

Tofaş Türk Otomobil Fabrikası Anonim Şirketi

**Convenience translation into English of condensed consolidated financial
statements for the interim period 1 January – 30 September 2024**

(Originally issued in Turkish)

Tofaş Türk Otomobil Fabrikası Anonim Şirketi

Interim condensed consolidated financial statements for the interim period 1 January – 30 September 2024

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Tofaş Türk Otomobil Fabrikası Anonim Şirketi**Condensed Consolidated statement of financial position as of 30 September 2024**

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

		<i>Unaudited</i>	<i>Audited</i>
	Notes	30 September 2024	31 December 2023
ASSETS:			
Current assets:			
Cash and cash equivalents	3	20,616,157	33,714,386
Financial investments		79,643	55,415
Trade receivables		14,320,097	25,022,347
<i>Trade receivables from related parties</i>	19	7,295,052	13,256,662
<i>Trade receivables from third parties</i>	5	7,025,045	11,765,685
Receivables from finance sector operations	6	10,853,306	9,648,883
Other receivables		26,045	15,699
Inventories	7	12,012,574	13,194,811
Prepaid expenses	11	301,679	266,207
Other current assets		334,810	283,102
Total Current Assets		58,544,311	82,200,850
Non-Current Assets:			
Receivables from finance sector operations	6	4,501,760	3,454,203
Other receivables		851	1,255
Investment properties		201,997	201,997
Property, plant and equipment	8	12,444,858	11,977,445
Right-of-Use Assets		36,047	40,560
Intangible assets	9	3,844,064	5,790,566
Prepaid expenses	11	2,582,254	860,875
Deferred tax asset	17	4,443,752	2,349,906
Total Non-Current Assets		28,055,583	24,676,807
Total Assets		86,599,894	106,877,657

The consolidated financial statements for the interim accounting period between 1 January - 30 September 2024 were approved at the Board of Directors meeting dated 4 November 2024.

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

Tofaş Türk Otomobil Fabrikası Anonim Şirketi

Condensed Consolidated statement of financial position as of 30 September 2024

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

		<i>Unaudited</i>	<i>Audited</i>
	Notes	30 September 2024	31 December 2023
Current liabilities:			
Short-term borrowings	4	150,000	951,022
Short-term portion of long-term borrowings	4	11,680,350	8,203,596
Trade payables		17,114,030	32,009,890
<i>Trade payables to related parties</i>	19	9,233,219	16,367,953
<i>Trade payables to third parties</i>	5	7,880,811	15,641,937
Payables related to employee benefits		1,227,552	1,439,539
Other payables		68,839	78,243
Liabilities arising from customer contracts		220,191	221,795
Deferred income		445,231	399,696
Government incentives and grants		-	18,833
Current income tax liability		785,533	1,649,895
Short-term provisions	10	2,260,836	2,715,476
Other current liabilities		180,803	632,267
Total current liabilities		34,133,365	48,320,252
Non-current liabilities:			
Long-term borrowings	4	7,094,559	6,918,730
Long-term provisions		1,255,279	1,533,946
<i>Long-term provisions for employee benefits</i>		1,255,279	1,533,946
Total non-current liabilities		8,349,838	8,452,676
Total liabilities		42,483,203	56,772,928
Equity:			
Share capital	12	500,000	500,000
Capital adjustment differences	12	18,291,696	18,291,696
Accumulated other comprehensive income or expenses not to be reclassified to profit or loss		(291,676)	(213,070)
<i>Loss on remeasurement of defined benefit plans</i>		(291,676)	(213,070)
Accumulated other comprehensive income or expenses to be reclassified to profit or loss		(938,599)	(3,315,187)
<i>Cash flow hedge losses</i>		(938,599)	(3,315,187)
Restricted reserves appropriated from profit	12	4,738,265	3,596,772
Prior years' profit		16,789,817	10,752,106
Net profit for the period		5,027,188	20,492,412
Total equity		44,116,691	50,104,729
Total liabilities and equity		86,599,894	106,877,657

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

Tofaş Türk Otomobil Fabrikası Anonim Şirketi

Condensed Consolidated statement of profit or loss for the interim periods ended 30 September 2024 and 2023

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	Notes	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Revenue	13	87,077,030	21,447,655	125,505,296	42,520,864
Cost of sales (-)	13	(77,103,904)	(20,512,958)	(102,976,450)	(34,821,392)
Gross profit from trading activities		9,973,126	934,697	22,528,846	7,699,472
Revenue from finance sector operations		6,344,592	2,127,743	2,463,421	803,985
Expenses from finance sector operations (-)		(5,285,042)	(1,723,310)	(1,760,847)	(582,579)
Gross profit from finance sector operations		1,059,550	404,433	702,574	221,406
Gross profit		11,032,676	1,339,130	23,231,420	7,920,878
Marketing expenses (-)	14	(3,134,506)	(1,084,740)	(3,971,880)	(1,603,218)
General administrative expenses (-)	14	(2,606,331)	(836,424)	(2,075,079)	(721,005)
Research and development expenses (-)	14	(1,400,770)	(478,547)	(1,156,046)	(457,109)
Other income from operating activities	15	5,917,467	2,267,968	11,145,704	3,023,049
Other expenses from operating activities (-)	15	(5,312,237)	(2,291,842)	(13,376,484)	(2,664,869)
Operating profit		4,496,299	(1,084,455)	13,797,635	5,497,726
Income from investing activities		239,000	148,959	52,448	(74,768)
Expenses from investing activities (-)		-	-	(309)	(223)
Operating profit before finance expense		4,735,299	(935,496)	13,849,774	5,422,735
Finance income	16	7,807,869	2,821,063	12,280,639	3,861,319
Finance expenses(-)	16	(3,707,312)	(1,795,932)	(5,934,048)	(2,851,798)
Net monetary position losses		(3,961,762)	428,138	(2,717,171)	(1,748,908)
Profit before tax from continuing operations		4,874,094	517,773	17,479,194	4,683,348
Current tax income / (expense)		153,094	(205,759)	(3,985,412)	(1,741,682)
Tax expense for the period	17	(2,204,813)	(271,710)	(5,089,270)	(1,624,807)
Deferred tax income	17	2,357,907	65,951	1,103,858	(116,875)
Net profit for the period		5,027,188	312,014	13,493,782	2,941,666
Distribution of net profit for the period:					
Equity holders of the parent		5,027,188	312,014	13,493,782	2,941,666
Earnings per share (Kr)	18	10.05	0.62	26.99	5.88

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

Tofaş Türk Otomobil Fabrikası Anonim Şirketi

Condensed Consolidated statements of other comprehensive income for the interim periods ended 30 September 2024 and 2023

