asset. If a reasonable and consistent basis of allocation is determined, Group assets are allocated to cash-generating units. Where this is not possible, Group assets are allocated to the smallest cash-generating units to determine a reasonable and consistent basis of allocation.
When the recoverable amount of an asset (or cash-generating unit) is less than it is carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. In cases where the related asset is not measured at the revalued amount, the impairment loss is recognized directly in profit/loss.
In the event that the impairment loss is reversed in subsequent periods, the carrying amount of the asset (or related cash-generating unit) is increased to correspond to the estimated amount re-updated for the recoverable amount. The increased carrying amount should not exceed the carrying amount of the asset (or related cash-generating unit) that it would have had had no impairment loss for the asset been recognized in prior periods. Unless the asset is presented at a revalued amount, the reversal of the impairment loss is recognized directly in profit or loss.

2.4.23 Comparative information and restatement of prior period consolidated financial statements

The consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of the financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when deemed necessary and significant differences are disclosed.

2.4.24 Finance income and finance expenses

Financing income consists of interest income from bank deposits, which form part of the cycle used for financing, and foreign exchange income on financial assets and liabilities (other than trade receivables and payables). Financial expenses include interest expenses on bank loans, early collection commission expenses on credit cards and foreign exchange expenses on financial assets and liabilities (other than trade receivables and payables). Borrowing costs that are not directly attributable to the acquisition, construction or production of an asset are recognized in profit or loss using the effective interest rate.

Foreign exchange income and expenses on financial assets and liabilities (other than trade receivables and payables) are reported next in finance income or finance expenses, according to the net position of the foreign exchange movements. Foreign exchange differences and rediscount incomes on trade receivables and payables are reported under other operating income, and foreign exchange difference and rediscount expenses are reported under other operating expenses. Interest income is accounted for using the effective interest method.

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

2.4 Summary of Significant Accounting Policies (cont'd)

2.4.24 Finance income and finance expenses (cont'd)

An entity that calculates interest income by applying the effective interest method to the amortized cost of a financial asset during a reporting period may consider that if the credit risk on the financial instrument improves such that the financial asset is no longer credit-impaired, and that improvement can be objectively attributed to an event (a debtor's credit rating). Calculates interest income for subsequent reporting periods by applying the effective interest rate to the gross book value.

2.5 Significant Accounting Estimates and Assumptions

While preparing the consolidated financial statements, management made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the amounts of reported assets, liabilities, income and expenses. Actual amounts may vary from estimated amounts.

Estimates and associated assumptions are reviewed on an ongoing basis. Changes in estimates are accounted for prospectively.

Useful lives and goodwill impairment of tangible and intangible assets

Tangible and intangible assets are presented with their net value less accumulated depreciation and impairment, if any. Depreciation is allocated using the straight-line method based on the useful lives of tangible and intangible assets. The useful lives and method of depreciation are based on management's best estimates, reviewed at each reporting date and adjusted if necessary (Note 11-13).

The net book value of goodwill is reviewed annually and, when deemed necessary, adjusted for permanent depreciation. Provision for impairment of goodwill is not canceled in subsequent periods (Note 14).

Provision for doubtful debt

If there is a situation that indicates that it will not be able to collect its trade receivables in line with the expected credit loss calculations, the Group creates a provision for impairment for such receivables. The Group measures the expected credit loss allowance at an amount equal to lifetime expected credit losses. In the calculation of expected credit losses, the model that includes the Group's forecasts for the future, together with the past credit loss experiences, is taken into account. (Note 7).

Fair values of derivatives and other financial instruments

The Group calculates the fair values of financial instruments that do not have an active market, using market data, using arm's-length similar transactions, taking the fair values of similar instruments as a reference, and discounted cash flow analysis (Note 6).

Other provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle this obligation, and the amount to be paid can be reliably estimated (Note 15).

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

2.4 Summary of Significant Accounting Policies (cont'd)

Deferred tax asset

As of 31 December 2023, the Group estimates that it will benefit from reduced corporate tax in the following years within the scope of incentive investment documents. However, since it is not possible to predict how long the benefit will be realized, the Group calculates for 3 predictable years. In this calculation, the deferred tax asset is recorded by taking into account the average tax rate to be paid for each year in the next 3 years including that year (Note 25).

Net realizable value

In accordance with the accounting policy stated in Note 2.4, inventories are valued at the lower cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less than the estimated cost of completion and the estimated cost of selling necessary to make the sale.

Recovery of internally generated intangible assets

Internally created intangible assets that arise as a result of development activities (or the development phase of an intra-Group project) are only technically feasible when these assets are ready for use or sale, the entity has the intention to complete, use or sell the asset, the ability to use or sell the asset, determine how the intangible asset will generate probable economic benefits, also have a market for the output of the intangible asset or the intangible asset itself, or if the intangible asset is usable if it is to be used internally, complete the development phase; and They are recognized when adequate technical, financial and other resources are available to use or sell the intangible asset, and the expenditure incurred on the intangible asset during development can be reliably measured.

When internally generated intangible assets cannot be recognized, they are recorded as research expenses in the period in which they are incurred. During the period, the Group management re-examined the existence of possible economic benefits of intangible fixed assets created within the company. The Group management believes that the projects will continue as expected and based on the analysis, predicts that the projects will create similar economic benefits.

Management is confident that even if the economic benefit decreases, the carrying amount of the assets can be recovered. This situation is closely monitored by the Group management and will make such adjustments when future market activities require adjustments. (Note 14).

Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; In the absence of an active market, it refers to the most advantageous market to which the Group has access. The fair value of a liability reflects the effect of the risk of default.

The Group's various accounting policies and disclosures require determining the fair values of both financial and non-financial assets and liabilities.

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

2.5 Significant Accounting Estimates and Assumptions (cont'd)

Fair value measurement (cont'd)

Where there is an active market, the Group measures the fair value for a financial asset or liability using the quoted price of the asset or liability in the active market. A market is considered to be active, in which asset or liability transactions occur continuously with sufficient frequency and volume to provide pricing information.

If there is no quoted price in the active market, the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of non-observable inputs. The chosen valuation technique includes all the factors that market participants would consider when pricing a transaction.

If an asset or liability measured at fair value has an offer price and a bid price, the Group measures the asset and long positions at the bid price, and liabilities and short positions at the purchase price.

At initial recognition, the best indicator of fair value is the transaction price realized (i.e. the fair value of the consideration received or paid). If the group determines at initial recognition that fair value differs from the transaction price, and the fair value is not proven based on a quoted price in an active market for the same asset or liability or a valuation technique using unobservable inputs, the financial instrument is initially measured at fair value if it is immaterial. It is measured at fair value and adjusted to defer the difference between fair value and transaction price. Following initial recognition, it is recognized in profit or loss on an appropriate basis over the life of the financial instrument. However, recognition in profit or loss continues as long as the valuation is fully supported by observable market data or until the time the transaction is closed.

The evaluation team regularly reviews unobservable data and evaluation corrections. If third-party information, such as intermediary quoted prices or pricing services, is used to measure fair value, the evaluation team must evaluate the results of evaluating information obtained from third parties in accordance with the requirements of TFRS, including at what level in the fair valuation hierarchy fair valuations should be classified. reviews to support compliance outcome.

Significant assessment matters are reported to the Group's Audit Committee.

When measuring the fair value of an asset or liability, the Group uses market-observable information whenever possible. Fair valuations are classified into different levels in the fair valuation hierarchy determined based on the information used in the valuation techniques specified below.

Level 1: At the quoted (unadjusted) price in active markets for identical assets or liabilities.

Level 2: Data that is directly (through prices) or indirectly (derived from prices) observable data in terms of assets or liabilities, other than recorded prices in Level 1; and.

Level 3: Data on assets or liabilities that are not based on observable market data (non-observable data).

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

2.5 Significant Accounting Estimates and Assumptions (cont'd)

Fair value measurement (cont'd)

If the information used to measure the fair value of an asset or liability can be classified to a different level of the fair valuation hierarchy, that fair valuation is classified to the same level of the fair valuation hierarchy that includes the smallest information that is significant to the overall measurement.

The Group recognizes transfers between levels in the fair valuation hierarchy at the end of the reporting period in which the change occurs.

Further information on the assumptions used in making fair valuation measurements is set out in the following notes: (Note 6 – Derivative instruments)

2.6 Reporting by Division

The Group is engaged in the production of radial, passenger car, pickup truck, minibus, truck, bus tires and tread rubber, as well as the sales of radial and conventional construction equipment tires, various inner tubes and columns, and the sale of mixtures. On March 1, 2022, the Group acquired Arvento M2M Elektronik Sistemler Sanayi Ticaret A.Ş. ("Arvento"), which operates in the field of vehicle tracking and fleet management. The effect of Arvento on the consolidated financial statements of the Group as of 31 December 2023 is limited. Therefore, in line with the managerial approach, the Group's operations are considered as a single operating segment as of 31 December 2023 and the Group's operating results, the determination of the resources to be allocated to this activity and the examination of the performances of these activities are evaluated within this framework.

3. BUSINESS COMBINATIONS

Acquisitions realized between 1 January 2022 - 31 December 2022

The company and Özer Hıncal and Track Holdings S.A.R.L. Between them, a Share Purchase-Sale agreement on 14 December 2021 for the purpose of taking over all of the shares representing 88.89% of the capital of Arvento M2M Elektronik Sistemleri Sanayi Ticaret A.Ş. (“Arvento”) for a consideration of TL 677.501.170 (adjusted for the effect of current inflation) has been signed. The necessary conditions for the planned payment transfer have been fulfilled and the relevant permits and approvals have been obtained. As a result of the revaluation of Arvento's foreign currency assets as of the closing date, Arvento was acquired by the Company on March 1, 2022 for a consideration of TL 783.705.617 (adjusted for the current inflation effect).

The Group obtained control over Arvento as of March 1, 2022 and consolidated on a line-by-line basis in accordance with IFRS 3. The fair value of assets and liabilities recognized at the transaction date (March 1, 2022) are as follows:

Total cash acquisition amount	**783.705.617**
Net assets acquired	720.009.481
Total cash acquisition amount	**783.705.617**
Cash and cash equivalents- acquired	467.755.585
Net cash impact of subsidiary acquisition	315.950.032
Goodwill (Note 14)	**63.696.136**
Cash and cash equivalents	467.755.585
Trade Receivables	118.603.603
Inventories	86.147.333
Other current assets	5.254.593
Tangible assets	6.749.514
Intangible assets	351.295.804
Right-of-use assets	12.259.604
Other fix assets	107.554
Deferred tax liabilities	(39.472.777)
Trade payables	(37.650.537)
Deferred Income	(88.059.672)
Other liabilities	(72.979.938)
Fair value of total identifiable net assets (%100)	**810.010.666**
Net assets acquired (corresponding to %88,89’lık purchased) (*)	**720.009.481**

(*) The rate of purchased shares owned by the company is %88,8888889.

The fair value of identifiable assets, liabilities and contingent liabilities acquired as a result of the full consolidation transaction, exceeding the book value per group share amounting to TL 63.696.136 is recorded as goodwill in the statement of financial position.

Arvento M2M Elektronik Sistemleri Sanayi and Ticaret Anonim Şirketi merged with Arvento Mobil Sistemler A.Ş on September 15, 2022, by transferring its current assets and liabilities as a whole.

Purchases during the period January 1, 2023 - December 31, 2023: None.

4. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS

	31 December 2023	31 December 2022
Cash on hand	1.843	5.383
Cash at banks	13.123.148.127	6.001.843.810
Demand deposits	426.840.920	213.787.925
Time deposits	9.420.111.323	2.635.083.497
Credit cards slip receivables	2.294.195.886	3.152.972.388
Investment Funds (*)	981.999.998	--
Total cash and cash equivalents	**13.123.149.970**	**6.001.849.193**
Interest accruals	(255.511.657)	(13.474.660)
Cash and cash equivalents in the cash flow statement	**12.867.638.313**	**5.988.374.533**

(*) 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 28. 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.

The breakdown of the Group's time deposits as of December 31, 2023, is as follows:

Currency	Currency Amount	Average Interest Rates	Amount (TL)
TRY	8.564.751.251	43,95%	8.815.599.772
USD	20.500.000	3,66%	604.511.551
			9.420.111.323

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 December 2023	31 December 2022
KKM (*)	1.328.064.277	1.825.008.682
Eurobond	-	219.250.739
Other	3.959.633	1.574.327
	1.332.023.910	**2.045.833.748**

(*) The Group's income from foreign exchange protected TL deposit accounts amounting to TL 555.104.626 is accounted for under income from investment activities.

4. 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.

