

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

Condensed Consolidated Financial Statements
as of 30 June 2024 and
for the Six-Month Period then Ended
and Review Report

**(CONVENIENCE TRANSLATION OF THE
REPORT AND THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

21 August 2024

This report includes a limited audit report on the 2-pages interim condensed consolidated financial information and 56 pages of interim condensed consolidated financial statements and explanatory notes to the interim condensed consolidated financial statements.

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the General Assembly of
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (the “Company”) and its subsidiaries (together will be referred as “the Group”) as of 30 June 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows for the six-month interim period then ended. Group management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with Turkish Accounting Standards 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our limited review in accordance with Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

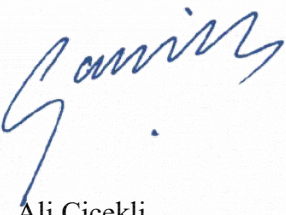
Other Matter

The audit of the consolidated financial statements of the Group as of 31 December 2023 and review of the consolidated financial statements of the Group as of 30 June 2023 was performed by another independent audit firm. The previous independent audit firm has expressed an unqualified opinion on the consolidated financial statements dated 31 December 2023 in its independent audit report dated 18 March 2024. Additionally, it has expressed an unqualified opinion on the consolidated financial statements dated 30 June 2023 in its independent review report dated 7 August 2023.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting".

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Ali Çiçekli
Partner

İstanbul, 21 August 2024

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**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS
SUBSIDIARIES REVIEWED CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION AS OF 30 JUNE 2024**

(Amounts expressed in Turkish Lira (“TL”) in terms of the purchasing power as of 30 June 2024, unless otherwise stated.)

	Notes	Current Period	Prior Period
		(Reviewed)	(Audited)
		30 June 2024	31 December 2023
ASSETS			
Current Assets			
Cash and Cash Equivalents	3	6,080,261,170	16,369,161,115
Financial Investments	3	2,504,911,016	1,661,500,024
Trade Receivables	6	5,774,245,873	4,763,552,534
Trade Receivables from Related Parties	22	558,582,094	448,652,354
Trade Receivables from Third Parties		5,215,663,779	4,314,900,180
Other Receivables		146,429,978	83,516,821
Other Receivables from Related Parties	22	721,464	685,645
Other Receivables from Third Parties		145,708,514	82,831,176
Derivative Instruments	5	72,675,409	103,800,310
Inventories	7	5,085,354,363	4,101,062,762
Prepaid Expenses	8	506,426,228	303,106,835
Current Tax Assets	21	23,978,647	15,895,544
Other Current Assets		20,684,716	76,996,607
Total Current Assets		20,214,967,400	27,478,592,552
Non-Current Assets			
Other Receivables		211,700	259,057
Other Receivables from Related Parties		211,700	259,057
Derivative Instruments	5	913,459,189	1,502,192,948
Property Plant and Equipment	9	15,861,230,276	15,229,582,413
Right-of-Use Assets	10	115,867,909	109,812,956
Intangible Assets		1,158,923,679	1,207,732,005
Goodwill	12	79,451,380	79,451,380
Other Intangible Assets	11	1,079,472,299	1,128,280,625
Prepaid Expenses	8	214,901,055	300,703,612
Deferred Tax Assets	21	170,731,316	398,050,940
Total Non-Current Assets		18,435,325,124	18,748,333,931
TOTAL ASSETS		38,650,292,524	46,226,926,483

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

**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS
SUBSIDIARIES REVIEWED CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION AS OF 30 JUNE 2024**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power as of 30 June 2024, unless otherwise stated.)

LIABILITIES	Notes	Current Period (Reviewed) 30 June 2024	Prior Period (Audited) 31 December 2023
Current Liabilities			
Short-term Borrowings	4	396,082,301	478,009,627
Short-term Portion of Long-Term Borrowings	4	8,028,590,656	11,708,377,829
Trade Payables	6	6,300,808,083	8,018,716,863
Trade Payables to Related Parties	22	2,696,027,431	2,864,012,987
Trade Payables to Third Parties		3,604,780,652	5,154,703,876
Payables Related to Employee Benefits		392,955,630	185,120,831
Other Payables		8,792,681	146,640,960
Other Payables to Related Parties	22	2,876,957	3,965,858
Other Payables to Third Parties		5,915,724	142,675,102
Derivatives	5	32,352,765	153,196,424
Deferred Income	8	296,675,441	369,772,503
Current Tax Liability	21	16,070,474	14,272,958
Short-term Provisions		1,159,474,259	479,407,574
Short-term Provisions for Employee Benefits		253,494,644	259,878,486
Other Short-term Provisions	13	905,979,615	219,529,088
Other Current Liabilities		18,774,299	13,930,635
Total Current Liabilities		16,650,576,589	21,567,446,204
Non-Current Liabilities			
Long-term Borrowings	4	5,022,913,132	7,287,311,703
Long-term Provisions		560,099,570	600,104,180
Long-term Provisions for Employee Benefits		560,099,570	600,104,180
Total Non-Current Liabilities		5,583,012,702	7,887,415,883
Total Liabilities		22,233,589,291	29,454,862,087
EQUITY			
Equity of the Parent Company		16,331,130,632	16,677,045,507
Share Capital	15	305,116,875	305,116,875
Adjustment to Share Capital	15	7,030,101,824	7,030,101,824
Share Premium	15	99,873	99,873
Accumulated Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss			
Hedging Reserve Gains / (Losses)		67,517,901	(97,796,379)
Foreign Currency Translation Adjustments		(3,343,919)	(1,610,510)
Accumulated Other Comprehensive Expenses That Will Not Be Reclassified to Profit or Loss			
Remeasurement (Losses) of Defined Benefit Plans		(625,028,340)	(618,268,824)
Restricted Reserves Appropriated from Profit	15	2,173,834,821	2,026,055,052
Prior Years' Profit	15	6,624,793,872	3,061,854,301
Net Profit for the Period	15	758,037,725	4,971,493,295
Non-controlling Interests	15	85,572,601	95,018,889
Total Equity		16,416,703,233	16,772,064,396
TOTAL LIABILITIES AND EQUITY		38,650,292,524	46,226,926,483

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES REVIEWED CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS FOR THE PERIOD 1 JANUARY – 30 JUNE 2024

(Amounts expressed in Turkish Lira (“TL”) in terms of the purchasing power as of 30 June 2024, unless otherwise stated.)

	Notes	Current Period (Reviewed) 1 January- 30 June 2024	Current Period (Not-Reviewed) 1 April- 30 June 2024	Prior Period (Reviewed) 1 January- 30 June 2023	Prior Period (Not-Reviewed) 1 April- 30 June 2023
Sales	16	15,035,392,155	6,938,640,550	16,665,757,141	7,925,117,387
Cost of Sales (-)	16-17	(11,192,793,504)	(5,371,263,739)	(12,587,233,513)	(5,836,475,910)
GROSS PROFIT		3,842,598,651	1,567,376,811	4,078,523,628	2,088,641,477
General Administrative Expenses (-)	17	(571,127,385)	(281,218,629)	(582,364,737)	(241,735,909)
Marketing Expense (-)	17	(1,622,315,714)	(775,905,790)	(1,532,750,028)	(787,559,596)
Research and Development Expenses (-)	17	(66,341,056)	(30,723,630)	(61,939,065)	(30,086,033)
Impairment Loss on Trade Receivables, net (-)	17	(5,628,456)	(9,878,554)	(21,105,170)	(25,456,217)
Other Operating Income	18	1,148,907,904	577,752,405	1,231,490,508	769,047,246
Other Operating Expenses (-)	18	(1,475,754,273)	(609,935,882)	(1,537,763,609)	(1,028,980,759)
OPERATING PROFIT		1,250,339,671	437,466,731	1,574,091,527	743,870,209
Income From Investing Activities	19	211,199,079	67,305,430	421,594,121	222,636,931
Expenses From Investing Activities (-)	19	(808,356)	-	(1,305,668)	3,490,553
PROFIT BEFORE FINANCIAL EXPENSES		1,460,730,394	504,772,161	1,994,379,980	969,997,693
Financing Income	20	1,525,586,876	421,656,698	980,651,103	655,016,725
Financing Expenses (-)	20	(2,672,212,486)	(1,093,043,446)	(1,762,398,214)	(1,048,918,540)
Net Monetary Position Gains		746,245,057	387,497,854	878,459,850	327,966,617
PROFIT BEFORE TAX		1,060,349,841	220,883,267	2,091,092,719	904,062,495
Taxation on Income (-)		(311,758,404)	(107,038,330)	(681,613,935)	(52,966,217)
Current Tax Expense (-)	21	(86,736,482)	(7,961,017)	(371,139,939)	(26,956,544)
Deferred Tax Expense (-)	21	(225,021,922)	(99,077,313)	(310,473,996)	(26,009,673)
PROFIT FOR THE PERIOD		748,591,437	113,844,937	1,409,478,784	851,096,278
DISTRIBUTION OF PROFIT FOR THE PERIOD					
- Non-Controlling Shares		(9,446,288)	4,756,339	489,682	8,241,396
- Parent Company Shares		758,037,725	109,088,598	1,408,989,102	842,854,882
Earnings per share		2,311	0,476	4,275	2,743
Diluted earnings per share		2,311	0,476	4,275	2,743

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

**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND
ITS SUBSIDIARIES REVIEWED CONDENSED CONSOLIDATED STATEMENT OF
OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 30 JUNE 2024**

(Amounts expressed in Turkish Lira (“TL”) in terms of the purchasing power as of 30 June 2024, unless otherwise stated.)

		Current Period (Reviewed)	Current Period (Not- Reviewed)	Prior Period (Reviewed)	Prior Period (Not- Reviewed)
	Notes	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
PROFIT FOR THE PERIOD		748,591,437	113,844,937	1,409,478,784	851,096,278
<i>OTHER COMPREHENSIVE INCOME:</i>					
Items that will not be reclassified to profit or loss		(6,759,516)	(7,530,964)	(82,597,958)	(78,094,027)
Remeasurement Losses of Defined Benefit Plans (-)		(9,012,688)	(10,041,285)	(110,130,611)	(104,125,369)
Income/Expense Related to Taxes on Other Comprehensive Income Not to be Reclassified to Profit or Loss (-)					
Deferred Tax Income	21	2,253,172	2,510,321	27,532,653	26,031,342
Items that will be Reclassified to Profit or Loss		163,580,871	(100,966,701)	97,176,230	97,543,724
Hedging Reserve Gains/ Losses (-)		169,865,154	(127,934,431)	68,314,724	83,032,013
Foreign Currency Translation Differences		(1,733,409)	(1,732,378)	127,197	(7,333,690)
Income/Expense Relating to Taxes on Other Comprehensive Income to be Reclassified to Profit or Loss (-)					
Deferred Tax Income / Expense (-)	21	(4,550,874)	28,700,108	28,734,309	21,845,401
OTHER COMPREHENSIVE INCOME / EXPENSE (-)		156,821,355	(108,497,665)	14,578,272	19,449,697
TOTAL COMPREHENSIVE INCOME		905,412,792	5,347,272	1,424,057,056	870,545,975
DISTRIBUTION OF TOTAL COMPREHENSIVE INCOME					
- Non-Controlling Shares		(9,446,288)	4,756,339	489,682	8,241,396
- Parent Company Shares		914,859,080	590,933	1,423,567,374	862,304,579

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

**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES REVIEWED CONDENSED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 30 JUNE 2024**

(Amounts expressed in Turkish Lira (“TL”) in terms of the purchasing power as of 30 June 2024, unless otherwise stated.)