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Net profit for the period	5,027,188	312,014	13,493,782	2,941,666
Other comprehensive income:				
Items not to be reclassified to profit or loss				
Remeasurement losses of defined benefit plans	(104,808)	20,405	(586,503)	(450,295)
Remeasurement losses of defined benefit plans, tax effect	26,202	(5,101)	117,301	90,059
Items to be reclassified to profit or loss				
Other comprehensive income/(expense) related to cash flow hedges	1,161,053	338,810	(590,691)	215,789
Other comprehensive income/(expense) related to cash flow hedges, tax effect	(290,263)	(84,702)	118,138	(43,158)
Other comprehensive income/(expense) (after tax)	792,184	269,412	(941,755)	(187,605)
Total comprehensive income	5,819,372	581,426	12,552,027	2,754,061
Distribution of total comprehensive income:				
Equity holders of the parent	5,819,372	581,426	12,552,027	2,754,061

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

Tofaş Türk Otomobil Fabrikası Anonim Şirketi

Condensed Consolidated statements of changes in equity for the interim periods ended 30 September 2024 and 2023

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

			Accumulated other comprehensive income and expenses not to be reclassified to profit or loss	Accumulated other comprehensive income and expenses to be reclassified to profit or loss		Retained earnings		
	Paid-in Capital	Capital Adjustment Differences	Remeasurement losses of defined benefit plans	Cash Flow Hedge Losses	Restricted reserves appropriated from profit	Prior years' profit	Net profit for the period	Total equity
Balance as of 1 January 2023	500,000	18,291,696	(1,256,786)	(4,474,627)	2,991,468	6,331,280	12,735,603	35,118,634
Transfers	-	-	-	1,140,320	605,304	10,989,979	(12,735,603)	-
Total comprehensive income	-	-	(469,202)	(472,553)	-	-	13,493,782	12,552,027
Dividends	-	-	-	-	-	(6,105,129)	-	(6,105,129)
Balance as of 30 September 2023	500,000	18,291,696	(1,725,988)	(3,806,860)	3,596,772	11,216,130	13,493,782	41,565,532
Balance as of 1 January 2024	500,000	18,291,696	(213,070)	(3,315,187)	3,596,772	10,752,106	20,492,412	50,104,729
Transfers	-	-	-	1,505,798	1,141,493	17,845,121	(20,492,412)	-
Total comprehensive income	-	-	(78,606)	870,790	-	-	5,027,188	5,819,372
Dividends	-	-	-	-	-	(11,807,410)	-	(11,807,410)
Balance as of 30 September 2023	500,000	18,291,696	(291,676)	(938,599)	4,738,265	16,789,817	5,027,188	44,116,691

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

Tofaş Türk Otomobil Fabrikası Anonim Şirketi

**Condensed Consolidated statements of cash flows
for the interim periods ended 30 September 2024 and 2023**

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

		<i>Unaudited</i>	<i>Unaudited</i>
	Notes	30 September 2024	30 September 2023
A. Cash flows from operating activities		2,491,049	17,286,622
Profit for the period		5,027,188	13,493,782
Adjustments to reconcile net profit for the period		10,681,244	10,149,930
- Adjustments related to depreciation and amortization expenses	8,9	4,639,360	3,950,651
- Adjustments related to impairment of receivables	5,6	130,759	13,812
- Adjustments related to interest income	16	(4,340,653)	(3,699,302)
- Adjustments related to inventory impairment, net	7	120,927	80,225
- Adjustments related to gains arising from the disposal of property, plant and equipment		(220,294)	(23,662)
- Adjustments related to employment termination benefits		307,303	1,847,204
- Adjustments related to litigation provision, net	10	5,502	882
- Adjustments related to guarantee provisions	10	978,941	1,793,485
- Adjustments related to other provisions		(99,730)	70,971
- Adjustments related to interest expenses	16	121,136	97,535
- Adjustments related to tax expense / (income)	17	(153,094)	3,985,412
- Deferred finance income from forward purchases and sales, net	15	(1,736,138)	(1,678,954)
- Adjustments related to unrealised foreign currency translation differences		5,074,251	1,368,070
- Adjustments related to monetary loss		5,852,974	2,343,601
Changes in working capital		(9,167,267)	(1,198,102)
- Adjustments related to increase in inventories		(2,300,534)	(9,164,665)
- Change in trade receivables from third parties		4,754,398	14,693
- Change in trade receivables from related parties		2,462,514	4,934,255
- Change in other receivables from operating activities		(14,417)	(26,201)
- Change in trade payables to third parties		(3,632,436)	(66,423)
- Change in trade payables to related parties		(4,197,585)	(239,479)
- Adjustments related to increase in liabilities arising from customer contracts		(1,604)	(16,215)
- Change in receivables from finance sector operations		(5,841,299)	(698,617)
- Change in prepaid expenses		(28,849)	(287,780)
- Change in deferred income		45,535	(51,543)
- Change in government incentives and aid		(18,833)	(14,121)
- Change in other operating assets		(121,920)	330,385
- Change in other operating liabilities		(272,237)	4,087,609
Cash flows generated from operations		6,541,165	22,445,610
- Tax payments		(3,069,175)	(4,167,495)
- Employment termination benefits paid		(309,587)	(528,004)
- Other cash outflows		(671,354)	(463,489)
B. Cash flows generated from investing activities		(4,692,207)	(1,433,914)
- Cash outflows from purchase of property, plant and equipment	8, 9	(3,416,661)	(1,493,614)
- Cash inflows from sale of property, plant and equipment		476,684	89,098
- Cash advance given		(1,728,002)	(29,398)
- Change in financial investments		(24,228)	-
C. Cash flows from financing activities		(3,465,314)	(2,053,948)
- Cash inflows from borrowing	4	11,759,354	8,469,585
- Cash outflows related to debt payments	4	(7,715,784)	(7,836,354)
- Cash outflows related to debt payments arising from lease agreements	4	(16,801)	(14,116)
- Dividends paid		(11,807,410)	(6,105,129)
- Interest paid		(101,865)	(91,663)
- Other cash outflows (Blocked deposit change)		(146,749)	89,408
- Interest received		4,563,941	3,434,321
D. Monetary loss impact on cash and cash equivalents		1,543,695	309,569
Net Decrease/Increase in Cash and Cash Equivalents		(4,122,777)	14,108,329
E. Cash and Cash Equivalents at the Beginning of the Period		32,879,093	26,575,684
F. Inflation effect on cash and cash equivalents		(8,898,913)	(8,951,424)
Cash and Cash Equivalents at the End of the Period	3	19,857,403	31,732,589

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

Tofaş Türk Otomobil Fabrikası Anonim Şirketi

Notes to the condensed consolidated interim financial statements for the interim period ended 30 September 2024

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

NOTE 1 - ORGANISATION AND OPERATIONS OF THE COMPANY

Tofaş Türk Otomobil Fabrikası A.Ş. (the "Company" or "Tofaş") was established in 1968 as a Turkish-Italian cooperation venture. The core business of the Company is manufacturing, exporting and selling passenger cars and light commercial vehicles. Tofaş, which is a joint venture of Koç Holding A.Ş. ("Koç Holding") and FCA Italy S.p.A (Stellantis), also produces various automotive spare parts used in its automobiles. The Company's head office is located at Büyükdere Cad. No: 145 Zincirlikuyu Şişli, İstanbul. The manufacturing facilities are located at Bursa. Tofaş is registered with the Capital Markets Board ("CMB") and listed on the Istanbul Stock Exchange ("ISE") in 1991 and its shares are currently traded on the Borsa Istanbul A.Ş. ("BIST").