5. FINANCIAL BORROWINGS

	31 December 2023		31 December 2022	
	Weighted average interest rate %	**TL**	**Weighted average interest rate %**	**TL**
Short-term TL bank borrowing		-	23,64	1.026.658.491
Short-term TL sukuk issuances	38,00	312.493.150	27,26	1.441.909.458
Short-term USD borrowing		-	7,95	531.798.186
Short-term bank factoring liabilities	49,30	62.673.173	18,75	33.858.876
Short term leasing liabilities		8.053.805		6.496.748
Short-term borrowings		**383.220.128**		**3.040.721.759**
Short-term portion of long-term TL bank borrowings	36,15	4.099.412.762	22,85	536.374.122
Short-term portion of long-term TL sukuk issuances	41,06	1.468.033.240	27,88	2.458.711.147
Short-term portion of long-term TL bond issuances	31,67	2.158.799.784		-
Short-term portion of long-term USD bank borrowings	2,55	173.767.596	5,96	98.735.409
Short-term portion of long-term Euro bank borrowings (*)	7,15	85.822.686		-
Short-term portion of long-term lease liabilities	6,85	1.392.011.483	2,55	2.314.721.809
Short-term portion of long-term TL bank borrowings		8.754.308		8.295.165
		9.386.601.859		**5.416.837.652**
Total short-term borrowings		**9.769.821.987**		**8.457.559.411**
Long-term TL bank borrowings	38,25	2.515.041.514	12,82	601.357.976
Long-term TL sukuk issuances	32,00	743.259.275		-
Long-term TL bond issuances	2,55	226.458.371	2,14	388.972.603
Long-term Euro bank borrowings	7,15	1.543.879.594		-
Long-term USD bank borrowings (*)	7,16	770.039.347	1,58	1.759.888.582
Long-term lease liabilities		43.556.799		45.950.239
Total long-term borrowings		**5.842.234.900**		**2.796.169.400**
Total financial liabilities		**15.612.056.887**		**11.253.728.811**

5. FINANCIAL BORROWINGS (Cont'd)

Bank Credits

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

	31 December 2023	31 December 2022
Total financial borrowings (**)	15.551.691.975	11.192.986.659
Less: US dollar loans valuation difference due to hedging	(1.614.874.372)	(3.222.597.773)
Less: Cash and cash equivalents	(13.123.149.970)	(6.001.849.193)
Minus: Financial investments	(1.332.023.910)	(2.045.833.748)
Net financial borrowings	**(518.356.277)**	**(77.294.055)**

(*) The group has conducted cross-currency and interest rate swap transactions in order to mitigate the variable interest and foreign exchange rate risk at the time of acquisition for its long-term loans denominated in foreign currency. The values of the group's foreign currency loans in Turkish Lira may increase or decrease due to exchange rate fluctuations, and in return, the fair valuation of cross-currency swap transactions is presented under derivative assets.

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

There are loan commissions and charges amounting to TL 17.198.426 and TL 19.328.330 in the short-term and long-term bank borrowings, respectively (TL 6.127.762 and TL 3.718.128 as of December 31, 2022, respectively).

As of 31 December 2023 and 31 December 2022, all of the bank borrowings consist of unsecured loans.

Movement of financial liabilities as of 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023	31 December 2022
Opening balance	11.253.728.811	12.965.536.553
Cash inflows from borrowing	8.981.623.120	5.351.820.449
Cash outflows from borrowing	(4.103.967.232)	(5.301.278.963)
Interest expense accounted under profit or loss (Note 24)	2.781.622.679	1.328.779.721
Capitalized interest expense at tangible assets (Note 24)	3.215.731	20.437.146
Interest paid	(1.399.317.863)	(1.004.115.036)
Cash Outflows Related to Rental Agreements	(36.683.937)	(35.582.525)
Cash Inflows / (Outputs) from Factoring Transactions	28.814.297	(19.189.923)
Exchange differences	(1.366.592.672)	(1.809.686.929)
Other	47.074.924	78.627.426
Inflation adjustment	(577.460.971)	(321.619.108)
Closing balance	**15.612.056.887**	**11.253.728.811**

5. FINANCIAL BORROWINGS (Cont'd)

Bank Credits (cont'd)

The Group has fulfilled its financial commitments as of 31 December 2023.

As of 31 December 2023, and 31 December 2022, the repayment schedule of its financial debts is as follows:

	31 December 2023	31 December 2022
2023	-	8.457.559.411
2024	9.769.821.987	1.712.163.801
2025	3.127.379.815	1.002.623.242
2026	2.101.544.266	81.382.357
2027	333.839.617	-
2028	183.985.893	-
2029	95.485.309	-
	15.612.056.887	**11.253.728.811**

6. DERIVATIVE INSTRUMENTS

	31 December 2023		31 December 2022	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Cross currency and interest rate swaps	83.216.667	-	113.101.217	-
Forward currency exchange contract	-	102.890.060	7.882.591	69.811.997
Commodity swap	-	17.977.038	-	-
Option	-	1.950.414	4.075.925	-
Short-term derivative transactions for which hedge accounting is applied	**83.216.667**	**122.817.512**	**125.059.733**	**69.811.997**
Cross currency and interest rate swaps	1.204.307.490	-	3.412.453.475	-
Long-term derivative transactions for which hedge accounting is applied	**1.204.307.490**	**-**	**3.412.453.475**	**-**
	1.287.524.157	**122.817.512**	**3.537.513.208**	**69.811.997**

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 54.798.925 income (31 December 2022: TL 528.843.350 income) has been recorded in the profit or loss statement regarding derivative contracts maturing during the period and hedge transactions to hedge currency risk.

7. 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 December 2023**	**31 December 2022**
Account receivables	3.968.385.446	4.137.071.948
Notes receivable	83.676.196	69.757.805
Trade receivables from related parties (Note 27)	359.684.414	340.597.142
Unearned credit finance income	(372.951.645)	(314.163.505)
Doubtful receivables provision (-)	(219.856.235)	(279.076.371)
	3.818.938.176	**3.954.187.019**

Long-term trade receivables	**31 December 2023**	**31 December 2022**
Account receivables	19.110.145	43.846.334
Doubtful receivables provision (-)	(19.110.145)	(41.226.082)
	-	**2.620.252**

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

As of 31 December 2023, and 31 December 2022, trade receivables from unrelated parties have an average maturity of 78 and 77 days, respectively, and are discounted using an average of 37,47% and 23.27% interest rates.

As of 31 December 2023, trade receivables amounting to TL 180.763.746 (31 December 2022: TL 294.793.039) from non-related parties are not considered doubtful even though they are overdue.

As of 31 December 2023, guarantees amounting to TL 64.031.269 have been received from non-related parties for overdue receivables (31 December 2022: TL 153.077.125).

The aging table of overdue receivables from third parties as of December 31, 2023, and December 31, 2022 is as follows:

	31 December 2023	**31 December 2022**
Between 0-1 month	147.507.207	161.484.905
Between 1-3 month	19.533.439	59.259.736
Between 3-12 month	13.723.100	74.048.398
	180.763.746	**294.793.039**

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 December 2023	**1 January - 31 December 2022**
Opening balance as of January 1	320.302.454	386.814.392
Acquisition effect	-	52.989.736
Doubtful receivables exchange difference	9.134.698	5.527.142
Additional provision / (cancellation)	45.681.426	49.222.607
Collections	(2.397.590)	(803.664)
Inflation impact	(133.754.608)	(173.447.759)
Closing balance	**238.966.380**	**320.302.454**

7. TRADE RECEIVABLES AND PAYABLES (cont'd)

Trade Payables

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

Short-term trade payables	31 December 2023	31 December 2022
Trade payables	4.274.090.999	4.875.234.725
Trade payables to related parties (Note 27)	2.296.078.075	2.446.696.244
Unrealized finance expense due to credit purchases	(141.566.947)	(111.820.882)
	6.428.602.127	**7.210.110.087**

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

As of 31 December 2023, and 31 December 2022, trade payables have an average maturity of 96 and 93 days, respectively, and are discounted using an average interest rate of 37.47% and 23.27%. The Group has a financial risk management policy that will ensure that all its debts are paid on time.

8. OTHER RECEIVABLES AND PAYABLES

Other Receivables

Other Short-term Receivables	31 December 2023	31 December 2022
Due from personnel	39.680.831	30.397.545
Other receivables from related parties (Note 27)	549.681	252.541
Receivables from tax Office	11.098.239	6.043.917
Other miscellaneous receivables	15.626.651	4.938.540
	66.955.402	**41.632.543**

Other Long-term Receivables	31 December 2023	31 December 2022
Deposits and guarantees given	207.684	370.545
	207.684	**370.545**

Other Payables

Other Short-term Payables	31 December 2023	31 December 2022
Other payables to public authorities	111.433.443	77.896.487
Other payables to related parties (Note 27)	3.179.427	3.328.622
Deposits and guarantees taken	2.949.130	3.086.528
	117.562.000	**84.311.637**

9. INVENTORIES

	31 December 2023	31 December 2022
Raw materials	671.360.759	1.399.920.124
Materials and supplies	343.680.080	318.779.820
Semi-finished goods	264.621.118	333.702.323
Finished goods	858.315.445	851.330.420
Trade goods	439.232.622	327.635.818
Goods in transit	793.875.437	900.738.105
Less: Impairment of inventory	(83.265.072)	(87.051.553)
	3.287.820.389	**4.045.055.057**

As of December 31, 2023, and 2022, the movement table regarding inventory impairment is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	87.051.553	72.331.821
Acquire effect	-	10.002.472
Period charge / (cancellation) (*)	(3.786.481)	4.717.260
Closing balance	**83.265.072**	**87.051.553**

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

10. PREPAID EXPENSES AND DEFERRED INCOME

Short-term Prepaid Expenses	31 December 2023	31 December 2022
Prepaid expenses	192.364.742	174.179.446
Order advances given	47.762.704	63.479.739
Advances given to personnel	2.422.983	518.285
Advances given to dealers	450.200	-
	243.000.629	**238.177.470**

Long-term Prepaid Expenses	31 December 2023	31 December 2022
Prepaid expenses	72.670.218	78.618.817
Advances given for fixed assets	168.403.752	136.899.919
	241.073.970	**215.518.736**

Short-term Deferred Income	31 December 2023	31 December 2022
Advances receivables	154.672.654	48.704.223
Deferred income	138.199.241	119.524.871
Income for the coming months	3.574.574	3.801.298
	296.446.469	**172.030.392**

11. PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Transfers (*)	Disposals	31 December 2023
Cost					
Land and land improvement	457.469.891	281.331	716.727	-	458.467.949
Buildings	5.111.643.924	60.994.582	56.336.893	-	5.228.975.399
Machinery and equipment	14.039.325.610	1.035.044.655	1.123.960.413	(30.034.442)	16.168.296.236
Motor vehicles	161.885.592	63.886.658	19.153.928	(2.385.232)	242.540.946
Furniture and fixtures	1.067.659.881	98.346.628	43.266.900	(3.636.389)	1.205.637.020
Other fixed assets	861.502.371	88.181.330	-	(2.347.644)	947.336.057
Construction in progress	1.311.541.890	593.592.816	(1.392.270.815)	-	512.863.891
	23.011.029.159	**1.940.328.000**	**(148.835.954)**	**(38.403.707)**	**24.764.117.498**
Accumulated depreciation					
Land and land improvement	125.587.809	17.875.631	-	-	143.463.440
Buildings	1.776.282.733	108.902.444	-	-	1.885.185.177
Machinery and equipment	8.329.651.492	862.660.397	-	(20.017.574)	9.172.294.315
Motor vehicles	69.657.379	27.282.527	-	(159.015)	96.780.891
Furniture and fixtures	623.001.381	101.816.167	-	(2.905.929)	721.911.619
Other fixed assets	455.101.231	81.475.455	-	(1.644.807)	534.931.879
	11.379.282.025	**1.200.012.621**	**-**	**(24.727.325)**	**12.554.567.321**
Net book value	**11.631.747.134**	**740.315.379**	**(148.835.954)**	**(13.676.382)**	**12.209.550.177**

(*) In the current period, TL 148.835.954 has been transferred to intangible assets. (31 December 2022: 110.125.080 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 December 2023, depreciation expenses amounting to TL 962.275.898 is charged to cost of goods sold, TL 638.394 is charged to research and development expenses, TL 154.377.365 is charged to marketing expenses, TL 64.051.020 is charged to general administrative expenses, TL 3.443.481 is charged to inventories and TL 15.226.463 is charged to capitalized development expenses.

The amount of borrowing costs capitalized during the period is TL 3.215.731 (31 December 2022: TL 20.437.146).

11. PROPERTY PLAN AND EQUIPMENT (Cont'd)

As of 31 December 2023, there is no mortgage on tangible and intangible assets. (31 December 2022: None).