	Share Capital	Capital Adjustment Differences	Share Premium	Foreign Currency Translation Differences	Hedging Reserve Gains / (Losses)	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				Non- Controlling Interests	Shareholders' Equity
								Restricted Reserves Appropriated from profit	Prior Years' Profit	Net Profit / (Loss) for the Period	Equity Attributable to the Parent Company		
Balances as of 1 January 2023 (Beginning of the Period)	305,116,875	7,030,101,824	99,873	(7,352,453)	392,141,831	(606,071,810)	1,784,258,343	2,350,762,348	3,129,639,067	14,378,695,898	111,329,597	14,490,025,495	
Transfers	-	-	-	-	-	-	241,796,709	2,887,842,358	(3,129,639,067)	-	-	-	
Dividends (*)	-	-	-	-	-	-	-	(2,176,750,405)	-	(2,176,750,405)	-	(2,176,750,405)	
Total Comprehensive Income	-	-	-	127,198	97,049,033	(82,597,959)	-	-	1,408,989,102	1,423,567,374	489,682	1,424,057,056	
Balances as of 30 June 2023 (End of the Period)	305,116,875	7,030,101,824	99,873	(7,225,255)	489,190,864	(688,669,769)	2,026,055,052	3,061,854,301	1,408,989,102	13,625,512,867	111,819,279	13,737,332,146	
Balances as of 1 January 2024 (Beginning of the Period)	305,116,875	7,030,101,824	99,873	(1,610,510)	(97,796,379)	(618,268,824)	2,026,055,052	3,061,854,301	4,971,493,295	16,677,045,507	95,018,889	16,772,064,396	
Transfers	-	-	-	-	-	-	147,779,769	4,823,713,526	(4,971,493,295)	-	-	-	
Dividends	-	-	-	-	-	-	-	(1,260,773,955)	-	(1,260,773,955)	-	(1,260,773,955)	
Total Comprehensive Income	-	-	-	(1,733,409)	165,314,280	(6,759,516)	-	-	758,037,725	914,859,080	(9,446,288)	905,412,792	
Balances as of 30 June 2024 (End of the Period)	305,116,875	7,030,101,824	99,873	(3,343,919)	67,517,901	(625,028,340)	2,173,834,821	6,624,793,872	758,037,725	16,331,130,632	85,572,601	16,416,703,233	

(*) The dividend paid by the Group per share with a nominal value of 1 TL is TL 3,394 gross (Payment date is given by purchasing power).

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

**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS
SUBSIDIARIES REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH
FLOWS FOR THE PERIOD 1 JANUARY – 30 JUNE 2024**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power as of 30 June 2024, unless otherwise stated.)

	Notes	Reviewed	
		Current Period 1 January- 30 June 2024	Prior Period 1 January- 30 June 2023
Net Profit for the Period		748,591,437	1,409,478,784
Adjustments to Reconcile Profit for the Period		3,324,723,542	2,839,911,035
Adjustments Related to Depreciation and Amortization Expenses	17	1,005,927,261	907,835,655
Provisions for Employee Benefits		179,171,782	126,365,958
Adjustments Related to Retirement Pay Provision		112,490,694	115,406,552
Lawsuit Provision	13	18,123,061	10,983,694
Adjustment Related to Other Provisions	13	808,128,050	1,151,237,677
Adjustments Related to Doubtful Receivables	6	5,628,456	21,767,737
Interest Income	18-20	(1,172,410,104)	(545,543,499)
Interest Expense	18-20	2,428,064,347	1,508,969,172
Adjustments Related to Foreign Currency Translation Differences		43,721,555	228,142,091
(Gains) / Losses from Derivative Financial Instruments	5	(65,537,576)	(283,341,064)
Adjustments Related to Tax Expense / Income	21	311,758,404	681,613,936
Adjustments Related to Losses / (Gains) from Disposal of Property, Plant and Equipment and Intangible Fixed Assets		(616,425)	(4,849,766)
Impairment on Inventories	7	(970,387)	(4,148,030)
Deferred Finance Expense from Forward Purchases	6	(182,887,608)	(125,768,361)
Unearned Finance Income from Forward Sales	6	413,426,130	275,774,635
Adjustments for Other Items Causing Cash Flows from Investing or Financing Activities		(327,256,479)	(767,059,487)
Monetary Loss / Gain		(252,037,619)	(457,475,865)
Changes in Working Capital		(4,150,410,496)	(3,296,183,809)
Adjustments Related to Increase / Decreases in Trade Receivables		(1,371,957,071)	(1,177,698,252)
Adjustments Related to Increase / Decreases in Inventory		(1,297,504,324)	445,898,981
Adjustments Related to Increase / Decreases in Other Receivables		(6,553,911)	138,233,052
Adjustments Related to Increase / Decreases in Prepaid Expenses		(117,500,951)	(295,362,544)
Adjustments Related to Increase / Decreases in Trade Payables		(1,358,602,546)	(2,687,019,330)
Adjustments Related to Increase / Decreases in Deferred Income		(73,097,062)	77,619,185
Adjustments Related to Increase / Decreases in Employee Benefits Payables		207,834,799	315,641,536
Adjustments Related to Increase / Decreases in Other Payables		(133,029,430)	(113,496,437)
Cash Flows from Operating Activities		(63,902,869)	(885,616,139)
Collection from doubtful receivables	6	-	662,567
Interest Received		13,757,628	4,305,355
Interest Paid		(46,683,783)	(47,182,817)
Taxes Paid / Returns		(93,563,620)	(219,634,058)
Paid / Reversed Provisions		(199,671,925)	(126,673,056)
Paid / Reversed Lawsuit Provisions	13	(7,903,043)	(3,588,624)
Retirement Benefits Paid		(49,576,166)	(340,317,588)
Cash Inflows / (Outflows) from Financial Derivatives		319,738,040	(153,187,918)
A. NET CASH GENERATED FROM OPERATING ACTIVITIES		(140,998,386)	67,589,871
Cash Inflows / (Outflows) From Sale of Property, Plant and Equipment and Intangible Assets		1,044,195	4,849,769
Acquisition of Property, Plant and Equipment and Intangible Assets		(1,616,037,876)	(931,059,818)
Change in Financial Investments	3-19	(800,345,767)	1,065,037,959
Interest Received	19	179,265,095	237,642,467
B. CASH FLOWS FROM INVESTING ACTIVITIES		(2,236,074,353)	376,470,377
Cash Inflows from Borrowings	4	1,266,511,314	7,700,844,573
Cash Outflows from Borrowings	4	(5,875,149,409)	(6,219,009,760)
Interest Paid	4	(2,760,353,611)	(1,039,447,549)
Interest Received		1,433,637,164	487,766,837
Other Cash Inflows / (Outflows)		2,796,780,877	1,780,409,203
Cash Outflows from Lease Liabilities	4	(28,176,542)	(28,602,286)
Cash Inflows / (Outflows) from Factoring	4	(26,508,019)	28,230,013
Dividends Paid		(1,260,773,955)	(2,176,750,405)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(4,454,032,181)	533,440,626
Net Increase / (Decrease) in Cash and Cash Equivalents before translation effect of foreign currency (A+B+C)		(6,831,104,920)	977,500,874
D. Translation effect of foreign currency on cash and cash equivalents		-	-
Inflation effect on cash and cash equivalents		(3,182,810,337)	(1,233,181,857)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C+D)		(10,013,915,257)	(255,680,983)
Cash and Cash Equivalents at the Beginning of the Period	3	16,050,448,650	7,469,562,240
Cash and Cash Equivalents at the End of the Period	3	6,036,533,393	7,213,881,257

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES REVIEWED CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2024

(Amounts expressed in Turkish Lira (“TL”) in terms of the purchasing power as of 30 June 2024, unless otherwise stated.)

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (“Brisa” or the “Company”) and its subsidiaries (together referred to as the “Group”) were established in 1974 as a subsidiary of Hacı Ömer Sabancı Holding A.Ş.

The main field of activity of the Company is the production, marketing and sales of all kinds of tires. In 1988, the Company signed a licensing agreement with Bridgestone Corporation and commenced producing 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 3,618 (31 December 2023: 3,712). This number includes 2,706 employees who are subject to Collective Bargaining Agreement terms (31 December 2023: 2,786), 906 employees who are not subject to these terms (31 December 2023: 906). There are 6 foreign employees (31 December 2023: 20). In addition, there are 505 employees who are subject to definite-term employment contracts (31 December 2023: 6).

Brisa is registered with the Capital Markets Board (“CMB”) and its shares have been quoted in Borsa İstanbul A.Ş. since 1986. As of 30 June 2024, and 31 December 2023, the Group has a 10.24% shareholding in Borsa İstanbul. As of 30 June 2024 and 31 December 2023, the main shareholders and their respective shareholding in the Group are as follows.

	30 June 2024	31 December 2023
	%	%
Hacı Ömer Sabancı Holding A.Ş.	43.63	43.63
Bridgestone Corporation	43.63	43.63
Other	12.74	12.74
Total	100.00	100.00

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of compliance with TFRS

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

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES REVIEWED CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2024

(Amounts expressed in Turkish Lira (“TL”) in terms of the purchasing power as of 30 June 2024, unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.1 Basis of Presentation (cont’d)

Statement of compliance with TFRS (cont’d)

In addition, the financial statements are presented in accordance with “Announcement regarding with TFRS Taxonomy” which was published on 4 October 2022 by POA and the format and mandatory information recommended by CMB.

Going concern

The consolidated financial statements have been prepared on a going concern basis.

Approval of consolidated financial statements

The consolidated financial statements for the period 1 January - 30 June 2024 have been approved for issue by the Board of Directors on 21 August 2024 and signed on behalf of the Board of Directors by Haluk Kürkçü, General Manager, and Neslihan Döngel Özlem, Chief Financial Officer. The General Assembly of the Group has the right to amend, and relevant regulatory bodies have the right to request the amendment of these consolidated financial statements.

Measurement principles

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

Functional currency

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

Restatement of financial statements during periods of high inflation

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

TAS 29 applies to the financial statements, including the consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES REVIEWED CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2024

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power as of 30 June 2024, unless otherwise stated.)

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

2.1 Basis of Presentation (cont'd)

As at the reporting date, entities operating in Turkey are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index ("CPI") is more than 100%. POA made an announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

In this framework, while preparing the consolidated financial statements dated 30 June 2024, inflation adjustment has been made in accordance with TAS 29.

	Index	Adjustment coefficient	Three-year cumulative inflation rates
30 June 2024	2,319.29	1.00000	324%
31 December 2023	1,859.38	1.24735	268%
30 June 2023	1,351.59	1.71597	190%

The main lines of TAS 29 indexation transactions are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.
- All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognised in the financial statements.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES REVIEWED CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2024

(Amounts expressed in Turkish Lira (“TL”) in terms of the purchasing power as of 30 June 2024, unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.1 Basis of Presentation (cont’d)

- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

The impact of the application of TAS 29 Inflation Accounting is summarized below :

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period. The gain or loss on the net monetary position arising on restatement of non-monetary items is recognised in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index. Depreciation and amortization expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets.

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Consolidated financial statements

The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company. If the subsidiary is a foreign subsidiary, its restated financial statements are translated at the closing rate. When consolidating financial statements with different reporting period ends, all monetary and non-monetary items are restated in accordance with the measuring unit current at the date of the consolidated financial statements.

Comparative figures

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES REVIEWED CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2024

(Amounts expressed in Turkish Lira (“TL”) in terms of the purchasing power as of 30 June 2024, unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.2 Changes in Significant Accounting Policies

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

2.3 Changes in Accounting Estimates and Errors

If changes in accounting estimates are related to only one period, they are applied in the current period in which the changes are made, if they are related to subsequent period, they are applied in both current period and prospectively. The Group does not have changes to the accounting estimates in the current year. Significant accounting errors detected are applied retrospectively by restating prior period consolidated financial statements.

2.4 Summary of Significant Accounting Policies

The condensed financial statements for the six-month interim period ending 30 June 2024 have been prepared by applying accounting policies that are consistent with the accounting policies applied during the preparation of the financial statements for the year ended 31 December 2023. Therefore, these interim condensed financial statements should be evaluated together with the financial statements for the year ended 31 December 2023.

Basis of Consolidation

Subsidiaries

Subsidiaries are entities on which the Group has control. The Group's control is exercised by the power to be exposed to variable returns in these companies, to be entitled to these returns and to direct them. Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that control ceases.

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES REVIEWED CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2024

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power as of 30 June 2024, unless otherwise stated.)