At the end of 2019, Fiat Chrysler Automobiles signed a merger agreement with the PSA Group, in which both companies will hold a 50% stake. In January 2021, Stellantis N.V. became the new company established by the merger.

A Framework Agreement was signed between Stellantis Group and the Company regarding the commercial activities, the acquisition of the shares of Stellantis Otomotiv Pazarlama A.Ş. and the main principles regarding the cooperation and partnership relations between the Company, Stellantis Group and Koç Group. In this context, the Share Transfer Agreement regarding the acquisition of all shares of Stellantis Otomotiv Pazarlama A.Ş. by the Company was signed on 28 July 2023 and the process related to the transaction is ongoing.

The Company conducts a significant portion of its business activities with Koç Holding and Stellantis Group Companies (Note 19).

The Company's subsidiaries as of 30 September 2024 and 2023 which are subject to consolidation are as follows:

Company	Field of activity	Rate of ownership of the Company (%)	
		2024	2023
Koç Fiat Kredi Finansman A.Ş. ("KFK")	Consumer financing	100	100
Fer Mas Oto Ticaret A.Ş.	Trading of automobile and spare parts	100	100
Koç Fiat Sigorta Aracılık Hizmetleri A.Ş.	Insurance services	100	100

For interim consolidated financial statements, Tofaş and its consolidated subsidiaries are referred to as the "Group".

The number of personnel employed during the period by categories of the Group is as follows:

	Average		End of Period	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
Hourly-rated	4,099	4,215	3,678	4,381
Monthly-rated	1,634	1,541	1,608	1,644
Total	5,733	5,756	5,286	6,025

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Financial reporting standards applied

The accompanying consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué. In addition, it is also presented in accordance with the TAS taxonomy published by POA on 3 July 2024.

**Notes to the condensed consolidated interim financial statements
for the interim period ended 30 September 2024**

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

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

2.1 Basis of Presentation (cont’d)

2.1.1 Financial reporting standards applied (cont’d)

The Company and Subsidiaries in Türkiye maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TFRS.

2.1.2 Financial reporting in high inflation economies

With the announcement made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities that apply TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies for the financial statements for the annual reporting period ending on or after 31 December 2023. 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.

TAS 29 is applied to the financial statements, including the consolidated financial statements, of entities whose functional currency is the currency of a hyperinflationary economy. In accordance with the standard, financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the purchasing power of that currency at the balance sheet date. In the prior period financial statements, comparative information is expressed in terms of the measuring unit current at the end of the reporting period. Therefore, the Group has presented the consolidated financial statements as of 30 September 2023 and 31 December 2023 on the basis of purchasing power as of 30 September 2024.

The restatement in accordance with TAS 29 has been made by using the adjustment factor derived from the Consumer Price Index (“CPI”) in Türkiye published by the Turkish Statistical Institute (“TURKSTAT”). As of 30 September 2024, the indices and adjustment factors used in the restatement of the consolidated financial statements are as follows:

Date	Index	Adjustment Coefficient	Three-year cumulative inflation rates
30.09.2024	2,526.16	1.00000	343%
31.12.2023	1,859.38	1.35860	268%
30.09.2023	1,691.04	1.49384	254%

2.1.3 Comparative information

The financial statements of the Group include comparative financial information to enable the determination of the financial position and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified, and significant changes are disclosed if necessary.

2.1.4 Functional and reporting currency

The Group’s functional and reporting currency is Turkish Lira (“TL”). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Assets and liabilities in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Foreign exchange gains and losses from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

**Notes to the condensed consolidated interim financial statements
for the interim period ended 30 September 2024**

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

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

2.1 Basis of Presentation (cont'd)

2.1.5 Basis of consolidation

Subsidiaries are entities on which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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. All gains and losses, inter-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2.1.6 Significant accounting judgments, estimates and assumptions

In the preparation of the consolidated financial statements, the Group management must make assumptions and estimates that will affect the assets and liabilities reported as of the balance sheet date and determine the liabilities and commitments likely to occur as of the balance sheet date and the income and expense amounts as of the reporting period. Actual results may differ from the assumptions. Estimates are regularly reviewed, necessary adjustments are made and reflected in the profit or loss statement of the period they occur.

Comments that may have significant impact on the amounts reflected in the consolidated financial statements and the significant assumptions and evaluations made by taking into consideration the main sources of the estimates that occurred or may occur in the balance sheet date are as follows:

- a) The Company determines warranty provision by considering the past warranty expenses and remaining warranty period per vehicle. In calculation of the warranty provision; vehicle quantity, warranty period and the historical warranty claims incurred are considered. As of 30 September 2024 the amount of guarantee expense is TL 978,941 (30 September 2023: TL 1,793,485) (Note 10).
- b) The Group's subsidiary KFK management, as a result of the evaluations made on the loans given, allocates a certain provision for the losses that may arise from the receivables whose collection is deemed doubtful. Impairment and uncollectibility risk are calculated separately for each individually significant loan. In the condensed consolidated financial statements as of 30 September 2024, there is a general loan loss provision amounting to TL 141,795 for receivables from finance sector operations (31 December 2023: TL 89,482) (Note 6).
- c) The cost of defined benefit plans is determined using actuarial valuations which involve making assumptions about discount rates, future salary increases and employee turnover. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.
- d) When allocating provisions for lawsuits, the probability of losing the lawsuits and the liabilities that will arise in case of loss are evaluated by the Group management by taking the opinions of the Group Legal Counsel and experts. The Group management determines the amount of provision for litigation based on the best estimates.
- e) The data in the discounted price list are used to calculate inventory impairment. If expected net realizable value is less than cost, the Group allocates provisions for inventory impairment.
- f) Group management has made assumptions based on the experience of the technical staff in determining the useful life of property, plant and equipment and intangible assets.
- g) Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities in the financial statements using substantially enacted tax rates. Based on the available evidence, it has been assessed that it is probable that some or all of the deferred tax assets may or may not be realized in cash. The main factors considered include the potential for future income, accumulated losses from prior years, tax planning strategies to be implemented if necessary, and the nature of the income that can be used to convert the deferred tax asset into cash.