	1 January 2022	Acquire Effect	Additions	Transfers	Disposals	31 December 2022
Cost						
Land and land improvements	457.313.677	-	17.758	138.456	-	457.469.891
Buildings	5.041.953.195	-	8.963.141	60.727.588	-	5.111.643.924
Machinery and equipment	13.249.900.925	74.788	76.703.212	718.900.837	(6.254.152)	14.039.325.610
Motor vehicles	121.106.774	4.173.654	11.303.952	25.925.571	(624.359)	161.885.592
Furniture and fixtures	966.542.294	11.980.036	50.267.779	39.518.610	(648.838)	1.067.659.881
Other	766.374.435	9.085.242	89.554.843	-	(3.512.149)	861.502.371
Construction in progress	690.495.176	-	1.576.382.856	(955.336.142)	-	1.311.541.890
	21.293.686.476	**25.313.720**	**1.813.193.541**	**(110.125.080)**	**(11.039.498)**	**23.011.029.159**
Accumulated depreciation						
Land and land improvements	107.676.721	-	17.911.088	-	-	125.587.809
Buildings	1.668.758.813	-	107.523.920	-	-	1.776.282.733
Machinery and equipment	7.518.302.796	153.937	817.448.911	-	(6.254.152)	8.329.651.492
Motor vehicles	51.785.969	2.678.276	15.817.493	-	(624.359)	69.657.379
Furniture and fixtures	516.000.546	7.856.589	99.462.501	-	(318.255)	623.001.381
Other	372.143.729	7.489.607	77.871.985	-	(2.404.090)	455.101.231
	10.234.668.574	**18.178.409**	**1.136.035.898**	**-**	**(9.600.856)**	**11.379.282.025**
Net book value	**11.059.017.902**	**7.135.311**	**677.157.643**	**(110.125.080)**	**(1.438.642)**	**11.631.747.134**

For the period ending on 31 December 2022, 927.436.068 TL of depreciation expenses belong to cost of goods sold, 814.878 TL to research and development expenses, 145.561.666 TL to marketing expenses, 44.109.088 TL to general administrative expenses, 3.539.330 TL is included in stocks and TL 14.574.866 is included in capitalized development expenses.

12. RIGHT OF USE ASSETS

	1 January 2023	Additions	Disposals	31 December 2023
Cost				
Buildings	73.074.057	24.019.545	(173.395)	96.920.207
Motor vehicles	71.207.986	45.518.741	(11.412.011)	105.314.716
Rights	11.779.733	-	-	11.779.733
	156.061.776	**69.538.286**	**(11.585.406)**	**214.014.656**
Accumulated Depreciation				
Buildings	46.947.707	21.534.588	(173.395)	68.308.900
Motor vehicles	28.656.344	31.627.583	(11.412.011)	48.871.916
Rights	8.029.612	767.225	-	8.796.837
	83.633.663	**53.929.396**	**(11.585.406)**	**125.977.653**
Net book value	**72.428.113**	**15.608.890**	**-**	**88.037.003**

For the period ended December 31, 2023, 3.065.384 TL of depreciation expenses are included in the cost of goods sold, 10.579.046 TL in research and development expenses, 4.496.110 TL in marketing expenses, 35.788.856 TL in general administrative expenses.

12. RIGHT OF USE ASSETS (Cont'd)

	1 January 2022	Acquire Effect	Additions	Disposals	31 December 2022
Cost					
Buildings	27.276.800	31.035.010	14.821.715	(59.468)	73.074.057
Motor vehicles	88.839.995	5.416.536	43.983.720	(67.032.265)	71.207.986
Rights	-	10.491.709	1.288.024	-	11.779.733
	116.116.795	**46.943.255**	**60.093.459**	**(67.091.733)**	**156.061.776**
Accumulated Depreciation					
Buildings	11.477.703	21.183.365	14.346.107	(59.468)	46.947.707
Motor vehicles	60.869.891	3.414.746	31.403.972	(67.032.265)	28.656.344
Rights	-	7.450.866	578.746	-	8.029.612
	72.347.594	**32.048.977**	**46.328.825**	**(67.091.733)**	**83.633.663**
Net book value	**43.769.201**	**14.894.278**	**13.764.634**	**-**	**72.428.113**

For the period ending on 31 December 2022, 4.731.792 TL of depreciation expenses are included in cost of goods sold, 4.237.018 TL in research and development expenses, 3.391.579 TL in marketing expenses, 33.968.436 TL in general administrative expenses.

13. INTANGIBLE ASSETS

	1 January 2023	Additions	Transfers	Disposals	31 December 2023
Costs					
Capitalized development costs	778.497.485	146.393.565	132.091.536	-	1.056.982.586
Customer contracts and relations	292.725.552	-	-	-	292.725.552
Trademark	57.413.575	-	-	-	57.413.575
Rights	278.967.197	1.225.252	-	-	280.192.449
Other intangible assets	442.455.156	38.584.281	16.744.418	-	497.783.855
	1.850.058.965	**186.203.098**	**148.835.954**	**-**	**2.185.098.017**
Accumulated Depreciation					
Capitalized development costs	397.895.700	133.675.786	-	-	531.571.486
Customer contracts and relations	43.966.096	44.389.424	-	-	88.355.520
Trademark	-	-	-	-	-
Rights	271.982.580	4.098.354	-	-	276.080.934
Other intangible assets	329.892.596	54.655.352	-	-	384.547.948
	1.043.736.972	**236.818.916**	**-**	**-**	**1.280.555.888**
Net book value	**806.321.993**	**(50.615.818)**	**148.835.954**	**-**	**904.542.129**

For the period ended 31 December 2023, amortization expenses amounting to TL 165.992.994 is in cost of goods sold, TL 5.027 to research and development expenses, TL 11.722.737 to marketing expenses, TL 59.028.119 to general administrative expenses and TL 70.039 to capitalized development expenses.

13. INTANGIBLE ASSETS (Cont'd)

	1 January 2022	Acquire Effect	Additions	Transfers	Disposals	31 December 2022
Costs						
Capitalized development costs	676.167.103	-	8.573.476	93.756.906	-	778.497.485
Customer contracts and relations	-	292.725.552	-	-	-	292.725.552
Trademark	-	57.413.575	-	-	-	57.413.575
Rights	273.136.684	3.747.212	2.083.301	-	-	278.967.197
Other intangible assets	407.948.777	-	18.138.205	16.368.174	-	442.455.156
	1.357.252.564	**353.886.339**	**28.794.982**	**110.125.080**	**-**	**1.850.058.965**
Accumulated Depreciation						
Capitalized development costs	285.500.366	-	112.395.334	-	-	397.895.700
Customer contracts and relations	-	-	43.966.096	-	-	43.966.096
Trademark	-	-	-	-	-	-
Rights	263.080.875	2.546.351	6.355.354	-	-	271.982.580
Other intangible assets	273.567.931	-	56.324.665	-	-	329.892.596
	822.149.172	**2.546.351**	**219.041.449**	**-**	**-**	**1.043.736.972**
Net book value	**535.103.392**	**351.339.988**	**(190.246.467)**	**110.125.080**	**-**	**806.321.993**

For the period ended 31 December 2022, amortization expenses amounting to TL 146.254.701 is included in cost of goods sold, TL 4.523 to research and development expenses, TL 14.126.601 to marketing expenses, TL 58.596.447 to general administrative expenses and TL 59.177 to capitalized development expenses.

14. GOODWILL

The movement table of goodwill for the periods ended as of 31 December 2023 and 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	63.696.136	-
Acquire (Note 3)	-	63.696.136
Closing balance	**63.696.136**	**63.696.136**

Goodwill impairment test

The Group tests the goodwill amount for impairment each year. The recoverable amounts of cash generating units have been determined according to value in use calculations.

The goodwill impairment test was performed on 5-year projections approved by the management between January 1, 2024, and December 31, 2026.

In order to predict future cash flows (infinite), 8.60% is used as a constant growth rate.

In order to calculate the recoverable value of the unit, the weighted average cost of capital ratio of 34.94% was used as the after-tax discount rate.

As a result of the impairment tests performed using the assumptions above, no impairment has been detected in the goodwill amount as of 31 December 2023.

14. GOODWILL (Cont'd)

A 2% increase and decrease in the weighted average cost of capital causes the recoverable amount for the Mobil Teknoloji cash generating unit to decrease by 10% and increase by 11%, respectively. A 1% increase and decrease in the terminal growth rate would result in a 14.5% increase and 11.5% decrease, respectively, in the recoverable amount for the Mobil Teknoloji cash generating unit. As a result of these sensitivity analyses, no impairment has been recognized.

15. PROVISIONS, CONTINGENT AND LIABILITIES

Provisions

Other short-term provisions	31 December 2023	31 December 2022
Provision for sales discount premium	73.221.532	73.803.400
Lawsuits	54.346.955	49.483.291
Warranty claims	15.574.822	10.877.201
Other	32.853.074	8.127.808
	175.996.383	**142.291.700**

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 sales discount premium	Lawsuits	Warranty Claims	Other	Total
1 January 2023	73.803.400	49.483.291	10.877.201	8.127.808	142.291.700
Additions	28.430.577	33.161.173	9.204.070	27.920.346	98.716.166
Payments/reversals	(21.623.161)	(5.586.796)	-	-	(27.209.957)
Inflation impact	(7.389.284)	(22.710.713)	(4.506.449)	(3.195.080)	(37.801.526)
31 December 2023	**73.221.532**	**54.346.955**	**15.574.822**	**32.853.074**	**175.996.383**

	Provision for sales discount premium	Lawsuits	Warranty Claims	Other	Total
1 January 2022	71.103.978	39.229.550	5.196.673	23.967.907	139.498.108
Additions	73.803.400	31.651.101	8.033.000	-	113.487.501
Payments/reversals	(21.661.662)	(4.645.844)	-	(6.462.748)	(32.770.254)
Inflation impact	(49.442.316)	(16.751.516)	(2.352.472)	(9.377.351)	(77.923.655)
31 December 2022	**73.803.400**	**49.483.291**	**10.877.201**	**8.127.808**	**142.291.700**

16. COMMITMENTS

Received Commitments	**31 December 2023**	**31 December 2022**
Direct debiting system (D.B.S) limits	2.050.295.964	1.982.370.723
Letter of guarantees received	2.521.786.671	2.194.333.383
Mortgages	1.208.943.370	1.201.019.008
Export insurance	384.335.405	393.401.631
Cheques and notes receivables received as guarantee	287.104.028	173.899.164
Domestic receivables insurance	2.444.700	26.320.180
Payment guarantees from banks	89.435.271	299.075.294
Letter of credit	124.432.540	146.989.726
Bail checks	13.850.000	22.821.059
Foreign currency blockage received as collateral	2.943.820	3.080.975
	6.685.571.769	**6.443.311.143**

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.

16. COMMITMENTS (Con't)

As of 31 December 2023, and 31 December 2022, the tables regarding the collateral / pledge / mortgage/ bail ("CPMB") position of the Group are as follows.

	31 December 2023			31 December 2022		
CPMBB given by the Group	**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	120.582.364	120.582.364	TL	75.338.355	75.338.355
	Avro	3.116.442	101.514.670	Avro	4.872.153	97.125.884
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	-	-	-	-	-	-
			222.097.034			**172.464.239**

The ratio of other CPMB's given by the Group to the Group's total equity is 0% (31 December 2022: 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.

17. EMPLOYEE BENEFITS

Payables related to employee benefits

	31 December 2023	31 December 2022
Salaries and wages payable	37.517.174	31.432.635
Social security premiums payable	104.908.682	149.737.582
Withholding personnel income tax payable	3.131.588	2.547.221
Private pension contributions payable	2.853.853	2.772.447
	148.411.297	**186.489.885**

Short-term provisions for employee benefits

Short-term liabilities	**31 December 2023**	**31 December 2022**
Bonus accruals	170.779.718	102.774.358
Unused vacation pay provision	37.564.761	39.982.918
	208.344.479	**142.757.276**

Movements of provisions during the period are as follows:

	Bonus accruals	**Unused vacation pay provision**	**Total**
1 January 2023	102.774.358	39.982.918	142.757.276
Additions	147.285.000	27.105.648	174.390.648
Payments / Cancellations	(62.944.835)	(16.874.577)	(79.819.412)
Inflation impact	(16.334.805)	(12.649.228)	(28.984.033)
31 December 2023	**170.779.718**	**37.564.761**	**208.344.479**

	Bonus accruals	**Unused vacation pay provision**	**Total**
1 January 2022	89.820.715	24.547.228	114.367.943
Additions	118.263.534	26.202.797	144.466.331
Payments / Cancellations	(70.167.885)	(1.163.100)	(71.330.985)
Inflation impact	(35.142.006)	(9.604.007)	(44.746.013)
31 December 2022	**102.774.358**	**39.982.918**	**142.757.276**

17. EMPLOYEE BENEFITS (Cont'd)

Provision for retirement pay liability

According to the Turkish Labor Law, the Group is responsible for those who have completed at least one year of service and retired after 25 years for men and 20 years for women (aged 58 for women, 60 for men), dismissed, called for military service or passed away. Every employee is obliged to pay severance pay.