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

2.4 Summary of Significant Accounting Policies (cont'd)

Basis of Consolidation (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 30 June 2023 and 31 December 2023.

Subsidiaries	30 June 2024	31 December 2023
Arvento Mobil Sistemler A.Ş.	89%	89%
Arvento Kurumsal Hizmetler ve Danışmanlık A.Ş.(**)	89%	89%
Arvento Mobile Systems Services Company LLC(*)	-	89%
Arvento Mobile Systems GmbH(*)	89%	89%

(*)The registration process was completed by transferring all shares of Arvento Mobile Systems Services Co., which is a subsidiary of the Group's subsidiary Arvento Mobil Sistemler A.Ş., on 26 February 2024 and all shares of Arvento Mobile Systems GmbH were transferred on 1 July 2024 and the registration process was completed. Arvento Mobile System GmbH and Arvento Mobile Systems Services do not have a significant impact on the Group's consolidated financial statements.

(**)As of 1 August 2024, Arvento Kurumsal Hizmetler ve Danışmanlık A.Ş., a 100% subsidiary of Arvento Mobil Sistemler A.Ş. And established in March 2020, was closed by transferring the company to Arvento Mobil Sistemler A.Ş.

2.4.1 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2024

Amendments to TAS 1	Classification of Liabilities as Current or Non-Current
Amendments to TFRS 16	Lease Liability in a Sale and Leaseback
Amendments to TAS 1	Non-current Liabilities with Covenants
Amendments to TAS 7 and TFRS 7	Supplier Finance Arrangements
TSRS 1	General Requirements for Disclosure of Sustainability-related Financial Information
TSRS 2	Climate-related Disclosures

BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES REVIEWED CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2024

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.4 Summary of Significant Accounting Policies (cont’d)

2.4.1 New and Amended Turkish Financial Reporting Standards (cont’d)

a) Amendments that are mandatorily effective from 2024 (cont’d)

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted .

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale .

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 Non-current Liabilities with Covenants

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

Amendments to TAS 7 and TFRS 7 Supplier Finance Arrangements

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.4 Summary of Significant Accounting Policies (cont’d)

2.4.1 New and Amended Turkish Financial Reporting Standards (cont’d)

a) Amendments that are mandatorily effective from 2024 (cont’d)

TSRS 2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA’s announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	Insurance Contracts
Amendments to TFRS 17	Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)
Amendments to TAS 21	Lack of Exchangeability

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2025.

Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application .

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17. The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements .

**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS
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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.4 Summary of Significant Accounting Policies (cont’d)

2.4.1 New and Amended Turkish Financial Reporting Standards (cont’d)

b) New and Revised TFRSs in issue but not yet effective (cont’d)

Amendments to TAS 21 Lack of Exchangeability

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

2.4.2 Comparative information and restatement of prior period consolidated financial statements

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

2.4.3 Segment Reporting

The Group is engaged in the production of radial, passenger car, passenger van, van, minibus, truck, bus outer tires and tread rubber, as well as radial and conventional construction machinery outer tires, various inner tubes and column sales and compound sales. The impact of Arvento Mobil Sistemler A.Ş. on the Group's consolidated financial statements as of 30 June 2024 is limited. Therefore, in accordance with the management approach, the Group's operations are considered as a single operating segment as of 30 June 2024 and the Group's results of operations, the determination of resources to be allocated to this activity and the review of the performance of these activities are evaluated within this framework.

**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS
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(Amounts expressed in Turkish Lira (“TL”) in terms of the purchasing power as of 30 June 2024, unless otherwise stated.)

3. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS

	30 June 2024	31 December 2023
Cash on hand	1,158	2,299
Cash at banks	6,080,260,012	16,369,158,816
Demand deposits	527,991,459	532,420,022
Time deposits	3,347,068,444	11,750,175,859
Credit cards slip receivables	2,205,200,109	2,861,665,238
Investment Funds (*)	-	1,224,897,697
Total cash and cash equivalents	6,080,261,170	16,369,161,115
Interest accruals	(43,727,777)	(318,712,465)
Cash and cash equivalents in the cash flow statement	6,036,533,393	16,050,448,650

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

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

Financial Investments

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

The details of short-term financial investments :

Current Assets	30 June 2024	31 December 2023
Currency protected deposits (*)	1,521,680,385	1,656,560,976
Eurobond (**)	979,015,154	-
Other	4,215,477	4,939,048
	2,504,911,016	1,661,500,024

(*) The Group's income from foreign exchange protected TL deposit accounts amounting to TL 209,774,298 (30 June 2023: TL 415,438,684), is accounted for under income from investment activities.

(**) The Group has interest accrual amounting to TL 12,556,022 from Eurobond accounts.

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3. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS (cont’d)

Financial Investments (cont’d)

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

4. FINANCIAL BORROWINGS

	30 June 2024		31 December 2023	
	Weighted average interest rate %	TL	Weighted average interest rate %	TL
Short-term TL sukuk issuances	45.40	332,169,863	38.00	389,788,331
Short-term bank factoring liabilities	49.30	51,667,363	49.30	78,175,382
Short-term leasing liabilities		12,245,075		10,045,914
Short-term borrowings		396,082,301		478,009,627
Short-term portion of long-term TL bank borrowings	38.20	4,094,528,896	36.15	5,113,402,509
Short-term portion of long-term TL sukuk issuances	45.39	1,447,533,276	41.06	1,831,151,262
Short-term portion of long-term TL bond issuances	32.00	1,007,845,244	31.67	2,692,778,911
Short-term portion of long-term USD bank borrowings		-	2.55	216,749,011
Short-term portion of long-term EUR bank borrowings (*)	7.15	123,229,253	7.15	107,050,927
Short-term portion of long-term USD bank borrowings (*)	5.83	1,334,168,548	6.85	1,736,325,523
Short-term portion of long-term lease liabilities		21,285,439		10,919,686
		8,028,590,656		11,708,377,829
Total short-term borrowings		8,424,672,957		12,186,387,456
Long-term TL bank borrowings	39.02	2,163,875,510	38.25	3,137,137,032
Long-term TL bond issuances		625,409,697	32.00	927,104,457
Long-term USD bank borrowings		-	2.55	282,472,849
Long-term EUR bank borrowings (*)	7.15	1,669,785,793	7.15	1,925,758,212
Long-term USD bank borrowings (*)	4.74	525,042,774	7.16	960,508,579
Long-term lease liabilities		38,799,358		54,330,574
Total long-term borrowings		5,022,913,132		7,287,311,703
Total financial liabilities		13,447,586,089		19,473,699,159

**BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND ITS
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4. FINANCIAL BORROWINGS (cont'd)

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

Bank Credits

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

	30 June 2024	31 December 2023
Total financial borrowings (**)	13,375,256,217	19,398,402,985
Less: US dollar loans valuation difference due to hedging	(1,299,770,428)	(2,014,313,548)
Less: Cash and cash equivalents	(6,080,261,170)	(16,369,161,115)
Less: Financial investments	(2,504,911,016)	(1,661,500,024)
Net financial borrowings/(cash)	3,490,313,603	(646,571,702)

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

There are loan commissions and expenses amounting to TL 17,488,204 in the short-term portion of long-term borrowings and TL 16,889,128 long-term bank borrowings (TL 21,452,456 and TL 24,109,192 as of 31 December 2023, respectively).

As of 30 June 2024 and 31 December 2023, all of the bank borrowings consist of unsecured loans.

Movement of financial liabilities as of 30 June 2024 and 31 December 2023 is as follows :

	30 June 2024	30 June 2023
Opening balance	19,473,699,159	14,037,269,598
Cash inflows from borrowing	1,266,511,314	7,700,844,573
Cash outflows from borrowing	(5,875,149,409)	(6,219,009,760)
Interest expense accounted under profit or loss (Note 20)	2,381,380,564	1,461,786,357
Capitalized interest expense at tangible assets (Note 20)	112,042,261	4,011,130
Interest paid	(2,760,353,611)	(1,039,447,549)
Cash Outflows Related to Lease Agreements	(28,176,542)	(28,602,286)
Cash Inflows / (Outputs) from Factoring Transactions	(26,508,019)	28,230,013
Exchange differences	(681,498,028)	(62,657,909)
Other	18,774,402	78,632,245
Inflation adjustment	(433,136,002)	(149,230,365)
Closing balance	13,447,586,089	15,811,826,047

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4. FINANCIAL BORROWINGS (cont'd)

Bank Credits (cont'd)

As of 30 June 2024 and 31 December 2023, the repayment schedule of its financial borrowings is as follows:

	30 June 2024	31 December 2023
2024	5,551,579,163	12,186,387,455
2025	4,077,442,645	3,900,937,212
2026	3,076,862,847	2,621,361,240
2027	403,815,929	416,414,846
2028	222,472,718	229,494,804
2029	115,412,787	119,103,602
	13,447,586,089	19,473,699,159

5. DERIVATIVE INSTRUMENTS

	30 June 2024		31 December 2023	
	Assets	Liabilities	Assets	Liabilities
Cross currency and interest rate swaps	65,573,583	-	103,800,310	-
Forward currency exchange contract	-	30,861,494	-	128,339,917
Commodity swap	7,101,826	1,491,271	-	22,423,659
Option	-	-	-	2,432,848
Short-term derivative transactions for which hedge accounting is applied	72,675,409	32,352,765	103,800,310	153,196,424
Cross currency and interest rate swaps	913,459,189	-	1,502,192,948	-
Long-term derivative transactions for which hedge accounting is applied	913,459,189	-	1,502,192,948	-
	986,134,598	32,352,765	1,605,993,258	153,196,424

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 65,537,576 income (30 June 2023: TL 283,341,064 income) has been recorded in the profit or loss statement regarding derivative contracts maturing during the period and hedge transactions to hedge currency risk.

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6. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

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

Short-term trade receivables	30 June 2024	31 December 2023
Account receivables	5,755,153,598	4,949,965,586
Notes receivable	103,625,482	104,373,503
Trade receivables from related parties (Note 22)	558,582,094	448,652,354
Unearned credit finance income	(413,426,130)	(465,201,234)
Doubtful receivables provision (-)	(229,689,171)	(274,237,675)
	5,774,245,873	4,763,552,534
Long-term trade receivables	30 June 2024	31 December 2023
Account receivables	16,223,145	23,837,039
Doubtful receivables provision (-)	(16,223,145)	(23,837,039)
	-	-

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

As of 30 June 2024 and 31 December 2023, trade receivables from unrelated parties have an average maturity of 68 and 78 days, respectively, and are discounted using an average of 42.94% and 37.47% interest rates.

As of 30 June 2024, trade receivables amounting to TL 390,329,903 (31 December 2023: TL 225,475,659) from third parties are not considered doubtful even though they are overdue.

As of 30 June 2024, guarantees amounting to TL 279,021,962 have been received from third parties for overdue receivables (31 December 2023: TL 79,869,404).

The aging table of overdue receivables from third parties as of 30 June 2024 and 31 December 2023 is as follows:

	30 June 2024	31 December 2023
Between 0-1 month	326,623,737	183,993,115
Between 1-3 month	47,884,025	24,365,035
Between 3-12 month	15,822,141	17,117,509
	390,329,903	225,475,659

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 - 30 June 2024	1 January - 30 June 2023
Opening balance as of January 1	298,074,714	399,527,301
Doubtful receivables exchange difference	1,648,155	8,866,357
Additional provision / (reversal)	5,628,456	21,767,737
Collections	-	(662,567)
Monetary gain	(59,439,009)	(66,052,516)
Closing balance	245,912,316	363,446,312

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6. 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	30 June 2024	31 December 2023
Trade payables	3,787,668,260	5,331,287,408
Trade payables to related parties (Note 22)	2,696,027,431	2,864,012,987
Unrealized finance expense due to credit purchases	(182,887,608)	(176,583,532)
	6,300,808,083	8,018,716,863

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

As of 30 June 2024 and 31 December 2023, trade payables have an average maturity of 102 and 96 days, respectively, and are discounted using an average interest rate of 42.94% and 37.47%. The Group has a financial risk management policy that will ensure that all its debts are paid on time.