**Notes to the condensed consolidated interim financial statements
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(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

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

2.1 Basis of Presentation (cont'd)

2.1.6 Significant accounting judgments, estimates and assumptions (cont'd)

- h) The Group capitalizes ongoing development expenditures and assesses annually whether there is any impairment on these capitalized assets. As at 30 September 2024 and 31 December 2023, no impairment has been identified for capitalized development expenditures.

2.2 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2024

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

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 Loan Agreements*

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.

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for the interim period ended 30 September 2024**

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

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

2.2 New and Amended Turkish Financial Reporting Standards (cont'd)

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

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.

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

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.

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(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

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

2.2 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.

2.3 Summary of significant accounting policies

Interim condensed consolidated financial statements for the period ending 30 September 2024 have been prepared in accordance with TAS 34 standard for the preparation of interim financial statements of TMS/TFRS.

The accounting policies used in the preparation of these condensed interim consolidated financial statements as of and for the period ended 30 September 2024 are consistent with those used in the preparation of annual consolidated financial statements as of and for the year ended 31 December 2023. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements as of and for the year ended 31 December 2023.

2.4 Changes in significant accounting policies

The accounting policy changes arising from the first-time adoption of a new standard are applied retrospectively or prospectively in accordance with the transitional provisions, if any. Changes with no transition provisions, significant voluntary changes in accounting policy or accounting errors detected are applied retrospectively and prior period financial statements are restated. If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

**Notes to the condensed consolidated interim financial statements
for the interim period ended 30 September 2024**

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

NOTE 3 - CASH AND CASH EQUIVALENTS

	30 September 2024	31 December 2023
Cash at banks		
-Demand deposits	18,299,315	32,548,225
-Time deposits	1,566,454	562,518
-Demand blocked deposit	750,375	603,627
-Time blocked deposit	13	16
	20,616,157	33,714,386

The breakdown of time deposits as of 30 September 2024 and 31 December 2023 is as follows:

	30 September 2024		31 December 2023	
	Amount	Annual interest rate (%)	Amount	Annual interest rate (%)
EUR	5,066,139	%0,4-%1	14,322,863	%0,7 - %4,5
TL	13,233,176	%47-%51	18,225,362	%35 - %47,5
	18,299,315		32,548,225	

As of 30 September 2024, the maturities of time deposits vary between 1 and 36 days (31 December 2023: between 4 and 37 days).

As of 30 September 2024, time and demand deposits amounting to TL 2,335,970 (31 December 2023: TL 2,425,066) are held at the bank which is a related party (Note 19).

As of 30 September 2024 and 2023, the reserves of cash and cash equivalent in cash flow statement:

	30 September 2024	30 September 2023
Cash on hand and banks	20,616,157	32,238,779
Less: interest accruals	(8,361)	(401,811)
Less: blocked deposits	(750,393)	(104,379)
	19,857,403	31,732,589

As of 30 September 2024, there are blocked deposits amounting to TL 750,393. TL 750,375 of this amount consists of the reserve requirement of the Central Bank of the Republic of Turkey (31 December 2023: TL 603,644).

**Notes to the condensed consolidated interim financial statements
for the interim period ended 30 September 2024**

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

NOTE 4 - FINANCIAL LIABILITIES

a) Short-term financial liabilities

	30 September 2024			31 December 2023		
	Foreign currency amount (thousand)	TL equivalent	Annual interest rate (%)	Foreign currency amount (thousand)	TL equivalent	Annual interest rate (%)
TL loans (*)	-	150,000	57,75	-	951,022	49,88-55,49
		150,000			951,022	

b) Short-term portion of long-term financial liabilities

	30 September 2024			31 December 2023		
	Foreign currency amount (thousand)	TL equivalent	Annual interest rate (%)	Foreign currency amount (thousand)	TL equivalent	Annual interest rate (%)
TL loans (*)	-	7,114,567	43,05-73,50	-	4,941,836	18,32-59,85
EUR loans	83,498	3,174,418	2,00 -6,8	57,163	2,529,764	2,00
Bonds issued (1,2,3,4)	-	1,375,215	39,00-53,14	-	713,980	30,00-52,85
Short-term portions of long-term lease liabilities	-	16,150	-	-	18,016	-
		11,680,350			8,203,596	

c) Long-term financial liabilities

	30 September 2024			31 December 2023		
	Foreign currency amount (thousand)	TL equivalent	Annual interest rate (%)	Foreign currency amount (thousand)	TL equivalent	Annual interest rate (%)
TL loans (*)	-	6,331,074	43,05-73,50	-	4,764,330	16,64-34,50
Bonds issued (1,2,3,4)	-	746,104	39,00-52,85	-	2,129,853	30,00-52,85
Long-term lease liabilities	-	17,381	-	-	24,547	-
	-	7,094,559		-	6,918,730	

(*) The whole short-term and long-term bank borrowings amounting to TL 13,595,641 (31 December 2023: TL 10,657,188) which are denominated in TL comprise bank borrowings obtained by KFK, consolidated subsidiary, to finance consumer financing loans as of 30 September 2024.

**Notes to the condensed consolidated interim financial statements
for the interim period ended 30 September 2024**

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

NOTE 4 - FINANCIAL LIABILITIES (cont'd)

⁽¹⁾ KFK issued bonds with a nominal payment of TL 500,000 with a nominal interest rate of 39.00% and a maturity of 18 months on 3 August 2023. The bonds were sold to qualified investors.

⁽²⁾ KFK issued bonds with a maturity of 24 months and a nominal interest rate of 52.85% and a nominal payment of TL 290,000 on 7 September 2023. The bonds were sold to qualified investors.

⁽³⁾ KFK issued bonds with a nominal payment of TL 650,000 with a nominal interest rate of 48.50% and a maturity of 24 months on 7 December 2023. The bonds were sold to qualified investors.

⁽⁴⁾ KFK issued bonds with a maturity of 13 months and a nominal interest rate of 48.75% and a nominal payment of TL 400,000 on 6 August 2024. The bonds were sold to qualified investors.

As of 30 September 2024, the interest rate on TL loans is fixed and the interest rate on EUR loans is variable.

As of 30 September 2024, TL 1,286,392 (31 December 2023: TL: 1,161,296) of short-term and long-term financial liabilities are obtained through banks which are related parties of the Group (Note 19).