Severance pays to be paid as of 31 December 2023 is subject to a monthly ceiling of 23.489,83 TL (31 December 2022: 15.371,40 TL).

Severance pay liability is not legally subject to any funding. The provision for employment termination benefits is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 Employee Benefits requires the company's liabilities to be developed using actuarial valuation methods within the scope of defined benefit plans. Accordingly, the actuarial assumptions used in the calculation of total liabilities are as follows:

The main assumption is that the maximum liability amount for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore, provisions in the accompanying financial statements as of 31 December 2023 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the provision for severance pay. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2023	31 December 2022
Discount rate (%)	2,73	0,5

The basic assumption is that the ceiling provision for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the expected effects of inflation. The Group's provision for employment termination benefits is calculated over TL 35.058,58 (1 January 2022: TL 19.982,83) effective from 1 January 2024, since the maximum liability is adjusted every six months. As of 31 December 2022, voluntary turnover rates were 6,24% (31 December 2022: 3,11%).

17. EMPLOYEE BENEFITS (Cont'd)

Provision for retirement pay liability (cont'd)

The movement of employee termination benefits is as follows:

	1 Ocak- 31 December 2023	1 Ocak- 31 December 2022
As of 1 January	954.144.934	456.129.310
Service cost	72.570.863	35.013.923
Interest cost	89.303.566	61.323.986
Payments during the year	(276.062.587)	(15.970.879)
Actuarial gain / (loss)	13.034.603	608.987.734
Acquire	-	10.208.677
Inflation impact	(371.888.096)	(201.547.817)
As of 31 December	**481.103.283**	**954.144.934**

18. OTHER ASSETS AND LIABILITES

Other Current Assets	**31 December 2023**	**31 December 2022**
Deferred VAT	54.278.165	97.417.230
Other miscellaneous current assets	7.449.985	1.763.634
	61.728.150	**99.180.864**

19. 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 Kurus).

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.

In accordance with the provisions of the Capital Markets Board's Communiqué on Registered Capital System numbered II-18.1, our Board of Directors decided to extend the validity period of the registered capital ceiling for a new five-year period to be valid for the years 2023-2027 and to increase the registered capital ceiling amount to TL 750.000.000. It has been decided to obtain the necessary permissions from the Capital Markets Board, the Ministry of Customs and Trade and other relevant institutions to amend Article 6 of the Company's Articles of Association with the title of "Capital" in order to determine.

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

The fully paid-up capital of the company is 305.116.875 TL (31 December 2022: 305.116.875 TL) divided into 30.511.687.500 (31 December 2022: 30.511.687.500) registered shares, each with a nominal value of 1 kr (One Kurus). All issued shares were paid in cash. The Group's shareholders and their shares in the capital as of 31 December 2023 and 2022 are as follows:

Shareholders	(%)	31 December 2023	(%)	31 December 2022
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 (*)		5.575.525.045		5.575.525.045
Total		**5.880.641.920**		**5.880.641.920**

(*) 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
Total	**30.511.687.500,00**	**305.116.875,00**

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 December 2023, The Company's share premium in the financial statements is TL 80.068 (31 December 2021: TL 80.068).

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

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 December 2023, the Group's first-order general legal reserves amount to 20% of its paid-in capital (20% of 31 December 2022), 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 December 2022 and 2021 are as follows:

	31 December 2023	31 December 2022
First order general legal reserve	367.752.516	367.752.516
Second order general legal reserve	1.256.535.015	1.062.685.737
Total	**1.624.287.531**	**1.430.438.253**

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

	31 December 2023	31 December 2022
Restricted reserves separated from profit	1.624.287.531	1.430.438.253
Net profit for the period	3.985.644.200	2.509.042.736
Retain earnings	2.454.687.378	1.884.610.721
Non-Controlling Interests	76.176.606	89.253.332
Total equity	**8.140.795.715**	**5.913.345.042**

The Group has applied TAS 29 in its opening statement of financial position as of January 1, 2022 and restated the related figures to reflect the effects of inflation from the date when assets were acquired and liabilities were assumed until the end of the reporting period.

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

The comparison of the Group's equity items restated for the effects of inflation in the consolidated financial statements as of December 31, 2023, with the amounts restated for the effects of inflation in the financial statements prepared in accordance with the Law No. 6762 and other legislation is as follows:

31 December 2023	Law No. 6762 and other legislation prepared according to financial statements inflation in the adjusted according to Amounts	In accordance with TAS/TFRS prepared financial in the tables according to inflation adjusted amounts	Retained earnings monitored difference
Capital Adjustment Differences	7.429.109.911	5.575.525.045	1.853.584.866
Share Premiums	140.418	80.068	60.350
Restricted Reserves	2.282.523.859	1.624.287.531	658.236.328

Other Accumulated Comprehensive Income or Expenses to be Reclassified to Profit or Loss

	Hedging Gain / (Loss)
Balances as of January 1, 2022 (beginning of the period)	**637.146.822**
Increase / (decrease) during the period	(374.445.489)
Tax impact	51.680.165
Balances as of 31 December 2022 (End of the period)	**314.381.498**
Balances as of January 1, 2023 (beginning of the period)	**314.381.498**
Increase / (decrease) during the period	(526.220.972)
Tax impact	133.436.157
Balances as of 31 December 2023 (End of the period)	**(78.403.317)**

Other Accumulated Comprehensive Income or Expenses Not to be Reclassified to Profit or Loss

	Actuarial (Loss)/ Earnings Fund
Balances as of January 1, 2022 (beginning of the period)	**-**
Increase / (decrease) during the period	(608.526.459)
Tax Effect	122.636.540
Balances as of 31 December 2022 (End of the period)	**(485.889.919)**
Balances as of January 1, 2023 (beginning of the period)	**(485.889.919)**
Increase / (decrease) during the period (*)	(13.034.603)
Tax impact	3.258.651
Balances as of 31 December 2023 (End of the period)	**(495.665.871)**

(*) Includes Actuarial difference of TL (461.275) arising from the opening balance sheet of 1 March 2022 Arvento purchase.

20. SALES AND COST OF SALES

Revenue	1 January-31 December 2023	1 January-31 December 2022
Domestic sales	19.262.530.610	19.080.834.076
Export sales	9.224.206.639	9.506.402.033
Sub-total	**28.486.737.249**	**28.587.236.109**
Sales returns (-)	(85.211.380)	(61.541.481)
Sales discounts (-)	(1.903.256.472)	(1.662.524.475)
Net Sales	**26.498.269.397**	**26.863.170.153**
Cost of sales	(19.999.236.481)	(20.908.956.178)
Gross profit	**6.499.032.916**	**5.954.213.975**

The details of domestic and export sales are as follow:

	1 January-31 December 2023	1 January-31 December 2022
Finished goods	25.211.301.143	25.504.619.107
Trade goods	2.897.004.475	2.775.418.636
Semi-finished goods	5.658.072	8.582.541
Other	372.773.559	298.615.825
Total	**28.486.737.249**	**28.587.236.109**

21. EXPENSES BY NATURE

	1 January-31 December 2023	1 January-31 December 2022
Raw materials and supplies	12.849.264.951	14.903.167.839
Personnel expenses and direct labor expenses	3.697.821.174	2.700.430.994
Production overheads	1.575.178.032	1.969.815.779
Cost of trade goods sold	1.470.618.976	1.329.586.509
Transportation and storage expenses	710.598.163	799.632.771
Depreciation and amortization	1.473.942.169	1.389.703.406
Royalty and sales commission expenses	426.433.825	433.191.096
Advertisement expenses	416.806.864	307.651.509
Communication and information technology expenses	86.597.640	87.107.871
Consultancy expenses	88.238.627	82.955.764
Service, maintenance and repair expenses	84.439.499	71.712.838
Energy expenses	43.778.706	50.557.342
Doubtful receivables expense, net	43.283.836	48.418.943
Insurance expenses	29.718.575	27.646.616
Claims for defective tires	19.391.782	25.759.754
Provision for inventory impairment	(3.786.481)	4.717.260
Other taxes and charges	12.689.409	13.717.906
ELT (end of life-tire) management service	5.045.563	3.050.673
Change in semi-finished goods	65.343.867	(17.817.166)
Change in finished goods	234.240.052	(447.449.834)
Other expenses	413.168.249	414.719.983
Total	**23.742.813.478**	**24.198.277.853**

21. EXPENSES BY NATURE(Cont'd)

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

General Administrative Expenses	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses and direct labor expenses	463.892.768	273.979.941
Depreciation and amortization	158.867.995	136.673.974
Communication and information technology expenses	74.650.989	77.098.341
Service, maintenance and repair expenses	61.734.114	45.030.462
Other taxes and charges	7.932.718	8.315.683
Energy expenses	22.036.413	27.761.471
Insurance expenses	10.233.695	11.886.901
ELT (end of life-tire) management service	5.045.563	3.050.673
Consultancy expenses	45.659.388	58.563.715
Other expenses	115.723.384	94.567.393
Total	**965.777.027**	**736.928.554**

Marketing Expenses	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses and direct labor expenses	632.997.255	438.090.664
Depreciation and amortization	170.596.212	163.079.845
Advertisement expenses	416.765.889	308.812.300
Royalty and sales commission expenses	426.433.825	433.191.096
Communication and information technology expenses	11.863.128	10.541.339
Rent expenses	8.043.197	8.765.617
Service, maintenance and repair expenses	21.010.901	26.112.863
Other taxes and charges	4.737.071	5.428.817
Claims for defective tires	19.391.782	25.759.754
Transportation and storage expenses	710.598.163	799.469.260
Energy expenses	20.703.080	21.421.205
Insurance expenses	19.421.610	15.848.973
Consultancy expenses	42.522.129	25.477.669
Other expenses	134.856.812	159.538.030
	2.639.941.054	**2.441.537.432**

21. EXPENSES BY NATURE (Cont'd)

The functional breakdown of depreciation, amortization and personnel expenses is as follows:

Depreciation and amortization expenses	1 January-31 December 2023	1 January-31 December 2022
Cost of sales	1.133.255.495	1.084.893.168
Marketing expenses	170.596.212	163.079.845
General administrative expenses	158.867.995	136.673.974
Research and development expenses	11.222.467	5.056.419
	1.473.942.169	**1.389.703.406**

(*) As of 31 December 2023, TL 1.921.219 depreciation expense remained on inventories is recognized under cost of sales after the sales of related inventories in 2022.

Personnel expenses	1 January-31 December 2023	1 January-31 December 2022
Cost of sales	2.519.803.264	1.943.349.653
Marketing expenses	632.997.255	438.090.664
General administrative expenses	463.892.768	273.979.941
Research and development expenses	81.127.887	45.010.736
	3.697.821.174	**2.700.430.994**

22. OTHER OPERATING INCOME AND EXPENSES

Details of other operating income for years ended 31 December 2023 and 2022 are as follows:

Other operating expenses	1 January-31 December 2023	1 January-31 December 2022
Foreign exchange losses on operations, net (**)	283.689.721	77.787.483
Due date expenses on trade payables	1.309.989.796	761.473.064
Loss from derivative financial instruments, net	8.593.086	29.371.634
Interest expense from operations	105.729.853	68.714.190
	1.708.002.456	**937.346.371**

Other operating expenses	1 January-31 December 2023	1 January-31 December 2022
Foreign exchange losses on operations, net (***)	884.826.276	991.638.253
Due date expenses on trade payables	944.196.362	785.401.427
Loss from derivative financial instruments, net (**)	247.443.494	96.692.327
Interest expense from operations	68.996.915	43.721.697
Credit card commission expenses	256.754.162	179.757.298
Other expenses	22.652.751	31.919.841
	2.424.869.960	**2.129.130.843**

(***) 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.

23. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from Investing Activities	**1 January - 31 December 2023**	**1 January - 31 December 2022**
FX protected TL deposit income (*)	555.104.626	171.149.595
Gain on sale of property, plant and equipment	614.247	1.365.703
	555.718.873	**172.515.298**

Expenses from Investing Activities (-)	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Loss on sale of property, plant and equipment	11.761.135	215.605
	11.761.135	**215.605**

(*) For the period ending on 31 December 2023, the Group has accounted for the fair value difference of TL 13.828.940 related to the foreign exchange rate protected deposit account in its consolidated statement.