7. INVENTORIES

	30 June 2024	31 December 2023
Raw materials	1,587,817,971	837,421,843
Materials and supplies	445,646,769	428,689,348
Work in process	395,520,371	330,075,152
Finished goods	1,030,182,313	1,070,619,770
Trade goods	590,230,544	547,876,811
Goods in transit	1,138,846,696	990,240,526
Less: Impairment of inventory	(102,890,301)	(103,860,688)
	5,085,354,363	4,101,062,762

As of 30 June 2024 and 2023, the movement table regarding inventory impairment is as follows:

	1 January- 30 June 2024	1 January- 30 June 2023
Opening balance	103,860,688	108,583,221
(Income) for the period (*)	(970,387)	(4,148,031)
Closing balance	102,890,301	104,435,190

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

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8. PREPAID EXPENSES AND DEFERRED INCOME

Short-term Prepaid Expenses	30 June 2024	31 December 2023
Prepaid expenses	381,236,450	239,946,161
Order advances given	548,603	561,557
Advances given to personnel	119,186,494	59,576,809
Advances given to dealers	5,454,681	3,022,308
	506,426,228	303,106,835

Long-term Prepaid Expenses	30 June 2024	31 December 2023
Prepaid expenses	42,240,256	90,645,196
Advances given for fixed assets	172,660,799	210,058,416
	214,901,055	300,703,612

Short-term Deferred Income	30 June 2024	31 December 2023
Advances receivables	186,251,641	172,382,823
Deferred income	108,030,073	192,930,935
Income for the future months	2,393,727	4,458,745
	296,675,441	369,772,503

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9. PROPERTY, PLANT AND EQUIPMENT

	1 January 2024	Additions	Transfers(*)	Disposals	30 June 2024
Cost					
Land and land improvement	571,869,996	-	-	-	571,869,996
Buildings	6,522,362,464	4,128,007	23,651,000	-	6,550,141,471
Machinery and equipment	20,167,524,310	31,217,994	383,264,190	(388,973)	20,581,617,521
Motor vehicles	302,533,449	16,956,601	455,388	-	319,945,438
Furniture and fixtures	1,503,851,337	20,801,802	150,270	(1,713,872)	1,523,089,537
Other	1,181,659,630	23,360,157	-	(976,189)	1,204,043,598
Construction in progress	639,720,776	1,433,699,719	(504,902,268)	-	1,568,518,227
	30,889,521,962	1,530,164,280	(97,381,420)	(3,079,034)	32,319,225,788
Accumulated depreciation					
Land and land improvement	178,949,122	11,101,942	-	-	190,051,064
Buildings	2,351,485,731	69,831,142	-	-	2,421,316,873
Machinery and equipment	11,441,061,314	580,209,970	-	(388,973)	12,020,882,311
Motor vehicles	120,719,645	21,135,111	-	-	141,854,756
Furniture and fixtures	900,476,458	67,678,466	-	(1,294,683)	966,860,241
Other	667,247,279	50,750,596	-	(967,608)	717,030,267
	15,659,939,549	800,707,227	-	(2,651,264)	16,457,995,512
Net book value	15,229,582,413	729,457,053	(97,381,420)	(427,770)	15,861,230,276

(*) In the current period, TL 97,381,420 has been transferred to intangible assets. (30 June 2023: TL 40,080,129). 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 30 June 2024, depreciation expenses amounting to TL 649,233,540 is charged to cost of goods sold, TL 381,184 is charged to research and development expenses, TL 99,208,511 is charged to marketing expenses, TL 40,598,835 is charged to general administrative expenses, TL 2,148,004 is charged to inventories and TL 9,137,153 is charged to capitalized development expenses.

The amount of borrowing costs capitalized during the period is TL 112,042,261 (30 June 2023: TL 4,011,130).

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9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

As of 30 June 2024, there is no mortgage on property, plant and equipment and intangible assets. (30 June 2023: None).

	1 January 2023	Additions	Transfers	Disposals	30 June 2023
Cost					
Land and land improvement	570,622,262	-	-	-	570,622,262
Buildings	6,375,977,692	16,896,266	13,811,000	-	6,406,684,958
Machinery and equipment	17,511,866,680	407,350,492	659,061,644	(1,702,302)	18,576,576,514
Motor vehicles	201,926,998	27,911,983	18,929,886	-	248,768,867
Furniture and fixtures	1,331,739,001	17,201,688	16,885,104	(563,291)	1,365,262,502
Other	1,074,589,698	22,357,407	-	-	1,096,947,105
Construction in progress	1,635,943,730	163,594,373	(748,767,763)	-	1,050,770,340
	28,702,666,061	655,312,209	(40,080,129)	(2,265,593)	29,315,632,548
Accumulated depreciation					
Land and land improvement	156,651,183	11,220,047	-	-	167,871,230
Buildings	2,215,635,371	67,625,657	-	-	2,283,261,028
Machinery and equipment	10,389,939,692	526,908,696	-	(1,702,302)	10,915,146,086
Motor vehicles	86,886,703	16,048,405	-	-	102,935,108
Furniture and fixtures	777,096,951	62,629,120	-	(563,291)	839,162,780
Other	567,667,727	49,953,155	-	-	617,620,882
	14,193,877,627	734,385,080	-	(2,265,593)	14,925,997,114
Net book value	14,508,788,434	(79,072,871)	(40,080,129)	-	14,389,635,434

For the period ended 30 June 2023, 596,687,674 TL of depreciation expenses is included in cost of goods sold, 398,021 TL in research and development expenses, 94,380,922 TL in marketing expenses, 31,612,281 TL in general administrative expenses, 1,836,874 TL in inventories and TL 9,469,308 is included in capitalized development expenses.

10. RIGHT-OF-USE ASSETS

	1 January 2024	Additions	Disposals	30 June 2024
Cost				
Buildings	120,893,420	22,262,000	-	143,155,420
Motor vehicles	131,364,311	20,194,540	(13,722,487)	137,836,364
Rights	14,693,450	-	-	14,693,450
	266,951,181	42,456,540	(13,722,487)	295,685,234
Accumulated Depreciation				
Buildings	85,205,106	12,282,511	-	97,487,617
Motor vehicles	60,960,384	24,119,076	(13,722,487)	71,356,973
Rights	10,972,735	-	-	10,972,735
	157,138,225	36,401,587	(13,722,487)	179,817,325
Net book value	109,812,956	6,054,953	-	115,867,909

For the period ended 30 June 2024, TL 996,782 of depreciation expenses are included in the cost of goods sold, TL 6,231,752 in research and development expenses, TL 2,863,613 in marketing expenses, TL 26,309,440 in general administrative expenses.

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10. RIGHT-OF-USE ASSETS (cont'd)

	1 January 2023	Additions	Disposals	30 June 2023
Cost				
Buildings	91,148,477	24,874,632	-	116,023,109
Motor vehicles	88,820,845	26,726,531	(9,986,464)	105,560,912
Rights	14,693,378	-	-	14,693,378
	194,662,700	51,601,163	(9,986,464)	236,277,399
Accumulated Depreciation				
Buildings	58,559,935	13,256,455	-	71,816,390
Motor vehicles	35,744,314	16,406,550	(9,986,464)	42,164,400
Rights	10,015,686	966,359	-	10,982,045
	104,319,935	30,629,364	(9,986,464)	124,962,835
Net book value	90,342,765	20,971,799	-	111,314,564

For the period ending on 30 June 2023, TL 2,823,622 of depreciation expenses are included in cost of goods sold, TL 6,420,794 in research and development expenses, TL 2,476,491 in marketing expenses, TL 18,908,457 in general administrative expenses.

11. INTANGIBLE ASSETS

	1 January 2024	Additions	Transfers	Disposals	30 June 2024
Cost					
Capitalized development costs	1,318,427,228	6,091,416	75,197,961	-	1,399,716,605
Customer contracts and relations	365,131,217	-	-	-	365,131,217
Trademark	71,614,823	-	-	-	71,614,823
Rights	349,498,051	1,731,153	-	-	351,229,204
Other intangible assets	620,910,693	14,810,775	22,183,459	-	657,904,927
	2,725,582,012	22,633,344	97,381,420	-	2,845,596,776
Accumulated Depreciation					
Capitalized development costs	663,055,693	102,496,464	-	-	765,552,157
Customer contracts and relations	110,210,258	30,344,076	-	-	140,554,334
Rights	344,369,553	1,601,985	-	-	345,971,538
Other intangible assets	479,665,883	34,380,565	-	-	514,046,448
	1,597,301,387	168,823,090	-	-	1,766,124,477
Net book value	1,128,280,625	(146,189,746)	97,381,420	-	1,079,472,299

For the period ended 30 June 2024, amortization expenses amounting to TL 123,090,024 is included in cost of goods sold, TL 4,603 in research and development expenses, TL 6,272,234 in marketing expenses, TL 39,392,096 in general administrative expenses and TL 64,133 to capitalized development expenses.

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11. INTANGIBLE ASSETS (cont’d)

	1 January 2023	Additions	Transfers	Disposals	30 June 2023
Cost					
Capitalized development costs	971,054,062	21,804,591	30,588,003	-	1,023,446,656
Customer contracts and relations	365,129,421	-	-	-	365,129,421
Trademark	71,614,470	-	-	-	71,614,470
Rights	347,968,022	806,032	-	-	348,774,054
Other intangible assets	551,893,724	6,434,829	9,492,127	-	567,820,680
	2,307,659,699	29,045,452	40,080,130	-	2,376,785,281
Accumulated Depreciation					
Capitalized development costs	496,312,762	78,425,514	-	-	574,738,276
Customer contracts and relations	54,840,840	24,043,245	-	-	78,884,085
Rights	339,255,801	2,635,725	-	-	341,891,526
Other intangible assets	411,489,506	40,196,937	-	-	451,686,443
	1,301,898,909	145,301,421	-	-	1,447,200,330
Net book value	1,005,760,790	(116,255,969)	40,080,130	-	929,584,951

For the period ended 30 June 2023, amortization expenses amounting to TL 97,177,758 is included in cost of goods sold, TL 3,686 in research and development expenses, TL 7,905,657 in marketing expenses, TL 40,162,961 in general administrative expenses and TL 51,359 in capitalized development expenses.

12. GOODWILL

The movement table of goodwill for the periods ended as of 30 June 2024 and 2023 is as follows:

	1 January- 30 June 2024	1 January- 31 December 2023
Opening balance	79,451,380	79,451,380
Closing balance	79,451,380	79,451,380

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13. PROVISIONS, CONTINGENT AND LIABILITIES

Provisions

Other short-term provisions	30 June 2024	31 December 2023
Provision for customer turnover premium	595,797,685	-
Provision for sales discount premium	7,889,140	91,332,878
Provision for export commission	212,330,365	-
Provision for lawsuits	63,985,973	67,789,674
Warranty provisions	17,126,793	19,427,254
Other	8,849,659	40,979,282
	905,979,615	219,529,088

Customer turnover premium and export commission mix is the portion of the premium amounts to be paid to dealers and export channel customers for the related period.

Sales discount is the estimated portion of the premium amount to be paid to customers for the related period.

Provisions for lawsuit consist of lawsuits filed against the Group, such as reinstatement and work accidents.