The redemption schedule of the long-term bank borrowings and bonds as of 30 September 2024 and 31 December 2023 is as follows:

	30 September 2024	31 December 2023
Between 1-2 years	7,077,178	6,003,758
Between 2-3 years	-	890,425
	7,077,178	6,894,183

The movement of financial liabilities as of 30 September 2024 and 30 September 2023 is as follows:

	30 September 2024	30 September 2023
1 January	16,073,348	15,580,181
Cash flow effect, net	4,043,570	633,230
Effect of unrealised foreign exchange differences	3,913,198	1,958,758
Changes in TFRS 16 lease liabilities	(16,801)	(14,116)
Change in accrual of interest	19,271	5,872
Inflation Effect	(5,107,677)	(5,679,980)
	18,924,909	12,483,945

Tofaş Türk Otomobil Fabrikası Anonim Şirketi**Notes to the condensed consolidated interim financial statements
for the interim period ended 30 September 2024**

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

NOTE 5 - TRADE RECEIVABLES AND PAYABLES**a) Trade receivables from third parties**

	30 September 2024	31 December 2023
Buyers	7,173,308	12,095,316
Doubtful trade receivables	14,554	19,773
Less: provision for doubtful receivables	(12,844)	(17,450)
Less: unearned finance income from forward sales	(149,973)	(331,954)
	7,025,045	11,765,685

The movement of provision for doubtful receivables is as follows:

	30 September 2024	31 December 2023
1 January	17.450	28.907
Change during the period, net	-	(128)
Inflation Effect	(4.606)	(9.592)
	12.844	19.187

Collaterals received related with trade receivables

As of 30 September 2024, the Group has letters of guarantee amounting to TL 619,411, guarantee cheques amounting to TL 2,224, mortgages amounting to TL 5,982, direct borrowing system limit (payment guarantee limit granted by the bank to its customer according to the transaction volume) amounting to TL 4,370,511 (31 December 2023: Letter of guarantee amounting to TL 2,717,900, mortgage amounting to TL 7,239, direct borrowing system limit amounting to TL 12,619,885).

b) Trade payables to third parties

	30 September 2024	31 December 2023
Trade payables	7,900,688	15,824,046
Less: unrealised finance expense on credit purchases	(19,877)	(182,109)
	7,880,811	15,641,937

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**Notes to the condensed consolidated interim financial statements
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NOTE 6 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

	30 September 2024	31 December 2023
Short-term consumer finance loans	10,853,465	9,701,523
Doubtful loans	188,851	84,698
	11,042,316	9,786,221
Special provisions	(89,997)	(72,002)
General provisions	(99,013)	(65,336)
	10,853,306	9,648,883
Long-term consumer finance loans	4,544,542	3,478,349
General provisions	(42,782)	(24,146)
	4,501,760	3,454,203

As of 30 September 2024, interest rates on loans to consumers are fixed and range between 0.01% - 8.96% (31 December 2023: 0.01% - 6.74%) per month for TL loans.

The maturities of long-term consumer financing loans are as follows:

	30 September 2024	31 December 2023
Between 1-2 years	3,625,074	3,131,853
Between 2-3 years	876,686	321,869
Between 3-4 years	-	481
	4,501,760	3,454,203

Movements in the allowance for loan impairment are as follows:

	30 September 2024	30 September 2023
1 January	161,485	197,459
Provision allocated during the period	130,759	13,940
Collected during the year (-)	(4,056)	(8,943)
Inflation Effect	(56,396)	(66,653)
Total	231,792	135,803

The Group has obtained pledge rights as a guarantee for its consumer financing loans. up to total amount of receivables. depending on the agreement between the Group and the consumers. As of 30 September 2024, the fair value of guarantees obtained for the consumer loans amounting to TL 21,828,260 (31 December 2023: TL 17,927,004). Furthermore, the Group obtains mortgage guarantees where necessary. The Group has mortgage guarantee on vehicles for all consumer financing loans that Group booked special provision amounting to TL 85,268 (31 December 2023: TL 14,953) as of 30 September 2024.

Tofaş Türk Otomobil Fabrikası Anonim Şirketi**Notes to the condensed consolidated interim financial statements
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(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

NOTE 7 – INVENTORIES

	30 September 2024	31 December 2023
Raw materials	2,489,800	2,556,157
Work-in-progress	884,976	3,819,109
Goods	1,946,042	1,693,634
Imported vehicles	1,718,021	1,591,613
Spare parts	1,087,642	915,233
Goods in transit	4,185,580	2,797,625
Provision for inventory impairment (-)	(299,487)	(178,560)
	12,012,574	13,194,811

Movements in the provision for impairment on inventory are as follows:

	30 September 2024	30 September 2023
1 January	178,560	332,687
Movements during the period, net	120,927	80,225
	299,487	412,912

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Notes to the condensed consolidated interim financial statements for the interim period ended 30 September 2024

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NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment and the accumulated depreciation for three months period ended 30 September 2024 is as follows:

	Land, land improvements and buildings	Machinery and equipments	Furniture and fixtures	Vehicles	Leasehold improvements	Construction in progress	Total
As of 1 January							
Cost	8,620,427	76,767,415	8,817,010	1,513,093	228,532	766,747	96,713,224
Accumulated depreciation	(5,787,751)	(70,523,508)	(7,660,784)	(603,145)	(160,591)	-	(84,735,779)
Net book value	2,832,676	6,243,907	1,156,226	909,948	67,941	766,747	11,977,445
1 January 2024, net book value							
Additions	-	1,190	636	96,347	-	2,766,005	2,864,178
Disposal cost	(1,285)	(1,055,408)	(123,055)	(479,780)	-	-	(1,659,528)
Depreciation of disposals	1,098	1,044,768	121,155	236,117	-	-	1,403,138
Transfers	22,238	246,462	72,834	592,985	-	(934,519)	-
Depreciation expense	(113,085)	(1,497,079)	(275,526)	(248,709)	(5,976)	-	(2,140,375)
30 September 2024, net book value	2,741,642	4,983,840	952,270	1,106,908	61,965	2,598,233	12,444,858
As of 30 September							
Cost	8,641,380	75,959,659	8,767,425	1,722,645	228,532	2,598,233	97,917,874
Accumulated depreciation	(5,899,738)	(70,975,819)	(7,815,155)	(615,737)	(166,567)	-	(85,473,016)
30 September 2024, net book value	2,741,642	4,983,840	952,270	1,106,908	61,965	2,598,233	12,444,858

As of 30 September 2024, there are no pledges or collaterals on property, plant and equipment (30 September 2023: None).