24. FINANCE INCOME AND EXPENSES

As of 31 December 2023 and 2022, details of financial income and expenses are as follows:

	1 January- 31 December 2023	**1 January- 31 December 2022**
Foreign currency gains from bank deposits	509.629.367	982.372.381
Interest income from banks	1.522.564.566	248.560.593
Interest income from Eurobond	14.544.105	6.673.051
Total finance revenues	**2.046.738.038**	**1.237.606.025**

	1 January- 31 December 2023	**1 January- 31 December 2022**
Interest expenses on borrowings	1.262.616.631	1.239.702.365
Interest expense included in cost of fixed assets	(3.215.731)	(20.437.146)
Total interest expense	**1.259.400.900**	**1.219.265.219**
Foreign currency losses from borrowings, net	242.239.756	193.235.809
Investment fund financing expenses	-	1.564.022
Interest expense related to leases	11.284.174	6.190.966
Sukuk issuance coupon participation expense	628.729.987	103.323.536
Bond commission and interest expense	882.207.618	-
Other financial expenses	81.632.716	93.265.939
Total finance expenses	**3.105.495.151**	**1.616.845.491**

25. TAXATION ON INCOME

Corporation tax

	31 December 2023	31 December 2022
Corporate income tax provision for the current period (*)	113.368.202	46.149.134
Less: Prepaid taxes	(114.669.028)	(39.182.906)
Current tax liabilities /(assets)	**(1.300.826)**	**6.966.228**

(*) Current corporate tax provision includes the tax effect of TL 197.373 calculated at the effective tax rate of the foreign exchange loss of time deposits under hedging reclassified to other comprehensive income. (December 31, 2022: None TL).

The portion of the current corporate tax provision exceeding the prepaid corporate tax amount, amounting to TL 12.743.451, is included in Current Period Tax Assets and 11.442.625 Period Profit Tax Liability. (31 December 2022: Assets Related to Current Period Tax of TL 716.336).

The Company and its subsidiaries located in Turkey are subject to the tax legislation and practices in force in Turkey. 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).

As of December 31, 2022, the corporate tax rate in Turkey is 25% for banks and financial institutions and 20% for other institutions. According to Article 21 of the "Law on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurred on 6/2/2023 and Amendments to Certain Laws and Decree Law No. 375" published in the Official Gazette dated July 15, 2023, and numbered 32249. Pursuant to Article 21 of the Law on Additional Motor Vehicles Tax and Amendments to Certain Laws and Decree Law No. 375, Article 32 of the Corporate Tax Law No. 5520 regulating the corporate tax rate has been amended to increase the general corporate tax rate from 20% to 25% and the rate for banks and financial institutions from 25% to 30%. This amendment will be effective for the taxation of corporate income for the periods starting from January 1, 2023, starting from the declarations to be submitted as of October 1, 2023.

Within the scope of the amendment, the tax rate used in deferred tax calculation as of December 31, 2023, is 25%. (December 31, 2022: 20%).

As of December 31, 2021, the conditions required for the inflation adjustment of the financial statements as of December 31, 2021, have been met in accordance with Article 298 of the Tax Procedure Law. However, in accordance with the provisional article 33 of the Tax Procedure Law numbered 213 with the Law numbered 7352 "Law on Amendments to the Tax Procedure Law and Corporate Tax Law" published in the Official Gazette dated January 29, 2022, and numbered 31734:

25. TAXATION ON INCOME (Cont'd)

Corporate Tax (cont'd)

- Repeated financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods and the temporary tax periods of the 2023 accounting period, regardless of whether the conditions for inflation adjustment under Article 298 are met, including the temporary tax periods,

- December 31, 2023, dated financial statements will be subject to inflation adjustment in a way that will have no effect on the corporate tax base.

Pursuant to the "General Communiqué on Tax Procedure Law No. 555" published in the Official Gazette dated December 30, 2023 and numbered 32415 and the repeated article 298 of the Tax Procedure Law No. 213, it is essential that the financial statements of the enterprises operating in Turkey for the 2023 accounting period are subject to inflation adjustment. The aforementioned inflation adjusted financial statements will constitute an opening balance sheet base in the tax returns to be prepared as of January 1, 2024, and inflation effects will not be taken into consideration in the calculation of the period tax for 2023.

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 December 31, 2023, are included in the deferred tax calculation as of December 31, 2023.

	1 January- 31 December 2023	**1 January - 31 December 2022**
Current tax expense (-) (*)	(398.600.672)	(46.275.709)
Deferred tax expense /income	1.082.388.232	(261.894.156)
	683.787.560	**(308.169.865)**

(*) In accordance with the "Law on Restructuring of Certain Receivables and Amendments to Certain Laws" numbered 7440 published in the Official Gazette on March 12, 2023, additional tax at the rate of 10% on the exemption and discount amounts deducted from corporate income in accordance with the regulations in the laws and the bases subject to reduced corporate tax, without being associated with the period earnings, and 5% on exempt earnings, by showing in the corporate tax declaration for the year 2022. As of December 31, 2023, additional tax amounts calculated within the scope of the regulation have been accrued in the Group's financial statements and the effect of the tax expense for the period is TL 186.419.758. Payments related to this tax were made in two installments in 2023.

25. TAXATION ON INCOME (Cont'd)

Corporate Tax (cont'd)

As of December 31, 2023, and 2022, the reconciliation of tax expense in the income statements for the years ended December 31, 2023 and 2022 is as follows

Reconciliation of tax provision:	**1 January-31 December 2023**	**%**	**1 January-31 December 2022**	**%**
Profit before taxation on income	3.288.779.914		2.817.662.833	
Corporate tax rate %20 (2022: %23)	(822.194.979)	(25,00)	(648.062.452)	(23,00)
Tax effect:				
- Non-taxable income (*)	164.913.772	5,01	50.907.726	1,81
- Non-deductible expenses	(79.850.765)	(2,43)	(42.128.304)	(1,50)
- Non-deductible expenses, additional tax	(186.418.353)	(5,67)	--	--
- Corporate tax rate change effect	(2.022.599)	(0,06)	(24.360.054)	(0,86)
- R&D incentive	41.953.163	1,02	39.892.438	1,42
- Discounted corporate tax deferred tax income / (expense)	(286.575.053)	0,05	209.813.218	7,45
- Income tax exemption arising from fx protected TL deposit	(930.597)	(0,02)	--	--
- Monetary gain / (loss)	1.153.350.282	31,32	(573.630.613)	(20,36)
- Other	(1.896.956)	(0,05)	22.889.986	0,81
- Reduced corporate tax	703.459.645	17,13	656.508.190	23,30
Tax provision income / (expense) in the statement of profit or loss	**683.787.560**	**20,79**	**(308.169.865)**	**(10,94)**

(*) The Group has obtained Corporate Tax Exemption advantage amounting to TL 103.471.776 due to the income from the foreign exchange protected TL deposit account

Tax legislation in Turkey 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 Turkey, 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 Turkey are subject to 10% income tax. Dividend payments made from joint stock companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to the capital.

25. 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 Turkey 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 Turkey, and those made to companies residing in Turkey. 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 decreased to 10%. 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 Turkey, 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.

25. 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 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Deferred tax assets				
Foreign currency forward transactions valuation differences	448.181.481	-	112.045.370	-
Allowance for doubtful receivables	107.658.199	129.298.047	26.914.550	25.859.608
Provision for employment termination benefits	397.373.590	952.869.948	99.343.397	190.573.991
Trade receivables	375.805.694	314.098.488	93.951.424	62.819.698
Provision for bonus premium	167.884.858	93.924.679	41.971.215	18.784.936
Inventories	179.426.149	-	44.856.537	-
Provision for lawsuits	54.346.955	49.483.291	13.586.739	9.896.659
Provision for unused vacation liability	37.564.761	40.046.913	9.391.190	8.009.383
Provision for warranty claims	18.469.681	10.877.201	4.617.420	2.175.440
Investment incentive	-	-	223.518.291	510.093.344
Export seasonality adjustment	42.535.402	51.651.845	10.633.850	10.330.369
Lease liability	60.364.912	59.261.558	15.091.228	11.852.311
Deferred income	119.655.096	112.232.119	13.900.424	22.446.424
Other provisions	83.773.935	73.803.400	20.943.484	14.760.680
Prepaid Expenses	164.545	-	41.136	-
Other	29.579.857	33.220.318	7.394.964	6.233.758
	2.122.785.115	**1.920.767.807**	**738.201.219**	**893.836.601**
Deferred tax liabilities				
Forward currency valuation differences	-	237.086.488	-	47.417.296
Tangible and intangible assets	1.322.984.832	8.503.390.624	330.746.207	1.700.678.124
Trade payables	141.566.947	111.820.881	35.391.737	22.364.177
Inventories	-	7.067.109	-	1.413.421
Prepaid Expenses	-	104.551.482	-	20.910.296
Other	211.783.962	5.095.221	52.945.994	1.019.046
	1.676.335.741	**8.969.011.805**	**419.083.938**	**1.793.802.360**
Deferred tax assets / (liabilities), net			**319.117.281**	**(899.965.759)**

25. TAXATION ON INCOME (Cont'd)

Movement tables of deferred taxes for the accounting periods ending on 31 December 2023 and 2022 are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Opening as of 1 January	(899.965.759)	(772.915.527)
Acquire effect (Not 3)	-	(39.472.782)
Recognized in profit or loss statement	1.082.388.232	(261.894.156)
Income / (expense) recognized in equity	136.694.808	174.316.706
Closing as of 31 December	**319.117.281**	**(899.965.759)**

The movements of deferred tax income/(expense) for the years ended 31 December are as follows:

	1 January 2022	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2022
Allowance for doubtful receivables	25.859.608	1.054.942	-	26.914.550
Provision for employment termination benefits	190.573.991	(94.489.245)	3.258.651	99.343.397
Trade receivables	62.819.698	31.131.726	-	93.951.424
Provision for bonus premium	18.784.936	23.186.279	-	41.971.215
Inventories	(1.413.421)	46.269.958	-	44.856.537
Provision for lawsuits	9.896.659	3.690.080	-	13.586.739
Provision for unused vacation liability	8.009.383	1.381.807	-	9.391.190
Provision for warranty claims	2.175.440	2.441.980	-	4.617.420
Investment incentive	510.093.344	(286.575.053)	-	223.518.291
Export seasonality adjustment	10.330.369	303.481	-	10.633.850
Leasing liability	11.852.311	3.238.917	-	15.091.228
Deferred income	22.446.424	(8.546.000)	-	13.900.424
Other provision	14.760.680	6.182.804	-	20.943.484
Forward currency valuation differences	(47.417.296)	26.026.509	133.436.157	112.045.370
Tangible and intangible assets	(1.700.678.124)	1.369.931.917	-	(330.746.207)
Trade Payables	(22.364.176)	(13.027.561)	-	(35.391.737)
Prepaid Expenses	(20.910.296)	20.951.432		41.136
Other	5.214.711	(50.765.741)	-	(45.551.030)
	(899.965.759)	**1.082.388.232**	**136.694.808**	**319.117.281**

25. TAXATION ON INCOME (Cont'd)

	1 January 2022	Acquire Effect	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2022
Inventories	28.062.317	(2.179.550)	(27.296.188)	-	(1.413.421)
Allowance for doubtful receivables	29.484.746	4.009.762	(7.634.900)	-	25.859.608
Provision for employment termination benefits	91.225.861	912.454	(24.200.864)	122.636.540	190.573.991
Trade receivables	23.353.917	-	39.465.781	-	62.819.698
Provision for bonus premium	20.658.764	-	(1.873.828)	-	18.784.936
Provision for lawsuits	9.022.799	(114.684)	988.544	-	9.896.659
Provision for unused vacation liability	5.645.863	2.402.255	(38.735)	-	8.009.383
Provision for warranty claims	1.195.233	-	980.207	-	2.175.440
Investment incentive	493.270.162	-	16.823.182	-	510.093.344
Export seasonality adjustment	4.889.532	5.334.625	1.628.154	-	11.852.311
Leasing liability	9.092.434	-	1.237.935	-	10.330.369
Deferred income	-	25.321.525	(2.875.101)	-	22.446.424
Other provision	-	-	14.760.680	-	14.760.680
Forward currency valuation differences	(113.085.449)	-	13.987.987	51.680.166	(47.417.296)
Tangible and intangible assets	(1.365.034.652)	(70.377.883)	(265.265.589)	-	(1.700.678.124)
Provision for lawsuits	(17.280.149)	(166.907)	(4.917.120)	-	(22.364.176)
Prepaid Expenses	(13.249.980)	-	(7.660.316)		(20.910.296)
Other	19.833.075	(4.614.379)	(10.003.985)	-	5.214.711
	(772.915.527)	**(39.472.782)**	**(261.894.156)**	**174.316.706**	**(899.965.759)**

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 11.433.688,77 for the accounting period of 1 January - 31 December 2023.

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.

On 20 December 2022, the document was revised again and the total investment amount was increased to TL 2.087.461.936. In addition, the document was revised on September 15, 2023 and the total investment amount was increased to TL 2.773.279.042.

25. TAXATION ON INCOME (Cont'd)

Investment incentive certificate (cont'd)

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 84.383.269 between 2015 - 2022 and TL 281.516.681 between 1 January – 31 December 2023.