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

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

Movements of provisions during the period are as follows:

	Provision for customer turnover premium	Provision for sales discount premium	Provision for export commission	Lawsuits	Warranty provisions	Other	Total
1 January 2024	-	91,332,879	-	67,789,674	19,427,254	40,979,282	219,529,089
Additional provision	595,797,685	-	212,330,365	18,123,061	-	-	826,251,111
Payments/ reversal	-	(65,332,392)	-	(7,903,043)	(317,915)	-	(73,553,350)
Inflation effect	-	(18,111,347)	-	(14,023,719)	(1,982,546)	(32,129,623)	(66,247,235)
30 June 2024	595,797,685	7,889,140	212,330,365	63,985,973	17,126,793	8,849,659	905,979,615

	Provision for customer turnover premium	Provision for sales discount premium	Provision for export commission	Lawsuits	Warranty provisions	Other	Total
1 January 2023	-	92,058,218	-	61,722,679	13,567,611	10,138,172	177,486,680
Additional provision	891,347,824	-	238,739,617	10,983,694	867,800	20,282,436	1,162,221,371
Payments/ reversal	-	(26,971,517)	-	(3,588,624)	-	-	(30,560,141)
Inflation effect	-	(48,042,067)	-	(10,346,439)	(1,225,131)	(1,673,762)	(61,287,399)
30 June 2023	891,347,824	17,044,634	238,739,617	58,771,310	13,210,280	28,746,846	1,247,860,511

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14. COMMITMENTS

Received Commitments	30 June 2024	31 December 2023
Direct debiting system (D.B.S) limits	2,326,222,064	2,557,436,671
Letter of guarantees received	3,480,600,450	3,145,550,604
Mortgages	1,424,066,030	1,507,975,513
Export insurance	494,674,007	479,400,767
Cheques and notes receivables received as guarantee	287,104,028	358,119,209
Domestic receivables insurance	810,000	3,049,397
Payment guarantees from banks	195,484,074	111,557,085
Letter of credit	163,677,560	155,210,929
Bail checks	17,275,798	17,275,798
Foreign currency blockage received as collateral	3,282,620	3,671,973
	8,393,196,631	8,339,247,946

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

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

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

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

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14. COMMITMENTS (cont’d)

As of 30 June 2024 and 31 December 2023, the tables regarding the collateral / pledge / mortgage/ bail (“CPMB”) position of the Group are as follows.

CPMB given by the Group	30 June 2024			31 December 2023		
	Currency	Amount	TL Equivalent	Currency	Amount	TL Equivalent
A. The legal entity that it has given on behalf of its own legal entity Total of CPMBs	TL	123,440,070	123,440,070	TL	150,408,412	150,408,412
	Avro	2,964,779	104,147,943	Avro	3,887,294	126,624,324
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	-	-	-	-	-	-
			227,588,013			277,032,736

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

Except for the CPMB's given by the Group on behalf of its own legal entity, there are no CPMBs given in favor of third parties. The guarantees given by the Group consist of letters of guarantee given to customs directorates for import transactions carried out within the scope of inward processing certificates and Special Consumption Tax legislation, to enforcement offices in response to labor lawsuits filed against the Group, and to various public institutions for participation in various tenders.

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15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-in capital and adjustment to share capital

The Company has accepted the registered capital system in accordance with the provisions of the Capital Market Law and has adopted this system with the permission of the Capital Markets Board dated 24.2.1989 and numbered 96. The registered capital ceiling of the Company is 400,000,000.- (Four hundred million) TL. It is divided into 40,000,000,000 shares, each with a nominal value of 1 kr (One Kurus).

Within the framework of the provisions of the Registered Capital System Communiqué numbered II-18.1 of the Capital Markets Board, it has been decided to be extended of the validity period of the registered capital ceiling for a new five-year period, valid for the years 2023-2027, by our Board of Directors and 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 titled "Capital" in order to determine the registered capital ceiling amount as TL 750,000,000 and following the receipt of the permits, the changes were approved by the shareholders at the General Assembly Meeting on 27 March 2023.

The fully paid-up capital of the company is TL 305,116,875 (31 December 2023: 305,116,875) divided into 30,511,687,500 (31 December 2023: 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 30 June 2024 and 31 December 2023 are as follows:

Shareholders	(%)	30 June 2024	(%)	31 December 2023
H.Ö. Sabancı Holding A.Ş.	43.63	133,111,388	43.63	133,111,388
Bridgestone Corporation	43.63	133,111,388	43.63	133,111,388
Other	12.74	38,894,099	12.74	38,894,099
Nominal capital	100	305,116,875	100	305,116,875
Capital adjustment differences (*)		7,030,101,824		7,030,101,824
Total		7,335,218,699		7,335,218,699

(*)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

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

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

Share premium

Share premium which is considered as a part of capital results from equity movements such as cancelled shares and gains on the sales of shares. As of 30 June 2024, The Group's share premium in the consolidated financial statements is TL 99,873 (31 December 2023: TL 99,873).

Restricted reserves appropriated from profit and prior years' profit

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 30 June 2024, the Group's first-order general legal reserves amount to 20% of its paid-in capital (31 December 2023: 20%), and there is no limit for the second-order general legal reserves. As long as the aforementioned 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 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024	31 December 2023
First order general legal reserve	458,716,100	458,716,100
Second order general legal reserve	1,715,118,721	1,567,338,952
Total	2,173,834,821	2,026,055,052

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15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont’d)

Restricted reserves appropriated from profit and prior years’ profit (cont’d)

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

	30 June 2024	31 December 2023
Restricted reserves appropriated from profit	2,173,834,821	2,026,055,052
Net profit for the period	758,037,725	4,971,493,295
Prior years’ profit	6,624,793,872	3,061,854,301
Non-Controlling Interests	85,572,601	95,018,889
Total equity	9,642,239,019	10,154,421,537

The historical values and inflation adjustment effects of the following accounts under the Group's equity as of 30 June 2024 in accordance with the TFRS and TPL financial statements are as follows:

TPL	Historical	Inflation	Indexed
30 June 2024	Value	adjustment effect	value
Capital Adjustment Differences	305,116,875	5,944,133,755	6,249,250,630
Share Premiums	4,903	162,886	167,789
Restricted Reserves Appropriated from Profit	354,489,836	2,514,535,710	2,869,025,546
Total	659,611,614	8,458,832,351	9,118,443,965

30 June 2024 (According to TFRS)	Historical	Inflation	Indexed
	Value	adjustment effect	value
Capital Adjustment Differences	305,116,875	6,724,984,949	7,030,101,824
Share Premiums	4,903	94,970	99,873
Restricted Reserves Appropriated from Profit	354,452,296	1,819,382,525	2,173,834,821
Total	659,574,074	8,544,462,444	9,204,036,518

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16. REVENUE AND COST OF SALES

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Revenue				
Domestic sales	11,486,478,949	5,252,265,337	12,247,530,291	5,328,177,276
Export sales	4,780,593,379	2,234,704,009	5,720,174,865	2,625,584,644
Sub-total	16,267,072,328	7,486,969,346	17,967,705,156	7,953,761,920
Sales returns (-)	(105,268,692)	(63,396,764)	(48,747,425)	(29,198,362)
Sales discounts (-)	(1,126,411,481)	(484,932,032)	(1,253,200,590)	553,829
Net Sales	15,035,392,155	6,938,640,550	16,665,757,141	7,925,117,387
Cost of sales	(11,192,793,504)	(5,371,263,739)	(12,587,233,513)	(5,836,475,910)
Gross profit	3,842,598,651	1,567,376,811	4,078,523,628	2,088,641,477

The details of domestic and export sales are as follow:

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Finished goods	14,100,111,710	6,484,978,991	16,090,731,538	7,038,965,768
Trade goods	1,925,476,254	873,352,753	1,644,768,634	797,573,019
Work in process	-	-	7,057,556	-
Other	241,484,364	128,637,602	225,147,428	117,223,133
Total	16,267,072,328	7,486,969,346	17,967,705,156	7,953,761,920

17. EXPENSES BY NATURE

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Raw materials and supplies	6,619,518,596	3,216,318,578	7,996,638,150	3,530,292,143
Personnel expenses and direct labor expenses	3,349,907,354	1,726,855,881	2,349,803,725	1,151,664,991
Cost of trade goods sold	804,037,964	343,597,262	819,326,020	416,766,737
Depreciation and amortization	1,005,927,261	509,427,954	907,835,655	434,860,142
Production overheads	961,583,296	452,030,483	1,078,764,398	438,025,177
Advertisement expenses	136,579,021	83,518,575	175,785,398	141,956,258
Royalty and sales commission expenses	242,460,561	110,488,012	279,736,249	132,996,138
Doubtful receivables expense, net	5,628,456	9,878,554	21,105,170	25,456,217
Communication and information technology expenses	47,312,680	25,909,704	55,759,942	28,906,604
Consultancy expenses	44,976,739	24,882,494	46,505,179	26,639,082
Service, maintenance and repair expenses	56,185,358	26,315,238	51,451,241	26,626,967
Other taxes and charges	9,888,332	4,288,370	8,753,398	4,247,330
Claims for defective tires	10,509,144	5,321,650	9,951,341	4,174,000
Transportation and storage expenses	428,279,514	195,971,872	435,448,017	191,435,739
Energy expenses	25,738,902	10,255,569	31,169,526	9,297,148
Insurance expenses	26,057,163	13,336,589	20,392,624	9,588,057
Provision for inventory impairment	(970,387)	(2,574,064)	(4,148,031)	869,688
ELT (end of life-tire) management service	3,824,626	1,821,897	3,586,425	1,702,521
Change in work in process	(125,977,945)	(87,384,522)	235,165,356	193,054,549
Change in finished goods	(363,778,127)	(249,457,428)	705,876	2,995,975
Other expenses	170,517,607	48,187,674	261,656,854	149,758,202
	13,458,206,115	6,468,990,342	14,785,392,513	6,921,313,665

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17. EXPENSES BY NATURE (cont'd)

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

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Depreciation and amortization expenses				
Cost of sales (*)	784,664,993	396,005,891	705,566,384	354,231,880
Marketing expenses	108,344,358	54,238,388	104,763,071	52,434,058
General administrative expenses	106,300,371	55,869,860	90,683,698	24,764,690
Research and development expenses	6,617,539	3,313,815	6,822,502	3,429,514
	1,005,927,261	509,427,954	907,835,655	434,860,142

(*) As of 31 December 2023, TL 9,196,643 depreciation expense remaining on inventories is recognized under cost of sales after the sales of related inventories in 2024.

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Personnel expenses				
Cost of sales	2,472,032,763	1,312,694,010	1,647,814,009	824,088,997
Marketing expenses	531,398,405	244,501,031	364,773,555	185,524,464
General administrative expenses	286,912,373	138,915,884	287,585,863	117,266,442
Research and development expenses	59,563,813	30,744,956	49,630,298	24,785,088
	3,349,907,354	1,726,855,881	2,349,803,725	1,151,664,991

18. OTHER OPERATING INCOME AND EXPENSES

Details of other operating income and expenses for years ended 30 June 2024 and 2023 are as follows:

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Other operating income				
Income from derivative financial instruments, net (**)	19,804,474	2,493,510	325,968,306	325,968,306
Income from maturity difference of trade receivables	1,067,313,218	541,016,170	819,957,253	411,216,647
Interest income	13,757,628	8,553,635	4,305,355	2,789,777
Other income	48,032,584	25,689,090	81,259,594	29,072,516
	1,148,907,904	577,752,405	1,231,490,508	769,047,246
Other operating expense				
Foreign exchange losses on operations, net (*)	301,970,626	20,435,948	749,664,943	650,316,012
Expenses from maturity differences on trade payables	787,291,508	401,664,781	532,232,507	264,940,274
Expenses from derivative financial instruments, net	112,720,373	84,628,443	74,463,114	15,145,889
Interest expenses	46,683,783	19,328,174	47,182,817	17,721,947
Credit card commission expenses	212,770,522	72,198,245	126,191,288	76,940,386
Other expenses	14,317,461	11,680,291	8,028,940	3,916,251
	1,475,754,273	609,935,882	1,537,763,609	1,028,980,759

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

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

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19. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Income from Investing Activities				
Currency protected deposit income (*)	209,774,298	67,296,609	415,438,684	216,483,708
Profit from sale of fixed asset	1,424,781	8,821	6,155,437	6,153,223
	211,199,079	67,305,430	421,594,121	222,636,931
	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Expenses from Investing Activities (-)				
Loss on sale of fixed assets	808,356	-	1,305,668	3,490,553
	808,356	-	1,305,668	3,490,553

(*) For the period ended 30 June 2024, the Group has accounted for the fair value difference of TL 30,509,203 related to the foreign exchange rate protected deposit account in its consolidated statement.