Tofaş Türk Otomobil Fabrikası Anonim Şirketi

Notes to the condensed consolidated interim financial statements for the interim period ended 30 September 2024

(Amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

The movement of property, plant and equipment and the accumulated depreciation for three months period ended 30 September 2023 is as follows:

	Land, land improvements and buildings	Machinery and equipments	Furniture and fixtures	Vehicles	Leasehold improvements	Construction in progress	Total
As of 1 January							
Cost	8,521,785	77,383,714	8,631,187	953,192	226,214	83,710	95,799,802
Accumulated depreciation	(5,628,507)	(69,491,951)	(7,483,181)	(499,501)	(152,068)	-	(83,255,208)
Net book value	2,893,278	7,891,763	1,148,006	453,691	74,146	83,710	12,544,594
1 January 2023, net book value							
Additions	-	1,400	1,449	39,969	1,440	859,609	903,867
Disposal cost	(419)	(584,770)	(48,191)	(112,939)	-	-	(746,319)
Depreciation of disposals	311	584,545	47,660	48,367	-	-	680,883
Transfers	27,812	133,118	239,129	127,445	820	(528,324)	-
Depreciation expense	(119,260)	(1,421,845)	(276,129)	(119,639)	(6,551)	-	(1,943,424)
30 September 2023, net book value	2,801,722	6,604,211	1,111,924	436,894	69,855	414,995	11,439,601
As of 30 September							
Cost	8,549,178	76,933,462	8,823,574	1,007,667	228,474	414,995	95,957,350
Accumulated depreciation	(5,747,456)	(70,329,251)	(7,711,650)	(570,773)	(158,619)	-	(84,517,749)
30 September 2023, net book value	2,801,722	6,604,211	1,111,924	436,894	69,855	414,995	11,439,601

**Notes to the condensed consolidated interim financial statements
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NOTE 9 – INTANGIBLE ASSETS

The movement table of intangible assets for the interim periods ending as of 30 September 2024 and 2023 is as follows:

	Licenses and development costs	Other	Total
As of 1 January 2024			
Cost	49,989,734	5,244,927	55,234,661
Accumulated amortization	(44,524,971)	(4,919,124)	(49,444,095)
Net book value	5,464,763	325,803	5,790,566
1 January 2024, net book value			
Additions	474,132	78,351	552,483
Amortization expense	(2,425,605)	(73,380)	(2,498,985)
30 September 2024, net book value	3,513,290	330,774	3,844,064
As of 30 September			
Cost	50,463,866	5,323,278	55,787,144
Accumulated amortization	(46,950,576)	(4,992,504)	(51,943,080)
30 September 2024, net book value	3,513,290	330,774	3,844,064
As of 1 January 2023			
Cost	49,186,558	5,122,618	54,309,176
Accumulated amortization	(41,869,825)	(4,836,541)	(46,706,366)
Net book value	7,316,733	286,077	7,602,810
1 January 2023, net book value			
Additions	509,232	80,515	589,747
Amortization expense	(1,943,675)	(63,552)	(2,007,227)
30 September 2023, net book value	5,882,290	303,040	6,185,330
As of 30 September			
Cost	49,695,790	5,203,133	54,898,923
Accumulated amortization	(43,813,500)	(4,900,093)	(48,713,593)
30 September 2023, net book value	5,882,290	303,040	6,185,330

**Notes to the condensed consolidated interim financial statements
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NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term debt provisions:

	30 September 2024	31 December 2023
Provision for warranty claims	2,012,564	2,365,095
Provision for legal cases	27,479	29,858
Other	220,793	320,523
	2,260,836	2,715,476

Movement table of the warranty provision is as follows:

	30 September 2024	31 December 2023
1 January	2,365,095	1,503,319
Paid during the period	(671,354)	(463,489)
Increase during the year (Note 14)	978,941	1,793,485
Inflation Effect	(660,118)	(717,239)
	2,012,564	2,116,076

Movement table of the provision for litigation is as follows:

	30 September 2024	31 December 2023
1 January	29,858	44,103
Movement during the year, net	5,502	882
Inflation Effect	(7,881)	(14,769)
	27,479	30,216

Litigations against the Group

As of 30 September 2024, the total amount of outstanding legal claims brought against the Group is TL 31,027 (31 December 2023: TL 40,793). The Group has reflected a reserve amounting to TL 27,479 (31 December 2023: TL 29,858) in the financial statements)

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**Notes to the condensed consolidated interim financial statements
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NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

Guarantees, pledges, mortgages and sureties:

As at 30 September 2024 and 31 December 2023, guarantees, pledges, mortgages and sureties ("GPMs") given by the Group are as follows in original currencies:

	30 September 2024			31 December 2023		
	TL equivalent	EUR	TL	TL equivalent	EUR	TL
A. Total Amount of CPM Given for Its Own Legal Entity	977,536	2,000	901,500	1,311,707	2,000	1,223,197
B. Total Amount of CPM Given on Behalf of the Fully Consolidated Entities	-	-	-	-	-	-
C. Total Amount of CPM Given on Behalf of Third Parties Debts for Continuation of Their Economic Activities	-	-	-	-	-	-
D. Total Other CPM Given	-	-	-	-	-	-
i. Total CPM Given on Behalf of the Parent Company	-	-	-	-	-	-
ii. Total CPM Given on Behalf of Other Group Companies which are not included in the Scope of Items B and C	-	-	-	-	-	-
iii. Total CPM Given on Behalf of Third Parties which are not included in the Scope of Items C	-	-	-	-	-	-
Total	977,536	2,000	901,500	1,311,707	2,000	1,223,197

As of 30 September 2024 and 31 December 2023, the ratio of other GPMs given by the Group to the Group's equity is zero.

Other

The Group has exported USD 3,288,142,000 within the scope of the export incentive certificate dated 04 March 2021 and numbered 2021/D1-01051, which provides an export commitment of USD 2,918,148,554 to be realized until 30 April 2024. The Group has imported USD 1,950,184,800 within the scope of the export incentive certificate, which imposes an import commitment of USD 1,491,043,630.

The Group has exported USD 652,647,795 within the scope of the export incentive certificate dated 21 February 2023 and numbered 2023/D1-01035, which provides an export commitment of USD 1,662,606,000 to be realized until 21 February 2024. The Group has imported USD 955,230,840 within the scope of the export incentive certificate, which imposes an import commitment of USD 197,278,549.

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NOTE 11 - PREPAID EXPENSES AND INCOME, OTHER ASSETS AND LIABILITIES

a) Short-term prepaid expenses

	30 September 2024	31 December 2023
Order advances given	135,664	51,187
Prepaid insurance and dealer expenses	166,015	215,020
	301,679	266,207

b) Long-term prepaid expenses

As of 30 September 2024, long term prepaid expenses amounting to TL 2,582,254 (31 December 2023: TL 860,875) consist of advances given for the purchase of property, plant and equipment amounting to TL 2,570,650 (31 December 2023: TL 842,647).

c) Contract liabilities

As of 30 September 2024, amounting to TL 220,191 consists of extended warranty under the TFRS 15 (31 December 2023: TL 221,795).