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 Turkey 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 Turkey 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 694.357.286 between 2013 - 2022 and TL 211.822.275,11 between 1 January - 31 December 2023.
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. Due to the expiration of the certificate, the application for the closure of the investment incentive certificate has been made as of 07.03.2023 and the document closure processes have been completed on 23.01.2024 with the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy.

In line with the expansion investment decision of the Group in Aksaray factory, the investment incentive certificate application made to the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy has been approved and a new 3-year incentive certificate with a start date of 27.12.2022, number 551117 and dated 30.03.2023 amounting to TL 934.558.927 has been issued within the scope of regional priority investments. 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. 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.

25. 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 December 31, 2023, 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 31, 2023, the Group estimates that it will be able to benefit from reduced corporate tax amounting to TL 1.588.073.525 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 223.518.291 calculated for the foreseeable 3 years.

26. EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the statements of income is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class outstanding during the year.

	31 December 2023	**31 December 2022**
Average number of shares during the period	30.511.687.500	30.511.687.500
Net profit for the period	3.985.644.200	2.509.042.736
Profit attributable to redeemed to shares	164.438.996	140.883.142
Earnings shares with nominal value of TL 1	12,524	7,761
Diluted earnings share with nominal value of TL 1	12,524	7,761

27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Trade receivables from related parties generally arise from sales transactions and their approximate maturity is 9 days (31 December 2022: 8 days). Trade payables to related parties generally arise from purchase transactions and have an approximate maturity of 152 days (31 December 2022: 158 days).

Balances with related parties	**31 December 2023**			
	Receivables Short / Long term		**Payables Short / Long term (*)**	
	Trade	Non-Trade	Trade	Non-Trade
Shareholders				
H.Ö. Sabancı Holding A.Ş.	-	-	-	-
Bridgestone Corporation	14.071	15.131	373.713.083	3.179.427
Other companies managed by the main partners				
Bridgestone Europe S.A/N.V.	115.787.890	404.583	79.694.962	-
Bridgestone Italia Manufacturing S.A.	-	-	4.484.342	-
Bridgestone Poznan Sp. Z.O.O	-	-	975.911	-
Bridgestone Tatabanya Termelo Kft.	-	-	1.632.358	-
Bridgestone Hispania	-	-	1.142.753	-
Akbank T.A.Ş (*)	215.517.887	-	5.646.610	-
Ak Sigorta A.Ş.	-	-	1.945.734	-
Akçansa Çimento San.ve Tic. A.Ş	1.197.727	-	-	-
Bridgestone Singapore Pte. Ltd.	-	-	1.287.706.732	-
Temsa Ulaşım Araçları San. Tic. A.Ş.	24.166.003	-	-	-
Kordsa Teknik Tekstil A.Ş.	-	-	339.104.960	-
Enerjisa Enerji Üretim A.Ş.	-	-	60.846.601	-
Bridgestone Logistic Co. LTD.	-	-	1.343.197	-
Bridgestone Plant Engineering Co.Ltd.	-	-	6.518.288	-
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	-	-	44.769.041	-
Bridgestone Carbon Black Co. Ltd.	-	-	10.142.648	-
Enerjisa Müşteri Çözümleri A.Ş	-	-	63.655.748	-
Firestone Polymers, LLC.	-	-	3.406.262	-
Lasder Lastik Sanayicileri Derneği	-	-	4.346.028	-
Vista Turizm ve Seyahat A.Ş.	-	-	2.219.089	-
Other	3.000.836	129.967	2.783.728	-
	359.684.414	**549.681**	**2.296.078.075**	**3.179.427**

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

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

Balances with related parties	**31 December 2022**			
	Receivables Short / Long term		**Payables Short / Long term (*)**	
	Trade	Non-Trade	Trade	Non-Trade
Shareholders				
H.Ö. Sabancı Holding A.Ş.	-	-	234.965	-
Bridgestone Corporation	1.022.458	-	310.878.761	3.328.622
Other companies managed by the main partners				
Bridgestone Europe S.A/N.V.	74.790.840	-	52.045.750	-
Bridgestone Italia Manufacturing S.A.	1.601.183	-	-	-
Bridgestone Poznan Sp. Z.O.O.	7.620.880	-	-	-
Bridgestone Hispania	-	-	-	-
Akbank T.A.Ş (*)	227.923.112	-	-	-
Ak Sigorta A.Ş.	66.750	-	5.121.835	-
Bridgestone Singapore Pte. Ltd.	-	-	1.432.805.030	-
Temsa Ulaşım Araçları San. Tic. A.Ş.	22.174.898	-	-	-
Kordsa Teknik Tekstil A.Ş.	-	-	428.207.587	-
Enerjisa Enerji Üretim A.Ş.	-	-	90.892.298	-
Raidflow Limite	-	-	6.203.921	-
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	-	-	45.867.934	-
Bridgestone Carbon Black Co. Ltd.	-	-	12.444.880	-
BSEU TCE	848.490	-	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş.	2.945.088	-	-	-
Bridgestone Plant Engineering CO. L	-	-	273.444	-
Enerjisa Müşteri Çözümleri A.Ş.	-	-	39.642.879	-
Firestone Polymers, LLC.	-	-	6.287.921	-
LASDER Lastik Sanayicileri Derneği	-	-	6.114.894	-
Other	1.603.443	252.541	9.674.145	-
	340.597.142	**252.541**	**2.446.696.244**	**3.328.622**

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

Sales of finished goods and trade goods	**1 January-31 December 2023**	**1 January-31 December 2022**
Shareholders		
Bridgestone Corporation	1.056.412	1.713.554
Other companies managed by the main partners		
Bridgestone Europe SA./N.V.	2.140.337.851	2.650.370.299
Bridgestone Italia Manufacturing S.A.	-	21.384
Temsa Ulaşım Araçları San.ve Tic. A.Ş.	77.858.347	63.663.253
Bridgestone Tatabanya Termelo	-	654.706
Bridgestone Poznan Sp. Z.o.o.	4.603.551	8.712.548
Bridgestone Hispania	-	116.964
Akbank T.A.Ş.	104.182	209.826
Other	7.902.388	16.093.614
	2.231.862.731	**2.741.556.148**

27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES /

Other sales	1 January-31 December 2023	1 January-31 December 2022
Shareholders		
Bridgestone Corporation	904.437	201.316
Other companies managed by the main partners		
Bridgestone Europe SA./N.V.	4.546.093	4.464.872
Temsa Ulaşım Araçları San.ve Tic. A.Ş.	2.497.094	1.355.622
Temsa Motorlu Araçlar Paz. Dağ. A.Ş	-	1.144.460
Other	6.841.046	15.899.844
	14.788.670	**23.066.114**

Purchases of Raw Materials, Semi Finished Goods and Consumables	1 January-31 December 2023	1 January-31 December 2022
Shareholders		
Bridgestone Corporation	37.080.573	40.468.742
Other companies managed by the main partners		
Bridgestone Singapore Pte. Ltd.	2.644.170.435	3.382.490.107
Kordsa Teknik Tekstil A.Ş.	953.686.112	1.115.380.135
Bridgestone (Shenyang) Steel Cord Co.	-	3.191.581
Bridgestone Carbon Black Co. Ltd.	79.472.057	66.116.924
Firestone Polymers, LLC.	61.121.482	85.680.565
Other	39.601.516	31.767.384
	3.815.132.175	**4.725.095.438**

Purchases of finished goods and trade goods	1 January-31 December 2023	1 January-31 December 2022
Shareholders		
Bridgestone Corporation	368.439.870	430.072.335
Other companies managed by the main partners		
Bridgestone Europe SA./N.V.	976.395.361	768.885.749
Enerjisa Enerji Üretim A.Ş.	686.759.395	711.667.509
Enerjisa Doğalgaz Toptan Satış A.Ş.	-	23.684
Bridgestone Brasil	20.959.815	-
Other	82.823.728	16.861.851
	2.135.378.169	**1.927.511.128**

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

Purchases of services	**1 January-31 December 2023**	**1 January-31 December 2022**
Shareholders		
H. Ö. Sabancı Holding A.Ş.	2.617.122	2.597.246
Other companies managed by the main partners		
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	89.783.899	114.744.373
Aksigorta A.Ş.	112.463.635	97.613.749
Lasder Lastik San. Derneği İktisadi İşletmesi	28.065.856	28.831.848
Vista Turizm ve Seyahat A.Ş.	15.541.172	12.505.699
Other	3.961.284	4.110.954
	252.432.968	**260.403.869**

Rent Expense	**1 January-31 December 2023**	**1 January-31 December 2022**
Other companies managed by the main partners		
Exsa Export Sanayi Mamulleri A.Ş.	2.391.688	3.717.222
Temsa Motorlu Araçlar Pazarlama A.Ş.	120.263	185.996
Teknosa İç ve Dış Ticaret A.Ş.	249.106	250.584
Ak Finansal Kiralama A.Ş.	894.426	-
	3.655.483	**4.153.802**

Purchase of fixed assets	**1 January-31 December 2023**	**1 January-31 December 2022**
Shareholders		
Bridgestone Corporation	330.325.257	52.271.360
Other companies managed by the main partners		
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	18.957.635	30.240.475
Enerjisa Müşteri Çözümleri A.Ş	45.608.912	-
Bridgestone Plant Eng.	21.924.015	12.276.655
Bridgestone Logistics Co.	411.269	7.180.624
Other	10.953.595	22.836.252
	428.180.683	**124.805.366**

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

Commission expense (Sales premium, Royalty, and Interest Expense)	1 January- 31 December 2023	1 January- 31 December 2022
Shareholders		
Bridgestone Europe SA./N.V.	426.352.953	433.041.403
Bridgestone Corporation	80.872	149.693
	426.433.825	**433.191.096**

	1 January- 31 December 2023	1 January- 31 December 2022
Financial Income		
Akbank T.A.Ş.	455.516.043	186.676.975
	455.516.043	**186.676.975**
Financial Expense		
Akbank Malta	45.733.091	27.553.687
Akbank T.A.Ş.	448.433.612	214.147.779
Ak Yatırım Menkul Değerler A.Ş	847.762.158	-
	1.341.928.861	**241.701.466**

	31 December 2023	31 December 2022
Demand deposits		
Akbank T.A.Ş.	282.363.632	144.555.104
	282.363.632	**144.555.104**
Time deposits (**) (less than 3 months)		
Akbank T.A.Ş.	1.322.800.096	1.345.440.438
	1.322.800.096	**1.345.440.438**
Credit card slip receivables		
Akbank T.A.Ş.	442.961.755	474.992.674
	442.961.755	**474.992.674**
Derivative assets		
Akbank Malta	414.649.329	1.767.193.640
	414.649.329	**1.767.193.640**
Financial investment		
Akbank T.A.Ş.	1.259.048.663	866.914.825
	1.259.048.663	**866.914.825**
Short-term financial liabilities		
Akbank T.A.Ş.	1.675.401.652	702.910.130
Ak Yatırım Menkul Değerler A.Ş	2.158.799.784	-
	3.837.201.436	**702.910.130**
Long-term financial liabilities		
Akbank T.A.Ş.	336.974.574	-
Ak Yatırım Menkul Değerler A.Ş	743.259.275	-
	1.080.223.849	**-**

(**) The interest rates of time deposits of the Group from related parties are 44,46%, 0,01%, 0,01% and 0,01% for TL, USD and EUR, respectively and their maturities are January 2024.

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

	31 December 2023	31 December 2022
Advanced given		
Bridgestone Corporation	185.545	7.319.961
Bridgestone Europe S.A/N.V.	-	18.039.032
Bridgestone Logistic Co. LTD.	-	1.461.054
Bridgestone Plant Engineering	-	254.896
Vista Turizm ve Seyahat A.Ş.	18.451.516	-
Bridgestone Europe N.V./S.A.	-	8.227
	18.637.061	**27.083.170**
Advances received		
Bridgestone Europe N.V./S.A.	19.352.532	1.189.727
	19.352.532	**1.189.727**

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 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Salaries and other short-term benefits	178.523.247	87.687.236
Employment termination benefits	834.950	1.531.616
Other long-term benefits	2.592.073	1.635.683
	181.950.270	**90.854.535**

28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk (including currency risk, interest rate risk), credit risk and funding risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by Chief Financial Officer of Brisa under policies approved by the board of directors. Chief Financial Officer identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below depicts the cash outflows the Group will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities. The amounts in the table are contractual and non-discounted. The Group performs its liquidity risk management by considering expected non-discounted cash flows.