20. FINANCE INCOME AND EXPENSES

As of 30 June 2024 and 2023, details of financial income and expenses are as follows:

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Foreign currency gains from bank deposits	366,934,400	109,327,131	439,412,959	402,354,803
Interest income from banks	1,146,309,940	301,601,589	532,837,427	248,818,764
Interest income from Eurobond	12,342,536	10,727,978	8,400,717	3,843,157
Total finance revenues	1,525,586,876	421,656,698	980,651,103	655,016,725
	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Interest expenses on borrowings	1,805,913,639	856,918,533	554,763,749	233,707,223
Interest expense included in cost of fixed assets	(112,042,261)	(91,370,749)	(4,011,130)	-
Total interest expense	1,693,871,378	765,547,784	550,752,619	233,707,223
Foreign currency losses from borrowings, net	41,379,703	-	212,819,701	196,605,624
Interest expense related to leases	6,906,208	3,814,216	6,165,103	3,073,102
Sukuk issuance coupon participation expense	317,294,307	142,715,168	375,949,460	195,814,724
Bond commission and interest expense	363,308,671	144,617,301	528,919,175	367,409,784
Other financial expenses	249,452,219	36,348,977	87,792,156	52,308,083
Total finance expenses	2,672,212,486	1,093,043,446	1,762,398,214	1,048,918,540

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21. TAXATION ON INCOME

Corporation tax

	30 June 2024	31 December 2023
Current corporate tax provision (*)	81,135,206	141,409,827
Less: Prepaid taxes and funds	(89,043,379)	(143,032,413)
Current tax liabilities /(assets)	(7,908,173)	(1,622,586)

(*) Current corporate tax provision includes the tax effect of TL 541,550 calculated at the effective tax rate of the foreign exchange loss of time deposits under hedging reclassified to other comprehensive income. (31 December 2023: 246,193 TL).

The excess of the current corporate tax provision over the prepaid corporate tax amount, which is TL 23,978,647, is included in the Current Period Tax Related Assets and TL 16,070,474 is included in the Current Profit Tax Liability. (31 December 2023: TL 15,895,544 Current Period Tax Related Assets, TL 14,272,958 Current Profit Tax Liability).

The Company and its subsidiaries located in Türkiye are subject to the tax legislation and practices in force in Türkiye. Corporate tax is declared by the evening of the last day of the fourth month following the end of the relevant accounting period and paid in a single installment until the end of the relevant month. Institutions are required to calculate provisional tax with the current rate on their financial profits realized in three-month periods and declare it by the 17th day of the second month following the period and pay it by the evening of the 17th day. Provisional taxes paid during the year are offset against the corporate tax calculated on the annual corporate tax return of that year. If there is a provisional tax amount left despite the offset, this amount can be refunded in cash or offset against other financial borrowings.

In Türkiye, corporate tax rate is 25% as of 30 June 2024 (31 December 2023: 25%). Corporate tax is payable at a rate of 25% on the total income of the Group after adjusting for certain disallowable expenses and deducting certain exemptions and allowances.

In accordance with the provisional Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of 30 June 2024, are included in the deferred tax calculation as of 30 June 2024.

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Current tax expense (-)	(86,736,482)	(7,961,017)	(371,139,939)	(26,956,544)
Deferred tax income / (expense)	(225,021,922)	(99,077,313)	(310,473,996)	(26,009,673)
	(311,758,404)	(107,038,330)	(681,613,935)	(52,966,217)

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21. TAXATION ON INCOME (cont’d)

Corporate Tax (cont’d)

The reconciliation of tax expense in the income statements for the years ended 30 June 2024 and 2023 is as follows:

Reconciliation of tax provision:	1 January- 30 June 2024	%	1 January- 30 June 2023	%
Profit before tax	1,060,349,841		2,091,092,719	
Income tax rate 25% (2023: 20%)	(265,087,460)	(25.00)	(418,218,544)	(20.00)
Tax effect:				
- Non-taxable income (*)	50,481,660	3.76	35,969,587	1.72
- Non-deductible expenses	(111,075,467)	(10.48)	(204,066,160)	(9.76)
- Non-deductible expenses additional tax	-	-	(324,488,027)	(15.52)
- R&D incentive	4,812,300	0.45	22,940,869	1.10
- Discounted corporate tax deferred tax income / (expense)	(34,951,740)	(3.30)	(41,682,037)	(1.99)
- Income tax exemption arising from fx protected TL deposit	30,069,584	2.84	8,709,787	0.42
- Monetary gain / (loss)	(199,260,350)	(18.79)	(203,184,113)	(9.72)
- Other	(963,979)	(0.09)	(37,817,730)	(1.81)
- Reduced corporate tax	214,217,048	20.20	480,222,432	22.97
Tax provision income / (expense) in the statement of profit or loss	(311,758,404)	(29.40)	(681,613,936)	(32.60)

(*) The Group has obtained Corporate Tax Exemption advantage amounting to TL 41,110,991 due to the income from the foreign exchange protected TL deposit account.

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

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

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

According to the temporary article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements dated 30 June 2024 have been included in the deferred tax calculation as of 30 June 2024.

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21. TAXATION ON INCOME (Cont'd)

Corporate tax (Cont'd)

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

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

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

Income tax withholding

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

Transfer pricing regulations

In Türkiye, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the implementation. If the taxpayer buys or sells goods or services with related parties at the price or price, they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing in whole or in part. Disguised profit distribution through such transfer pricing is considered as an expense that is not legally accepted for corporate tax.

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21. TAXATION ON INCOME (Cont’d)

Deferred Tax

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

	Temporary differences		Deferred tax asset/ liabilities	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Deferred tax assets				
Foreign currency forward transactions valuation differences	490,793,959	559,039,170	122,698,490	139.759.792
Allowance for doubtful receivables	115,318,706	134,287,455	28,829,677	33.571.864
Provision for employment termination benefits	478,119,298	495,663,947	119,529,824	123.915.986
Trade receivables	420,217,822	468,761,232	105,054,456	117.190.309
Provision for bonus premium	91,308,017	209,411,178	22,827,004	52.352.795
Inventories	124,633,866	223,807,207	31,158,466	55.951.801
Provision for lawsuits	63,985,973	67,789,674	15,996,493	16.947.419
Provision for unused vacation liability	125,514,108	46,856,405	31,378,527	11.714.101
Provision for warranty claims	45,919,958	23,038,157	11,479,989	5.759.539
Investment incentive	-	-	243,853,800	278.805.540
Export seasonality adjustment	7,034,902	53,056,534	1,758,726	13.264.133
Lease liability	72,329,872	75,296,174	18,082,467	18.824.043
Deferred income	174,713,977	149,251,784	25,490,381	17.338.694
Other provisions	16,661,543	104,495,418	4,165,386	26.123.855
Prepaid Expenses	-	205,245	-	51.311
Other	63,194,108	36,896,433	15,798,527	9.224.108
	2,289,746,109	2,647,856,013	798,102,213	920.795.290
Deferred tax liabilities				
Property, plant and equipment and intangible assets	2,069,160,687	1,650,225,130	517,290,172	412.556.281
Trade payables	182,887,608	176,583,531	45,721,902	44.145.883
Prepaid Expenses	20,585,252	-	5,146,313	-
Other	236,850,040	264,168,725	59,212,510	66.042.186
	2,509,483,587	2,090,977,386	627,370,897	522.744.350
Deferred tax assets / (liabilities), net			170,731,316	398,050,940

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21. TAXATION ON INCOME (Cont'd)

Movement tables of deferred taxes for the accounting periods ending on 30 June 2024 and 2023 are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023
Opening as of 1 January	398,050,940	(1,122,566,769)
Recognized in profit or loss statement	(225,021,922)	(310,473,996)
Income / (expense) recognized in equity	(2,297,702)	56,266,962
Closing as of 31 December	170,731,316	(1,376,773,803)

Investment incentive certificate

Pursuant to the letter dated 10 June 2013 and numbered 40613 of the General Directorate of Incentive Implementation and Foreign Investment of the Ministry of Economy of the Republic of Turkey, valid instead of the current Investment Incentive Certificate in the amount of TL 366,623,571 issued within the scope of Regional Incentive Implementations, dated 1 June 2010 and numbered 5534, within the scope of Large-Scale Investments, Investment Incentive Certificate No. 5534/B in the amount of TL 481,014,717 has been re-arranged. 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 reduction rate is 50%. The document in question expired on 20 May 2015, and an investment completion visa of TL 472,729,954 was obtained on 29 June 2017. The company benefited from reduced corporate tax of TL 48,226,883.86 between 2010 - 2023, and TL 2,967,185.71 in the accounting period of 1 January – 30 June 2024.

The Group's investment incentive certificate application to the Ministry of Economy, General Directorate of Incentive Implementation and Foreign Capital was approved and the Investment Incentive Certificate dated 20 August 2015 and numbered 120314 was issued for the expansion investment amounting to TL 690,443,917 with a start date of 21 May 2015 and an end date of 21 May 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%. The total investment amount of the document was increased to TL 1,513,666,277 on 22 July 2022, TL 2,087,461,936 on 20 December 2022, and TL 2,773,279,042 on 15 September 2023.

The investment period of the first investment incentive certificate dated 20 August 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 9 November 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 21 November 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 365,899,950.19 between 2015 - 2023 and TL 11,556,177.81 between 1 January – 30 June 2024.

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21. TAXATION ON INCOME (Cont'd)

Investment incentive certificate (Cont'd)

In line with the Group's decision to invest in the second factory to be located in Aksaray Organized Industrial Zone, the application for Investment Incentive Certificate made to the Republic of Türkiye Ministry of Economy, General Directorate of Incentive Implementation and Foreign Capital has been approved and Investment Incentive Certificate dated 13 February 2014 and numbered 113798 has been issued for the new factory investment amounting to TL 495,000,000 with a start date of 9 October 2013 within the scope of Large Scale Investments. The investment contribution rate provided by the investment incentive certificate is 60% and the tax reduction rate is 90%.

Pursuant to the letter dated 28 March 2016 and numbered 67577454-401.07 - E.36663 of the Republic of Türkiye Ministry of Economy, General Directorate of Incentive Implementation and Foreign Investment, the domestic and imported machinery and equipment lists for the Complete New Investment in Aksaray Factory were revised and approved and the total investment expenditure was increased to TL 755,998,847. On 9 February 2021, the document was revised again, and the total investment amount was increased to TL 1,238,225,012. In addition, on 5 October 2021, the document was revised again, and the total investment amount was increased to TL 1,374,547,375. There has been no change in the support elements that the new investment incentive certificate will benefit from. Within the scope of this incentive certificate, the Group has benefited from reduced corporate tax amounting to TL 906,179,561.28 between 2013 - 2023 and TL 27,794,692.31 between 1 January - 30 June 2024.

The term of the investment incentive certificate dated 9 October 2013 and numbered 113798 for the Group's Aksaray factory has been extended from 9 October 2018 to 9 April 2022 with the extension permission obtained on 23 March 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 29 June 2021 and numbered 31526. The application for the closure of the investment incentive certificate due to the expiration of the document period was made as of 07.03.2023 and the document closure processes before the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy were completed on 23.01.2024 and the document was closed.

The Group's investment incentive certificate application made to the Republic of Türkiye Ministry of Economy General Directorate of Incentive Implementation and Foreign Capital in line with the expansion investment decision planned to be made in Aksaray factory has been approved and a new 3-year incentive certificate has been issued within the scope of regional priority investments with a start date of 27.12.2022, number 551117 and dated 30.03.2023 amounting to TL 934,558,927. The investment contribution rate of the certificate is 40% and the tax discount rate is 80%. On 15 February 2024, the document was revised again and the total investment amount was increased to TL 1,283,921,977. Within the scope of this incentive certificate, the Group benefited from reduced corporate tax amounting to TL 162,758,106.23 for the accounting period 1 January – 30 June 2024. Aksaray plant investment incentive certificate numbered 551117 was revised on 25.04.2024 and the investment amount was increased to TL 1,626,210,486.