NOTE 12 - SHAREHOLDER'S EQUITY

Share capital

Registered capital ceiling of the Company is 1,000,000,000 (exact TL). The Company's historical authorized and issued share capital as of 30 September 2024 and 31 December 2023 is KTL 500,000,000 (exact TL) and consists of 50 billion shares with TL 0.01 (exact TL) par value each. As of 30 September 2024 and 31 December 2023, the breakdown of issued share capital of the Company is as follows:

		30 September 2024		31 December 2023	
	Share group	Amount (TL)	Amount (%)	Amount (TL)	Amount (%)
Stellantis Europe SPA	D	189,280	37.856	189,280	37.856
Koç Holding A.Ş.	A	188,115	37.623	187,938	37.588
Koç Holding Companies and Koç Family	A	1,166	0.233	1,342	0.268
Other, including publicly traded shares	E	121,439	24.288	121,440	24.288
Total		500,000	100.000	500,000	100.000

Half of the Board of Directors' ("BoD") members are required to be elected from the nominees of A group shareholders, while the remaining half is to be nominated by D group shareholders. The General Assembly is authorized for determining the number and election of BoD members. At least one nominee from both A and D type of shareholders have to fulfill the requirements of an independent member as prescribed by the CMB legislation.

The historical values and inflation adjustment effects of the following equity accounts under the Company's balance sheet, in accordance with IFRS and Tax Law financial statements, as of 30 September 2024, are as follows:

	Historical Value	Inflation adjustment effect	Indexed value
30 September 2024 (TFRS)			
Share capital	500,000	18,291,696	18,791,696
Restricted reserves appropriated from profit	2,010,581	2,727,684	4,738,265
	Historical Value	Inflation adjustment effect	Indexed value
30 September 2024 (TPL)			
Share capital	500,000	15,248,344	15,748,344
Restricted reserves appropriated from profit	2,010,581	4,227,228	6,237,809

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NOTE 13 - SALES AND COST OF SALES

a) Net sales

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Foreign sales	15,838,018	1,254,908	25,202,932	8,769,235
Domestic sales	66,932,278	19,003,445	96,868,520	32,279,244
Other	4,306,734	1,189,302	3,433,844	1,472,385
Total	87,077,030	21,447,655	125,505,296	42,520,864

The amount of sales discounts is TL 6,119,669 (30 September 2023: TL 3,730,009).

b) Production and sales quantities

	Production		Sales	
	September 2024	September 2023	September 2024	September 2023
Manufactured vehicles				
Egea	54,096	78,154	54,555	77,433
MCV	34,723	38,205	34,215	38,106
Egea Hatchback	22,447	39,800	21,913	39,379
Egea Stationwagon	3,821	8,354	3,914	8,289
Doblo	-	9,885	1	11,414
Total	115,087	174,398	114,598	174,621
	Production		Sales	
	September 2024	September 2023	September 2024	September 2023
Imported vehicles				
Doblo	8,509	2,901	8,389	2,897
Ducato	5,042	4,322	5,038	4,245
Jeep	2,377	2,545	2,487	2,369
Scudo	802	1,327	851	1,134
Fiat Topolino	580	-	492	-
Alfa Romeo	354	1,962	589	1,815
Ulysse	263	812	339	811
Maserati	192	489	189	470
Panda Futura	91	110	92	110
Fiat 500	47	1,132	225	1,111
Ferrari	23	23	22	23
Fiat 600	2	-	2	-
Transit	-	13	-	13
Total	18,282	15,636	18,715	14,998

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NOTE 13 - SALES AND COST OF SALES (cont'd)

c) Cost of sales

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Direct material expenses	(44,350,707)	(6,915,414)	(71,820,290)	(22,273,486)
Depreciation and amortization expense	(3,599,371)	(903,478)	(3,442,786)	(1,154,705)
Direct labor expense	(1,387,917)	(382,514)	(1,488,390)	(494,987)
Other production expenses	(2,658,599)	(900,957)	(3,161,226)	(1,115,666)
Total cost of production	(51,996,594)	(9,102,363)	(79,912,692)	(25,038,844)
Cost of merchandise sold	(22,425,428)	(8,362,441)	(22,730,251)	(9,873,566)
Change in work-in-process	(2,934,133)	(1,331,138)	(245,599)	15,654
Change in goods	252,408	(1,716,913)	(87,812)	75,356
Cost of other sales	(157)	(103)	(96)	8
Total	(77,103,904)	(20,512,958)	(102,976,450)	(34,821,392)

NOTE 14 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Marketing expenses	(3,134,506)	(1,084,740)	(3,971,880)	(1,603,218)
General administrative expenses	(2,606,331)	(836,424)	(2,075,079)	(721,005)
Research and development expenses	(1,400,770)	(478,547)	(1,156,046)	(457,109)
Total	(7,141,607)	(2,399,711)	(7,203,005)	(2,781,332)

a) Marketing Expenses

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Warranty expenses (Note 10)	(978,941)	(380,622)	(1,793,485)	(781,108)
Personnel expenses	(749,446)	(267,807)	(612,517)	(203,800)
Transportation and insurance expenses	(904,099)	(293,865)	(1,092,625)	(445,217)
Advertisement expenses	(179,384)	(34,705)	(137,721)	(55,802)
Depreciation and amortization expense	(45,610)	(24,290)	(27,775)	(9,263)
Travel expenses	(29,452)	(11,160)	(24,727)	(11,153)
Other	(247,574)	(72,291)	(283,030)	(96,875)
Total	(3,134,506)	(1,084,740)	(3,971,880)	(1,603,218)

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NOTE 14 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES, GENERAL ADMINISTRATIVE EXPENSES (cont'd)

b) General Administrative Expenses

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Personnel expenses	(1,015,070)	(305,123)	(944,451)	(329,662)
Depreciation and amortization expense	(767,135)	(258,413)	(386,576)	(141,399)
Maintenance and repair expenses	(136,036)	(44,294)	(175,553)	(52,242)
Outsourced expenses	(145,151)	(49,571)	(145,920)	(41,754)
Insurance expenses	(115,438)	(37,942)	(59,575)	(21,914)
Taxes, duties and charges	(53,911)	(18,798)	(41,196)	(9,878)
Travel expenses	(22,911)	(6,977)	(23,728)	(5,530)
Other	(350,679)	(115,306)	(298,080)	(118,626)
Total	(2,606,331)	(836,424)	(2,075,079)	(721,005)

c) Research and development expenses

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Personnel expenses	(935,056)	(316,140)	(687,063)	(248,357)
Prototype expenses	(178,858)	(128,186)	(12,460)	(2,818)
Outsourced R&D expenses	(106,382)	(2,308)	(214,944)	(119,901)
Depreciation and amortization expense	(50,245)	(9,092)	(69,990)	(23,586)
Transport and travel expenses	(27,448)	(4,979)	(36,937)	(13,235)
Energy expenses	(9,816)	(3,455)	(12,440)	(4,051)
Other	(92,965)	(14,387)	(122,212)	(45,161)
Total	(1,400,770)	(478,547)	(1,156,046)	(457,109)