As of 31 December 2022, and 31 December 2021, liquidity risk analysis of the financial liabilities of the Group is as follows:

31 December 2023 **Contractual Maturities**	**Carrying value**	**Contractual flows total (I+II+III+IV)**	**Less than 3 (I)**	**3-12 Months (II)**	**1-5 years (III)**	**Over 5 Years (IV)**
Non-derivative financial liabilities						
Unsecured bank loans (*)	15.489.018.802	15.524.827.403	3.239.801.637	6.467.737.489	5.817.288.277	-
Lease liabilities	60.364.912	67.582.090	8.198.693	15.826.598	43.556.799	-
Factoring payables	62.673.173	62.673.173	15.668.293	47.004.880	-	-
Trade payables	6.428.602.127	6.570.169.074	2.489.336.735	4.080.832.339	-	-
Other payables	277.141.479	277.141.479	239.576.718	37.564.761	-	-
Total liabilities	**22.317.800.493**	**22.502.393.219**	**5.992.582.076**	**10.648.966.067**	**5.860.845.076**	**-**

Contractual Maturities	**Carrying value**	**Contractual Flows total (I+II+III+IV)**	**3 months (I)**	**3-12 months (II)**	**1-5 years(III)**	**Over 5 years (IV)**
Derivative financial liabilities						
Derivative cash inflows	-	-	-	-	-	-
Derivative cash outflows	(122.817.512)	(122.817.512)	(122.817.512)	-	-	-
	(122.817.512)	**(122.817.512)**	(122.817.512)	**-**	**-**	**-**

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

(a) Liquidity risk (cont'd)

31 December 2022	Carrying values	Contractual Flows Total (I+II+III+IV)	3 months (I)	3-12 months (II)	1-5 years (III)	Over 5 years (IV)
Contractual Maturities						
Non-derivative financial liabilities						
Unsecured bank loans (*)	11.159.127.782	11.207.244.804	2.148.872.825	6.266.163.561	2.792.208.418	-
Lease liabilities	60.742.153	61.978.510	9.757.610	29.243.653	22.977.247	-
Factoring payables	33.858.876	33.858.876	8.464.719	25.394.157	-	-
Trade payables	7.210.110.088	7.321.930.969	4.413.868.006	2.908.062.963	-	-
Other payables	287.660.702	287.660.702	247.677.784	39.982.918	-	-
Total liabilities	**18.751.499.601**	**18.912.673.861**	**6.828.640.944**	**9.268.847.252**	**2.815.185.665**	**-**

Contractual Maturities	Carrying values	Contractual Flows Total (I+II+III+IV)	3 months (I)	3-12 months (II)	1-5 years (III)	Over 5 years (IV)
Derivative financial liabilities						
Derivative cash inflows	11.958.516	11.958.516	11.958.516	-	-	-
Derivative cash outflows	(69.811.997)	(69.811.997)	(69.811.997)	-	-	-
	(57.853.481)	**(57.853.481)**	**(57.853.481)**	**-**	**-**	**-**

(*) Cash outflows from bank loans are shown in cash flows that are fixed by cross currency and interest swap agreements.

(b) Market Risk

Interest rate risk

The Group's floating rate loans are exposed to risk as a result of differences resulting from the repricing of various variable rate indicators. The purpose of risk management is to optimize net interest income by keeping market interest rates in line with the Group's operating policies. The Group has secured 90% of its floating rate US Dollar loan against the risk of fluctuations in interest rates in the market. In accordance with this policy, the Group has signed cross rate swap agreements for its floating rate loans. Therefore, as of 31 December 2023 and 2022, the loans under the scope of protection are stated in the table below with fixed interest rates:

	31 December 2023	31 December 2022
Financial instruments with fixed interest rate		
Financial liabilities	15.149.157.747	10.732.161.923
Time deposits	9.420.111.323	2.635.083.497
Financial investments	1.332.023.910	2.045.833.748
Financial instruments with variable interest rate		
Financial liabilities	400.225.967	487.708.012

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

(b) Market Risk (cont'd)

Fair value risk of fixed rate instruments:

The Group has no fixed rate financial assets and liabilities at fair value through profit or loss and hedging derivative instruments (forward interest rate swaps) recorded under the fair value hedge accounting model. Therefore, changes in interest rates as of the reporting period will not affect profit or loss.

Foreign exchange risk

Operating in the international arena, the Group is exposed to exchange rate risk arising from exchange rate changes due to the conversion of foreign currency denominated debts or creditors into Turkish Lira. The said exchange rate risk is followed by analyzing the foreign exchange position. In addition, it is aimed to provide an effective protection against economic risks with foreign currency and forward transactions. The Group carries out its currency risk policy practices and transactions with derivative and non-derivative financial instruments within the framework of the rules and limits in the document officially documented under the name of "Currency Risk Hedge Policy" and given the necessary approvals by the senior management.

Derivative financial instruments

Derivative financial instruments of the Group consist of forward foreign currency purchase and sale contracts, commodity forward contracts, option contracts and cross currency and interest rate swaps. At the same time, time deposits are used as a hedging instrument. The said derivative and non-derivative financial instruments provide an effective protection against risks for the Group economically and are accounted for as hedging derivative financial instruments in the consolidated financial statements since they meet the requirements of TAS 39 "Accounting for financial instruments" in terms of risk accounting. The Group presents the gains and losses related to the effective hedging transaction as "financial hedge fund" in equity. Derivative financial instruments with a positive fair value are recognized in the balance sheet as assets, and negative ones are recognized as liabilities.

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

(b) Market Risk (cont'd)

Foreign exchange risk (cont'd)

The Group's assets and liabilities denominated in foreign currencies at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023				
Foreign currency position table	**TL Equivalent (Functional currency)**	**US Dollar**	**Euro**	**JPY**	**GBP**
Cash and cash equivalents	649.415.057	17.009.823	3.477.688	8.724.840	896.981
Trade receivables	128.895.373	309.735	2.780.394	-	780.121
Trade receivables from related parties	117.707.840	-	3.613.563	-	-
Other receivables	844.616	360	21.765	602.732	-
Trade receivables from other parties	549.685	-	16.875	-	-
Current Assets	**897.412.571**	**17.319.918**	**9.910.285**	**9.327.572**	**1.677.102**
Trade receivables	36.852	345	-	-	713
Non-Current Assets	**36.852**	**345**	**-**	**-**	**713**
Total Assets	**897.449.423**	**17.320.263**	**9.910.285**	**9.327.572**	**1.677.815**
Trade payables	1.768.658.868	13.831.953	41.449.677	30.795.670	45.021
Trade payables to related parties	2.013.559.983	49.621.737	12.456.158	687.957.006	-
Other payables	-	-	-	-	-
Other payables to related parties	3.176.154	-	-	15.208.477	-
Short-term portion of long-term bank borrowings	1.651.601.765	53.092.915	2.629.968	-	-
Short-term Liabilities	**5.436.996.770**	**116.546.605**	**56.535.803**	**733.961.153**	**45.021**
Long-term financial liabilities	2.558.987.490	34.420.588	47.310.959	-	-
Long-term Liabilities	**2.558.987.490**	**34.420.588**	**47.310.959**	**-**	**-**
Total Liabilities	**7.995.984.260**	**150.967.193**	**103.846.762**	**733.961.153**	**45.021**
Net Foreign Currency Position	**(7.098.534.837)**	**(133.646.930)**	**(93.936.477)**	**(724.633.581)**	**1.632.794**
Total foreign currency amount of off-balance sheet derivative financial assets	6.063.640.674	150.347.336	49.940.927	-	-
Total foreign currency amount of off-balance sheet derivative financial liabilities (*)	**6.063.640.674**	**150.347.336**	**49.940.927**	**-**	**-**
Net foreign currency asset/ (liability) position	**(1.034.894.163)**	**16.700.406**	**(43.995.550)**	**(724.633.581)**	**1.632.794**
Fair Value of Financial Instruments Used for Foreign Exchange Hedge	(122.817.512)	-	-	-	-
Hedged Amount of Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**
Hedged Amount of Foreign Currency Liabilities	**(6.063.640.674)**	**(150.347.336)**	**(49.940.927)**	**-**	**-**
Export (**)	9.224.206.639	156.640.100	378.109.288	-	15.772.867
Import (**)	11.310.114.943	297.497.734	346.405.867	3.370.997.863	474.528

(*) In addition, as of 31 December 2023, the Group has made forward transactions amounting to USD 118.598.624, Options amounting to USD 5.000.000 and time deposits amounting to USD 15.000.000 in order to hedge the foreign exchange risk of import transactions to be realized in 2024. These amounts are not shown in cash and cash equivalents in the currency risk statement.
(**) In the export and import foreign currency balances of 2023 and 2022, 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 1.328.064.277 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 4).

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

(b) Market Risk (Cont'd)

	31 December 2022				
Foreign currency position table	**TL Equivalent (Functional currency)**	**US Dollar**	**Euro**	**JPY**	**GBP**
Cash and cash equivalents (*)	920.578.226	28.269.958	1.128.424	2.208.156	322.369
Trade receivables	408.899.916	3.041.882	8.194.346	-	1.235.399
Other receivables	1.129.344	360	32.593	204.700	-
Trade receivables from related parties	-	-	-	-	-
Current Assets	252.531	-	7.688	-	-
Trade receivables	**1.330.860.017**	**31.312.200**	**9.363.051**	**2.412.856**	**1.557.768**
Non-Current Assets	37.188	345	-	-	713
Total Assets	**37.188**	**345**	**-**	**-**	**713**
Trade payables	**1.330.897.205**	**31.312.545**	**9.363.051**	**2.412.856**	**1.558.481**
Trade payables to related parties	2.544.201.616	11.637.236	64.911.681	182.876.623	165.675
Other payables	2.094.588.703	53.682.617	12.030.467	178.263.921	-
Other payables to related parties	3.323.228	-	-	14.179.518	-
Short-term bank borrowings	531.798.186	17.229.658			
Short-term portion of long-term bank borrowings	2.413.457.218	78.193.276	-	-	-
Short-term Liabilities	**7.587.368.951**	**160.742.787**	**76.942.148**	**375.320.062**	**165.675**
Long-term financial liabilities	2.187.132.330	70.860.606	-	-	-
Long-term Liabilities	-	-	-	-	-
Total Liabilities	**2.187.132.330**	**70.860.606**	**-**	**-**	**-**
Net Foreign Currency Position	**9.774.501.281**	**231.603.393**	**76.942.148**	**375.320.062**	**165.675**
Total foreign currency amount of off-balance sheet derivative financial assets	**(8.443.604.076)**	**(200.290.848)**	**(67.579.097)**	**(372.907.206)**	**1.392.806**
Total foreign currency amount of off-balance sheet derivative financial liabilities (*)	6.298.179.856	204.053.882	-	-	-
Net foreign currency asset/ (liability) position	-	-	-	-	-
Fair Value of Financial Instruments Used for Foreign Exchange Hedge	**6.298.179.856**	**204.053.882**	**-**	**-**	**-**
Hedged Amount of Foreign Currency Assets	**(2.145.424.220)**	**3.763.034**	**(67.579.097)**	**(372.907.206)**	**1.392.806**
Hedged Amount of Foreign Currency Liabilities	55.247.736	-	-	-	-
Export (**)	-	-	-	-	-
Import (**)	**(6.298.179.856)**	**(336.225.702)**	-	-	-
Cash and cash equivalents (*)	9.506.402.033	161.513.824	389.873.839	-	16.263.626
Trade receivables	11.662.019.595	306.754.125	357.183.992	3.475.883.608	489.293

(*) In addition, as of 31 December 2022, the Group has made forward transactions amounting to USD 17.000.000, Options amounting to USD 15.000.000 and Forward transactions amounting to USD 40.000.000 in order to hedge the foreign exchange risk of import transactions to be realized in 2023. These amounts are not shown in cash and cash equivalents in the currency risk statement.

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

(b) 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 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	49.159.698	(49.159.698)	(443.393.838)	443.393.838
2- Hedged USD (-)	-	-	443.393.838	(443.393.838)
3- USD net effect (1 +2)	**49.159.698**	**(49.159.698)**	-	-
Change in Euro against TL by 10%				
4 - Euro net asset / liability	(306.597.321)	306.597.321	(162.677.156)	162.677.156
5 - Hedged Euro (-)			162.677.156	(162.677.156)
6- Euro net effect (4+5)	**(306.597.321)**	**306.597.321**	-	-
Change in other currencies against TL by 10%				
7- Other currencies net asset / liability	(9.022.022)	9.022.022	-	-
8- Hedged other currencies (-)	-	-	-	-
9- Other currencies net effect (7+8)	**(9.022.022)**	**9.022.022**	-	-
TOTAL (3+6+9)	**(266.459.645)**	**266.459.645**	-	-

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

(b) Market Risk (Cont'd)

Foreign exchange risk (cont'd)

Foreign currency sensitivity analysis table

	31 December 2022			
	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	11.440.835	(11.440.835)	(629.817.986)	629.817.986
2- Hedged USD (-)	-	-	629.817.986	(629.817.986)
3- USD net effect (1 +2)	**11.440.835**	**(11.440.835)**	**-**	**-**
Change in Euro against TL by 10%				
4 - Euro net asset / liability	(222.434.450)	222.434.450	-	-
5 - Hedged Euro (-)	-	-	-	-
6- Euro net effect (4+5)	**(222.434.450)**	**222.434.450**	**-**	**-**
Change in other currencies against TL by 10%				
7- Other currencies net asset / liability	(3.548.808)	3.548.808	-	-
8- Hedged other currencies (-)	-	-	-	-
9- Other currencies net effect (7+8)	**(3.548.808)**	**3.548.808**	**-**	**-**
TOTAL (3+6+9)	**(214.542.423)**	**214.542.423**	**-**	**-**

Forward contracts

The detail information on foreign currency denominated borrowings and cross currency swap transactions is given in disclosures of derivative financial instruments (Note 6)

(c) 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.