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

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

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21. TAXATION ON INCOME (Cont'd)

Investment incentive certificate (Cont'd)

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

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

As of 30 June 2024, in the sensitivity analysis performed by increasing/decreasing the inputs included in the basic macroeconomic and sectoral assumptions that make up the business plans by 10%, there is no change in the recovery period of deferred tax assets related to investment incentives, which is projected as 3 years.

As of 30 June 2024, the Group estimates that it will be able to benefit from reduced corporate tax amounting to TL 1,765,622,025.91 in the following years within the scope of incentivized investment certificates. However, due to the unpredictability of the realization of the benefit, the Group has recognized deferred tax assets amounting to TL 243,853,800 calculated for the foreseeable 3 years.

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22. RELATED PARTY DISCLOSURES

Trade receivables from related parties generally arise from sales transactions and their approximate maturity is 7 days (31 December 2023: 9 days). Trade payables to related parties generally arise from purchase transactions and have an approximate maturity of 159 days (31 December 2023: 152 days).

Balances with related parties

	30 June 2024			
	Receivables		Payables	
	Short-term		Short / Long-term	
	Trade	Non-Trade	Trade	Non-Trade
Shareholders				
H.Ö. Sabancı Holding A.Ş.	-	-	-	-
Bridgestone Corporation	-	16,872	409,094,096	2,876,957
Other companies managed by the parent				
Bridgestone Europe S.A/N.V.	215,756,537	553,261	-	-
Bridgestone Poznan Sp. Z.o.o.	-	-	12,739,790	-
Bridgestone Hispania	-	-	9,755,836	-
Bridgestone Tatabanya Termelo Kft.	17,634	-	2,881,289	-
Akbank T.A.Ş (*)	306,113,756	-	3,726,397	-
Ak Sigorta A.Ş.	-	-	7,651,086	-
Akçansa Çimento San.ve Tic. A.Ş	220,335	-	-	-
Bridgestone Singapore Pte. Ltd.	-	-	1,256,132,399	-
Temsa Skoda Sabancı Ulaşım Araçları San. Tic. A.Ş.	34,897,917	-	-	-
Kordsa Teknik Tekstil A.Ş.	-	-	339,462,367	-
Enerjisa Enerji Üretim A.Ş.	-	-	49,981,775	-
Avivasa Emeklilik ve Hayat A.Ş.	-	-	3,498,492	-
Bridgestone Technical Center Europe	1,014,056	-	-	-
Bridgestone Logistic Co. LTD.	-	-	3,178,907	-
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	-	-	9,217,433	-
Bridgestone Carbon Black Co. Ltd.	-	-	500,418,544	-
Mecamold's.	-	-	3,255,232	-
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş	-	-	8,429,491	-
Bridgestone Plant Engineering Co. Ltd.	-	-	11,382,913	-
Enerjisa Müşteri Çözümleri A.Ş	-	-	54,040,016	-
Firestone Polymers, LLC.	-	-	5,433,965	-
Lasder Lastik Sanayicileri Derneği	-	-	2,738,262	-
Vista Turizm ve Seyahat A.Ş.	-	-	2,999,062	-
Other	561,859	151,331	10,079	-
	558,582,094	721,464	2,696,027,431	2,876,957

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

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22. RELATED PARTY DISCLOSURES (Cont’d)

Balances with related parties

	31 December 2023			
	Receivables		Payables	
	Short-term		Short / Long-term (*)	
	Trade	Non-Trade	Trade	Non-Trade
Shareholders				
Bridgestone Corporation	17,551	18,874	466,151,014	3,965,858
Other companies managed by the parent				
Bridgestone Europe S.A/N.V.	144,428,025	504,657	99,407,511	-
Bridgestone Italia Manufacturing S.A.	-	-	5,593,544	-
Bridgestone Poznan Sp. Z.O.O.	-	-	1,217,303	-
Bridgestone Tatabanya Termelo Kft.	-	-	2,036,122	-
Bridgestone Hispania	-	-	1,425,413	-
Akbank T.A.Ş (*)	268,826,236	-	7,043,299	-
Ak Sigorta A.Ş.	-	-	2,427,011	-
Akçansa Çimento San.ve Tic. A.Ş.	1,493,985	-	-	-
Bridgestone Singapore Pte. Ltd.	-	-	1,606,220,992	-
Temsa Ulaşım Araçları San. Tic. A.Ş.	30,143,464	-	-	-
Kordsa Teknik Tekstil A.Ş.	-	-	422,982,572	-
Enerjisa Enerji Üretim A.Ş.	-	-	75,897,008	-
Raidflow Limited	-	-	1,675,437	-
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	-	-	55,842,663	-
Bridgestone Carbon Black Co. Ltd.	-	-	12,651,432	-
Bridgestone Technical Center Europe	1,998,883	-	-	-
Vista Turizm ve Seyahat A.Ş.	-	-	2,767,981	-
Bridgestone Plant Engineering CO. L	-	-	8,130,587	-
Enerjisa Müşteri Çözümleri A.Ş.	-	-	79,400,997	-
Firestone Polymers, LLC.	-	-	4,248,801	-
Lasder Lastik Sanayicileri Derneği	-	-	5,421,018	-
Other	1,744,210	162,114	3,472,282	-
	448,652,354	685,645	2,864,012,987	3,965,858

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

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Sales of Finished Goods and Trade Goods				
Shareholders				
Bridgestone Corporation	832,416	724,534	1,487,662	1,487,662
Other Companies Managed by the Parent				
Bridgestone Europe SA./N.V.	1,106,687,319	497,714,630	1,162,919,548	637,425,636
Temsa Skoda Ulaşım Araçları San.ve Tic. A.Ş.	50,955,071	21,599,869	45,418,987	26,229,950
Bridgestone Poznan Sp. Z.o.o.	-	-	6,690,921	-
Other	813,260	34,443	2,658,338	866,277
	1,159,288,066	520,073,476	1,219,175,456	666,009,524

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22. RELATED PARTY DISCLOSURES (Cont’d)

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Purchases of Services				
<u>Shareholders</u>				
H. Ö. Sabancı Holding A.Ş.	1,640,812	463,273	1,450,736	177,791
<u>Other Companies Managed by the Parent</u>				
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	27,823,663	12,731,465	37,367,924	14,738,735
Aksigorta A.Ş.	200,963,319	6,959,218	144,321,407	22,164,649
Lasder Lastik San. Derneği İktisadi İşletmesi	22,949,304	9,895,787	20,139,763	9,547,994
Vista Turizm ve Seyahat A.Ş.	40,293,580	3,769,597	9,236,353	4,706,961
Other	1,108,280	699,126	2,887,636	2,119,330
	294,778,958	34,518,466	215,403,819	53,455,460
Rent Expense				
<u>Other Companies Managed by the Parent</u>				
Exsa Export Sanayi Mamulleri A.Ş.	2,702,373	1,284,548	2,979,549	1,442,118
Temsa Motorlu Araçlar Pazarlama A.Ş.	15,834	15,834	61,428	61,428
	2,718,207	1,300,382	3,040,977	1,503,546
Purchase of Fixed Assets				
<u>Shareholders</u>				
Bridgestone Corporation	362,971,968	109,462,647	33,747,997	1,318,923
<u>Other Companies Managed by the Parent</u>				
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	2,318,696	393,539	4,905,811	2,662,637
Bridgestone Plant Eng.	26,496,592	13,010,145	16,631,816	15,481,799
Bridgestone Logistics Co.	3,243,796	1,325,736	12,079	-
Other	4,906,670	4,837,902	1,422,905	-
	399,937,722	129,029,969	56,720,608	19,463,359

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22. RELATED PARTY DISCLOSURES (Cont’d)

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Commission Expenses (Royalty and Sales Commission)				
Shareholders				
Bridgestone Europe SA./N.V.	242,460,561	110,488,012	182,896,800	82,959,561
Ak Yatırım Menkul Değerler A.Ş.	-	-	96,839,449	50,036,577
	242,460,561	110,488,012	279,736,249	132,996,138
	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Finance Income				
Akbank T.A.Ş.	175,108,211	70,624,714	295,695,540	182,915,096
	175,108,211	70,624,714	295,695,540	182,915,096
Finance Expense				
Akbank Malta	6,564,447	2,579,591	26,596,227	16,746,332
Ak Yatırım Menkul Değerler A.Ş.	691,453,436	314,080,320	58,321,449	20,336,870
Akbank T.A.Ş.	322,279,127	120,482,047	504,739,500	355,120,089
	1,020,297,010	437,141,958	589,657,176	392,203,291
			30 June 2024	31 December 2023
Demand Deposits				
Akbank T.A.Ş.			409,058,355	352,206,276
			409,058,355	352,206,276
Time Deposits (**) (less than 3 months)				
Akbank T.A.Ş.			141,471,316	1,649,994,700
			141,471,316	1,649,994,700
Credit Card Slip Receivables				
Akbank T.A.Ş.			582,202,299	552,528,345
			582,202,299	552,528,345
Derivatives Asset				
Akbank Malta			517,712,611	517,212,840
			517,712,611	517,212,840
Financial Investment				
Akbank T.A.Ş.			1,344,694,675	1,570,474,350
			1,344,694,675	1,570,474,350
Short-Term Financial Liabilities				
Akbank T.A.Ş.			2,411,432,759	2,089,812,250
Ak Yatırım Menkul Değerler A.Ş.			1,022,160,275	2,708,804,747
			3,433,593,034	4,798,616,997
Long-Term Financial Liabilities				
Akbank T.A.Ş.			632,758,259	420,325,235
Ak Yatırım Menkul Değerler A.Ş.			-	937,907,580
			632,758,259	1,358,232,815

(**) The interest rates of time deposits of the Group from related parties are 56.00%, 1.00% and 1.00% for TL, USD and EUR, respectively and their maturities are July 2024.

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22. RELATED PARTY DISCLOSURES (Cont’d)

	30 June 2024	31 December 2023
Advances Given		
Bridgestone Corporation	694,344	231,440
Bridgestone Europe N.V./S.A.	3,030,091	-
Bridgestone Plant Engineering	2,209,512	-
Vista Turizm ve Seyahat A.Ş.	-	23,015,498
	5,933,947	23,246,938
Advances Received		
Bridgestone Europe N.V./S.A.	39,920,820	24,139,380
	39,920,820	24,139,380

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 30 June 2024 and 30 June 2023 are as follows:

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Salaries and other short-term benefits	132,579,222	48,192,412	104,971,789	52,643,981
Employment termination benefits	394,364	314,018	365,667	313,568
Other long-term benefits	1,917,986	902,362	1,621,547	939,765
	134,891,572	49,408,792	106,959,003	53,897,314

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23. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Market Risk

Foreign Exchange Risk

The Group's assets and liabilities denominated in foreign currencies at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024				
	TL Equivalent (Functional currency)	US Dollar	Euro	JPY	GBP
Foreign currency position table					
Cash and cash equivalents	1,026,790,498	20,028,633	9,295,328	3,634,987	1,014,954
Trade receivables	883,628,950	7,619,737	15,679,583	-	1,995,904
Other receivables	1,068,698	874	26,092	605,982	-
Trade receivables from related parties	211,521,937	-	6,021,394	-	-
Trade receivables from other parties	721,467	-	20,538	-	-
Current Assets	2,123,731,550	27,649,244	31,042,935	4,240,969	3,010,858
Trade receivables	40,869	345	-	-	713
Non-Current Assets	40,869	345	-	-	713
Total Assets	2,123,772,419	27,649,589	31,042,935	4,240,969	3,011,571
Trade payables	1,947,684,485	1,558,973	53,371,828	74,177,810	71,108
Trade payables to related parties	2,207,121,064	53,146,574	9,974,936	528,388,860	-
Other payables to related parties	2,873,678	-	-	14,014,658	-
Short-term portion of long-term bank borrowings	1,457,397,785	40,570,362	3,501,657	-	-
Short-term Liabilities	5,615,077,012	95,275,909	66,848,421	616,581,328	71,108
Long-term financial liabilities	2,208,168,638	16,371,536	47,448,284	-	-
Long-term Liabilities	2,208,168,638	16,371,536	47,448,284	-	-
Total Liabilities	7,823,245,650	111,647,445	114,296,705	616,581,328	71,108
Net Foreign Currency Position	(5,699,473,231)	(83,997,856)	(83,253,770)	(612,340,359)	2,940,463
Total foreign currency amount of off-balance sheet derivative financial assets	5,465,467,945	111,674,606	50,949,941	-	-
Off-balance sheet derivatives net asset/(liability) position (*)	5,465,467,945	111,674,606	50,949,941	-	-
Net foreign currency asset/ (liability) position (***)	(234,005,286)	27,676,750	(32,303,829)	(612,340,359)	2,940,463
Fair Value of Financial Instruments Used for Foreign Exchange Hedge	(25,250,939)	-	-	-	-
Hedged Amount of Foreign Currency Assets	-	-	-	-	-
Hedged Amount of Foreign Currency Liabilities	(5,465,467,945)	(111,674,606)	(50,949,941)	-	-
Export (**)	4,780,593,379	42,606,960	90,916,069	-	4,836,751
Import (**)	6,696,223,076	78,129,047	109,386,682	2,449,001,951	37,045

(*) In addition, as of 30 June 2024, the Group holds forward transactions amounting to USD 18,600,000 in order to hedge the foreign currency risk of import transactions to be realized in 2024, and also holds time deposits amounting to USD 25,000,000 for hedging purposes. These amounts are not presented in cash and cash equivalents in the currency risk table.

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

(***) The Group also keeps TL 1,521,680,385 in its foreign currency protected deposit accounts for the foreign currency balances that it can recover when due in order to hedge against currency risks (Note 3).

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

Market Risk (Cont’d)

Foreign Exchange Risk (Cont’d)

Foreign currency position table	31 December 2023				
	TL Equivalent (Functional currency)	US Dollar	Euro	JPY	GBP
Cash and cash equivalents	810,047,871	17,009,823	3,477,688	8,724,840	896,981
Trade receivables	160,777,644	309,735	2,780,394	-	780,121
Other receivables	1,053,532	360	21,765	602,732	-
Trade receivables from related parties	146,822,874	-	3,613,563	-	-
Trade receivables from other parties	685,650	-	16,875	-	-
Current Assets	1,119,387,571	17,319,918	9,910,285	9,327,572	1,677,102
Trade receivables	45,967	345	-	-	713
Non-Current Assets	45,967	345	-	-	713
Total Assets	1,119,433,538	17,320,263	9,910,285	9,327,572	1,677,815
Trade payables	2,206,136,639	13,831,953	41,449,677	30,795,670	45,021
Trade payables to related parties	2,511,614,045	49,621,737	12,456,158	687,957,006	-
Other payables to related parties	3,961,776	-	-	15,208,477	-
Short-term portion of long-term bank borrowings	2,060,125,462	53,092,915	2,629,968	-	-
Short-term Liabilities	6,781,837,922	116,546,605	56,535,803	733,961,153	45,021
Long-term financial liabilities	3,191,953,046	34,420,588	79,716,600	-	-
Long-term Liabilities	3,191,953,046	34,420,588	79,716,600	-	-
Total Liabilities	9,973,790,968	150,967,193	136,252,403	733,961,153	45,021
Net Foreign Currency Position	(8,854,357,430)	(133,646,930)	(126,342,118)	(724,633,581)	1,632,794
Total foreign currency amount of off-balance sheet derivative financial assets	7,563,482,195	150,347,336	49,940,927	-	-
Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-	-
Off-balance sheet derivatives net asset/(liability) position	7,563,482,195	150,347,336	49,940,927	-	-
Net foreign currency asset/ (liability) position	(1,290,875,235)	16,700,406	(76,401,191)	(724,633,581)	1,632,794
Fair Value of Financial Instruments Used for Foreign Exchange Hedge	(153,196,424)	-	-	-	-
Hedged Amount of Foreign Currency Assets	-	-	-	-	-
Hedged Amount of Foreign Currency Liabilities	(7,563,482,195)	(150,347,336)	(49,940,927)	-	-
Export	11,505,814,151	156,640,100	378,109,288	-	15,772,867
Import	14,107,671,875	297,497,734	346,405,867	3,370,997,863	474,528

(*) In addition, as of 31 December 2023, the Group holds forward transactions amounting to USD 118,598,624, option transactions amounting to USD 5,000,000 and time deposits amounting to USD 15,000,000 for hedging purposes in order to hedge the currency risk of import transactions that will be realized in 2024. These amounts are not presented in cash and cash equivalents in the currency risk table.

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

Market Risk (Cont'd)

Foreign Exchange Risk (Cont'd)

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

The table below shows the Group's sensitivity to 10% increase and decrease in USD, Euro, GBP and Japanese Yen exchange rates. The 10% rate is the rate used when reporting the currency risk within the Group to the senior managers, and the said rate represents the possible change expected by the management in the foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the period and shows the effects of 10% change in foreign exchange rates at the end of the period. This analysis includes foreign-sourced loans as well as non-functional currency loans of borrowers and borrowers used for foreign operations within the Group. A positive value represents an increase in profit/loss and other equity items.

**Foreign currency sensitivity analysis
table**

	30 June 2024			
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
1- USD net asset / liability	90,852,414	(90,852,414)	(367,245,291)	367,245,291
2- Hedged USD (-)	-	-	367,245,291	(367,245,291)
3- USD net effect (1 +2)	90,852,414	(90,852,414)	-	-
Change in Euro against TL by 10%				
4- Euro net asset / liability	(293,180,671)	293,180,671	(178,978,991)	178,978,991
5- Hedged Euro (-)	-	-	178,978,991	(178,978,991)
6- Euro net effect (4+5)	(293,180,671)	293,180,671	-	-
Change in other currencies against TL by 10%				
7- Other currencies net asset / liability	(373,775)	373,775	-	-
8- Hedged other currencies (-)	-	-	-	-
9- Other currencies net effect (7+8)	(373,775)	373,775	-	-
TOTAL (3+6+9)	(202,702,032)	202,702,032	-	-

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23. 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 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	61,319,349	(61,319,349)	(553,067,304)	553,067,304
2- Hedged USD (-)	-	-	553,067,304	(553,067,304)
3- USD net effect (1 +2)	61,319,349	(61,319,349)	-	-
Change in Euro against TL by 10%				
4 - Euro net asset / liability	(382,434,168)	382,434,168	(162,677,076)	162,677,076
5 - Hedged Euro (-)	-	-	162,677,076	(162,677,076)
6- Euro net effect (4+5)	(382,434,168)	382,434,168	-	-
Change in other currencies against TL by 10%				
7- Other currencies net asset / liability	(11,253,619)	11,253,619	-	-
8- Hedged other currencies (-)	-	-	-	-
9- Other currencies net effect (7+8)	(11,253,619)	11,253,619	-	-
TOTAL (3+6+9)	(332,368,438)	332,368,438	-	-

Funding risk

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

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

Credit risk

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

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

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

The tables below provide information on credit risk for trade receivables as of 30 June 2024 and 31 December 2023, credit losses, and exposure to ECL.

30 June 2024	Share in Total	Gross Trade Receivables (*)	Doubtful Trade Receivables Provision
Domestic – Dealers	5%	4,336,349,003	198,294,551
Export Receivables	2%	502,485,543	11,322,342
Receivables from Automotive Manufacturers	0%	900,717,384	294,069
Domestic – Customers	27%	135,450,295	36,001,354
Trade Receivables from Related Parties	-	558,582,094	-
	4%	6,433,584,319	245,912,316

31 December 2023	Share in Total	Gross Trade Receivables (*)	Doubtful Trade Receivables Provision
Domestic – Dealers	8%	5,486,558,048	423,956,025
Export Receivables	10%	261,506,646	25,461,746
Receivables from Automotive Manufacturers	0%	1,575,210,760	1,018,596
Domestic – Customers	4%	1,044,163,207	40,708,843
Trade Receivables from Related Parties	-	739,255,780	-
	5%	9,106,694,441	491,145,210

(*) Gross trade receivables do not include unearned credit finance income amounting to TL 413,426,130 (31 December 2023: TL 465,201,234) (Note 6).

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24. FINANCIAL INSTRUMENTS

Classes and fair values of financial instruments

30 June 2024	Financial assets shown at amortized cost	Financial liabilities shown at amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Carrying value	Note
Financial assets						
Cash and cash equivalents	6,080,261,170	-	-	-	6,080,261,170	3
Financial investments	-	-	-	2,504,911,016	2,504,911,016	3
Trade receivables	5,215,663,779	-	-	-	5,215,663,779	6
Receivables from related parties	558,582,094	-	-	-	558,582,094	6-22
Other receivables (*)	118,206,007	-	-	-	118,206,007	
Derivative financial assets	-	-	986,134,598	-	986,134,598	5
	11,972,713,050	-	986,134,598	2,504,911,016	15,463,758,664	
Financial liabilities						
Financial liabilities	-	13,447,586,089	-	-	13,447,586,089	4
Trade payables	-	3,604,780,652	-	-	3,604,780,652	6
Payables to related parties	-	2,696,027,431	-	-	2,696,027,431	6-22
Other payables	-	8,792,681	-	-	8,792,681	
Derivative financial liabilities	-	-	32,352,765	-	32,352,765	5
	-	19,757,186,853	32,352,765	-	19,789,539,618	

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	16,369,161,115	-	-	-	16,369,161,115	3
Financial investments	-	-	-	1,661,500,024	1,661,500,024	3
Trade receivables	4,314,900,180	-	-	-	4,314,900,180	6
Receivables from related parties	448,652,354	-	-	-	448,652,354	6-22
Other receivables (*)	69,932,487	-	-	-	69,932,487	
Derivative financial assets	-	-	1,605,993,257	-	1,605,993,257	5
	21,202,646,136	-	1,605,993,257	1,661,500,024	24,470,139,417	
Financial liabilities						
Financial liabilities	-	19,473,699,158	-	-	19,473,699,158	4
Trade payables	-	5,154,703,876	-	-	5,154,703,876	6
Payables to related parties	-	2,864,012,987	-	-	2,864,012,987	6-22
Other payables	-	146,640,961	-	-	146,640,961	
Derivative financial liabilities	-	-	153,196,424	-	153,196,424	5
	-	27,639,056,982	153,196,424	-	27,792,253,406	

(*)Receivables from tax office are not included.

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24. FINANCIAL INSTRUMENTS (Cont’d)

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

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

Financial Assets/ Financial Liabilities	Fair value				Fair value hierarchy	Valuation Technique	Significant unobservable input	Relation ship of unobser vable inputs to fair value
	30 June 2024		31 December 2023					
	Assets	Liabilities	Assets	Liabilities				
Forward contracts	-	30,861,494	-	128,339,917	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	979,032,772	-	1,605,993,257	-	2	Discounted cash flow method: The future cash flows, predicted by forward foreign currency rate (observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties credit risk	-	-
Option	-	-	-	2,432,849	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	7,101,826	1,491,271	-	22,423,659	2	Discounted cash flow method		
Financial Investments	1,521,680,385	-	1,656,560,976	-	2	Discounted cash flow method		

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25. EVENTS AFTER THE REPORTING PERIOD

“Law on Amendments to Tax Laws No. 7524 and Certain Laws and Legislative Decree No. 375” was published in the Official Gazette dated 2 August 2024 and numbered 32620. With this Law, regulations and amendments have been made in the domestic minimum corporate tax application, global minimum tax application and many other tax-related issues. The Group is evaluating the effects of the changes on the consolidated financial statements.

The registration process was completed by transferring all shares of Arvento Mobile Systems GmbH, which is a subsidiary of the Group's subsidiary Arvento Mobil Sistemler A.Ş., on 1 July 2024. Arvento Mobile Systems GmbH does not have a significant impact on the Group's consolidated financial statements.

As of 1 August 2024, Arvento Kurumsal Hizmetler ve Danışmanlık A.Ş., which was a 100% subsidiary of Arvento Mobil Sistemler A.Ş. and was established in March 2020, was closed by transferring the company to Arvento Mobil Sistemler A.Ş.