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

(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.

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

(d) Credit Risk (cont'd)

The credit risks that the Group is exposed to on the basis of financial instrument types as of 31 December 2022 are as follows:

Credit risk regarding the financial instruments	**Receivables**							
	Trade Receivables		**Other Receivables**					
31 December 2023	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties (*)**	**Bank Deposits**	**Financial Investments**	**Derivative Financial Instruments**	**Other**
Maximum credit risk based on financial instruments as of reporting date(1)	359.684.414	3.459.253.762	549.681	55.307.482	13.123.148.127	1.332.023.910	1.287.524.157	-
- Collateralized or secured with guarantees part of maximum credit risk	-	2.126.877.857	-	-	-	-	-	-
A. Net book value of not due or not impaired financial assets(2)	240.986.149	3.278.490.016	549.681	55.307.482	13.123.148.127	1.332.023.910	1.287.524.157	-
B. Net book value of past due but not impaired financial assets(3)	118.698.265	180.763.746	-	-	-	-	-	-
- Collateralized or guaranteed part	-	64.031.269	-	-	-	-	-	-
C. Net book value of impaired financial assets								
- Gross amount of overdue part	-	240.728.880	-	-	-	-	-	-
- Impairment (-)	-	(238.966.380)	-	-	-	-	-	-
- Collateralized or guaranteed part of net value	-	1.762.500	-	-	-	-	-	-
- Gross amount of not due part	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-	-	-
D. Off-balance sheet items comprising credit risk	-	-	-	-	-	-	-	-

(1) In determining the amount, factors that increase credit reliability, such as guarantees received, are not taken into account.
(2) Collaterals consist of guarantee notes, guarantee checks and mortgages received from customers.
(3) There have been no collection problems with these customers in the past.

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

(d) Credit Risk (cont'd)

The credit risks that the Group is exposed to on the basis of financial instrument types as of 31 December 2022 are as follows:

Credit risk regarding the financial instruments	**Receivables**							
	Trade Receivables		**Other Receivables**					
31 December 2022	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties(*)**	**Bank Deposits**	**Financial Investments**	**Derivative Financial Instruments**	**Other**
Maximum credit risk based on financial instruments as of reporting date(1)	340.597.142	3.616.210.129	252.541	35.336.086	6.001.843.809	2.045.833.748	3.537.513.208	-
- Collateralized or secured with guarantees part of maximum credit risk	-	2.521.889.910	-	-	-	-	-	-
A. Net book value of not due or not impaired financial assets(2)	263.290.660	3.321.417.089	252.541	35.336.086	6.001.843.809	2.045.833.748	3.537.513.208	-
B. Net book value of past due but not impaired financial assets(3)	77.306.483	294.793.039	-	-	-	-	-	-
- Collateralized or guaranteed part	-	153.077.125	-	-	-	-	-	-
C. Net book value of impaired financial assets								
- Gross amount of overdue part	-	323.206.578	-	-	-	-	-	-
- Impairment (-)	-	(320.302.454)	-	-	-	-	-	-
- Collateralized or guaranteed part of net value	-	2.904.124	-	-	-	-	-	-
- Gross amount of not due part	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-	-	-
D. Off-balance sheet items comprising credit risk	-	-	-	-	-	-	-	-

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

(d) Credit Risk (cont'd)

The Group considers that its receivables from related parties, including the overdue ones, do not have a collection risk considering that they are from Group companies and have been collected in the previous periods. The aging of the Group's receivables, which are overdue but not impaired, including the overdue periods, is as follows:

	31 December 2023	31 December 2022
Between 0-1 months	266.205.472	144.921.430
Between 1-3 months	19.533.439	35.964.470
Between 3-12 months	13.723.100	44.939.643
	299.462.011	**225.825.543**

As of 31 December 2023, collaterals amounting to TL 64.031.269 have been received for receivables from third parties (31 December 2022: TL 153.077.125).

The Company calculates ECL's based on previous year's credit losses experience, analysis of customers' current financial situation and future expectations. The Company performs the ECL rate calculations separately for customers. The Company makes evaluations separately for export customers and other private customers and provides a provision where necessary. The Company has applied the doubtful receivable provision methodology by taking into consideration the dealers' remaining receivables after deducting existing collaterals, the credit risk score of the creditors evaluated by independent credit rating firms and payment history.

The tables below provide information on credit risk for trade receivables as of 31 December 2023 and 31 December 2022, credit losses, and exposure to ECL.

31 December 2023	**%**	**Gross Trade Receivables(*)**	**Doubtful Receivables Provision**
Domestic – Dealers	8%	2.669.481.216	206.275.526
Export Receivables	10%	127.235.887	12.388.396
Receivables from Automotive Manufacturers	0,06%	766.417.761	495.597
Domestic – Customers	4%	508.036.923	19.806.861
Trade Receivables from Related Parties	-	359.684.414	-
	5%	**4.430.856.201**	**238.966.380**

31 December 2022	**%**	**Gross Trade Receivables(*)**	**Doubtful Receivables Provision**
Domestic – Dealers	10%	2.223.661.145	225.005.065
Export Receivables	16%	359.552.999	58.505.837
Receivables from Automotive Manufacturers	0,8%	747.282.085	5.969.255
Domestic – Customers	3%	920.179.859	30.822.297
Trade Receivables from Related Parties	-	340.597.142	-
	7%	**4.591.273.230**	**320.302.454**

(*) Gross trade receivables do not include unearned credit finance income amounting to TL 372.951.645 (31 December 2022: TL 314.163.505). (Note 7)

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

(e) Capital Risk Management

The Group's objectives when managing capital are to maintain the Group's ability to continue to operate in order to provide returns for shareholders, benefits for other shareholders, and maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital using the net financial debt/equity + net financial debt ratio. Net financial debt is calculated by deducting cash and cash equivalents from the total financial debt amount.

Capital risk management	**31 December 2023**	**31 December 2022**
Net financial debt (Note 5)	(518.356.277)	(77.294.055)
Equity	13.446.157.370	11.616.664.122
Equity+ Net debt	**12.927.801.093**	**11.539.370.067**
Net financial debt / (Equity + Net Financial Debt) ratio	**(0,04)**	**(0,01)**

(f) Operational risk

Direct or indirect loss arising from a wide variety of reasons related to operational risk, the Group's processes, employees, technology and infrastructure, and external factors such as legal and regulatory requirements and generally accepted standards regarding legal entity, excluding credit risk, market risk and liquidity risk. is the risk. Operational risks arise from all activities of the Group. The purpose of the Group is to manage operational risk by avoiding financial losses and damage to the Group's reputation, while avoiding controls that restrict entrepreneurship and creativity.

Improving and enforcing controls in operational risk avoidance are primarily the responsibility of senior managers in each business. This responsibility is supported by the improvement of general standards for the management of operational risks in the following areas:

• Requirements for appropriate division of duties and responsibilities, including independent authorization of transactions
• Requirements for reconciliation and oversight of transactions • compliance with regulatory and other legal requirements
• Documentation of controls and procedures
• Periodic evaluation of encountered operational risks and adequacy of controls and procedures to avoid identified risks.
• Requirements for reporting operational losses and presenting related remediation activities
• Creation of emergency plans
• Training and work-related development of employees
• Ethical and business life standards
• Risk reduction remedies, including insurance where effective

Compliance with group standards is audited by the periodic audit program carried out by Internal Audit. The results of the Internal Audit's review are reported to the management of the relevant operational department and shared with the Audit Committee and senior management.

29. FINANCIAL INSTRUMENTS

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	13.123.149.970	-	-	-	13.123.149.970	4
Financial investments	-	-	-	1.332.023.910	1.332.023.910	4
Trade receivables	3.459.253.762	-	-	-	3.459.253.762	7
Receivables from related parties	359.684.414	-	-	-	359.684.414	7-27
Other receivables (*)	56.064.847	-	-	-	56.064.847	
Derivative financial assets	-	-	1.287.524.157	-	1.287.524.157	6
	16.998.152.993	**-**	**1.287.524.157**	**-**	**19.617.701.060**	
Financial liabilities						
Financial liabilities	-	15.612.056.887	-	-	15.612.056.887	5
Trade payables	-	4.132.524.052	-	-	4.132.524.052	7
Payables to related parties	-	2.296.078.075	-	-	2.296.078.075	7-27
Other payables	-	117.562.000	-	-	117.562.000	
Derivative financial liabilities	-	-	122.817.512	-	122.817.512	
	-	**22.158.221.014**	**122.817.512**	**-**	**22.281.038.526**	

Classes and fair values of financial instruments

31 December 2022	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	6.001.849.193	-	-	-	6.001.849.193	4
Financial investments	-	-	-	2.045.833.748	2.045.833.748	4
Trade receivables	3.616.210.129	-	-	-	3.616.210.129	7
Receivables from related parties	340.597.142	-	-	-	340.597.142	7-27
Other receivables (*)	35.959.171	-	-	-	35.959.171	
Derivative financial assets	-	-	3.525.554.692	11.958.516	3.537.513.208	6
	9.994.615.635	**-**	**3.525.554.692**	**2.057.792.264**	**15.577.962.591**	
Financial liabilities						
Financial liabilities	-	11.253.728.811	-	-	11.253.728.811	5
Trade payables	-	4.763.413.843	-	-	4.763.413.843	7
Payables to related parties	-	2.446.696.244	-	-	2.446.696.244	7-27
Other payables	-	84.311.637	-	-	84.311.637	
Derivative financial liabilities	-	-	69.811.997	-	69.811.997	6
	-	**18.548.150.535**	**69.811.997**	**-**	**18.617.962.532**	

(*) Receivables from tax office are not included.

29. FINANCIAL INSTRUMENTS (Cont'd)

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company can realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

Foreign currency denominated balances are translated into Turkish Lira at the forex buying exchange rates at the end of the period. It is foreseen that fair values are close to the carrying value.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

Monetary liabilities

The fair values of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Since, long term foreign currency loans generally have floating rate, fair value is close to their book value. (Note 4).

Fair value estimation:

The Company's financial instruments measured at fair value in the balance sheet reclassified as flows:

Level 1: Quoted prices in markets for assets and liabilities.

Level 2: Direct or indirect observable inputs for the assets or liabilities other than quoted prices in Market.

Level 3: Inputs for the assets and liabilities where observable market data cannot be determined.

29. 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 December 2023		**31 December 2022**					
	Assets	**Liabilities**	**Assets**	**Liabilities**				
Forward contracts	-	102.890.060	7.882.591	69.811.997	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	1.287.524.157	-	3.525.554.692	-	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	-	1.950.414	4.075.925	-	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	-	17.977.038	-	-	2	Discounted cash flow method		
FX protected TL deposit	1.328.064.277	-	786.669.257	-	2	Discounted cash flow method		

29. FINANCIAL INSTRUMENTS (Cont'd)

	Level 1	Level 2	Level 3
31 December 2023			
GUD difference reflected in other comprehensive income, (net)	-	1.287.524.157	-
GUD difference reflected in other profit/loss, (net)	-	1.332.023.910	-
31 December 2022			
GUD difference reflected in other comprehensive income, (net)	-	3.525.554.692	-
GUD difference reflected in other profit/loss, (net)	-	2.057.792.264	-

30. EVENTS AFTER THE REPORTING PERIOD

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

31. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR

	1 January-31 December 2023	1 January-31 December 2022
Audit fee for the reporting period	1.860.000	1.405.514
Fee for other assurance services	-	396.279
Fees for services other than audit	-	20.704
Total	**1.860.000**	**1.822.496**

32. SUPPLEMENTARY CASH FLOW INFORMATION

As of December 31, the line "other adjustments related to reconciliation of profit (loss)" in the adjustments related to reconciliation of net profit for the period in the statement of cash flows consists of the net monetary loss/gain effects of the items included in the statement of cash flows. Other cash inflows/(outflows) in cash flows from financing activities includes monetary gain effect of TL 2.544.289.311 (December 31, 2022: TL 2.783.371.002).