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NOTE 15 - OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Foreign exchange income from operating activities	2,210,704	1,392,487	5,741,032	1,438,271
Maturity difference income from operating activities	3,119,311	783,351	5,153,041	1,565,689
Other	587,452	92,130	251,631	19,089
Total	5,917,467	2,267,968	11,145,704	3,023,049
	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Foreign exchange expenses from operating activities	(3,344,201)	(1,866,277)	(9,439,437)	(1,887,035)
Maturity difference expenses from operating activities	(1,383,173)	(209,776)	(3,474,087)	(650,896)
Other	(584,863)	(215,789)	(462,960)	(126,938)
Total	(5,312,237)	(2,291,842)	(13,376,484)	(2,664,869)

NOTE 16 - FINANCE INCOME / EXPENSES

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Foreign exchange income	3,467,216	1,929,516	8,581,337	2,462,571
Interest income	4,340,653	891,547	3,699,302	1,398,748
Total finance income	7,807,869	2,821,063	12,280,639	3,861,319
	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Foreign exchange expenses	(3,583,724)	(1,728,253)	(5,832,774)	(2,827,284)
Interest expense	(121,136)	(66,981)	(97,535)	(22,581)
Other	(2,452)	(698)	(3,739)	(1,933)
Total finance expenses	(3,707,312)	(1,795,932)	(5,934,048)	(2,851,798)
Finance income, net	4,100,557	1,025,131	6,346,591	1,009,521

NOTE 17 - TAX ASSETS AND LIABILITIES

Current tax expense and deferred tax

Tax expense includes current tax expense and deferred tax expense. Tax is included in the income statement, provided that it is not directly related to a transaction accounted for under equity. Otherwise, the tax is accounted for under the equity, together with the related transaction.

Current tax expense is calculated by taking into account the tax legislation, in force as of the financial statement date, in respective countries where the investments of the subsidiaries and investments accounted for by the equity method are active. According to Turkish tax legislation, all legal or business centers and institutions in Türkiye, are subject to Corporate Income Tax.

In the Turkish taxation system, financial losses may be offset against taxable profits for up to next five years while may not be offset (retrospectively) from previous years' earnings.

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NOTE 17 - TAX ASSETS AND LIABILITIES (cont’d)

Current tax expense and deferred tax (cont’d)

In addition, to be deducted from the corporate tax, a provisional tax of 25% is paid over the tax bases declared in the interim periods during the year in 2024 (31 December 2023: 25%).

As of 30 September 2024 and 31 December 2023, tax provision has been made in accordance with the applicable tax legislation.

The Company recognizes deferred tax based upon temporary differences arising between its financial statements and its statutory tax financial statements by using liability method. In the calculation of deferred tax, the tax rates valid as of the date of the statement of financial position are used in accordance with the current tax legislation.

As of 30 September 2024, a tax rate of 25% (31 December 2023: 25%) has been used in the deferred tax calculation.

While deferred tax liability is calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future.

Provided that they are subject to the tax legislation of the same country and there is a legally enforceable right to set off current tax assets from current tax liabilities, deferred tax assets and liabilities are mutually offset.

Tax assets and liabilities

Corporate tax

The Company and its subsidiaries established in Turkey and other countries in the scope of consolidation, associates, and joint ventures are subject to the tax legislation and practices in force in the countries they are operating.

The corporate tax rate in Turkey is 25%. The corporate tax rate is applied to the net corporate income calculated as a result of adding non-deductible expenses in accordance with the tax laws to the trade income of the corporations and deducting the exceptions and deductions in the tax laws. Corporate tax is declared until the evening of the thirtieth day of the fourth month following the end of the relevant year and is paid in a single installment until the end of the relevant month.

Companies calculate a provisional tax of 25% on their quarterly financial profits and declare it by the 17th day of the second month following that period and pay it by the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or set off against any other financial liabilities to the government.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

10% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations and non-resident corporations exempted from income and corporation tax. Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

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NOTE 17 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate tax (cont'd)

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of 30 September 2024 and 31 December 2023, taxes payable are netted off for each Subsidiary and classified separately in the consolidated financial statements.

The breakdown of the tax expense reflected in the consolidated statement of profit or loss for the periods ending 30 September 2024 and 2023 is presented below:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Current tax expense	(2,204,813)	(271,710)	(5,089,270)	(1,624,807)
Deferred tax income / (expense)	2,357,907	65,951	1,103,858	(116,875)
Total	153,094	(205,759)	(3,985,412)	(1,741,682)

Deferred tax assets and liabilities

As of 30 September 2024 and 31 December 2023, temporary differences subject to deferred tax and the distribution of deferred tax assets calculated using the effective tax rates enacted as of the balance sheet date are summarized below:

	Cumulative temporary differences		Deferred tax asset/(liability)	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
Discounted corporate tax (*)	7,822,820	3,316,696	3,757,148	1,529,739
Provision for employment termination benefits and unused vacation	1,335,994	1,613,556	333,998	403,390
Liabilities arising from customer service	220,191	223,244	55,048	55,813
Warranty expense provision	2,012,564	2,365,070	503,141	591,268
Depreciable assets	(963,771)	(316,981)	(240,942)	(79,245)
Inventories	(546,839)	(1,036,466)	(136,709)	(259,067)
Land valuations	308,597	(266,225)	77,149	(66,557)
Other	379,691	627,531	94,919	174,565
Deferred tax asset, net	10,569,247	6,526,425	4,443,752	2,349,906

(*) As a result of its fixed asset investments, the Group uses different reduced tax rates in proportion to different rates of investment amounts.

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NOTE 17 - TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax assets and liabilities (cont'd)

The movement of the deferred tax asset balance during the period is as follows:

	1 January - 30 September 2024	1 January - 30 September
Deferred tax asset as of 1 January	2,349,906	795,730
Deferred tax income	2,357,907	1,103,858
Related to other comprehensive income statement	(264,061)	235,439
<i>Remeasurement gains/(losses) on defined benefit plans</i>	26,202	117,301
<i>Cash flow hedge losses</i>	(290,263)	118,138
Total	4,443,752	2,135,027

The analysis of tax income reflected in the statement of profit or loss as of 30 September 2024 and 2023 is presented below:

	1 January - 30 September 2024	1 January - 30 September 2023
Profit before tax	4,874,094	17,479,194
Tax expense based on effective tax (25%)	(1,218,524)	(4,369,799)
Non-deductible expenses	(14,630)	(4,449)
Discount provided from R&D expenses made during the period	333,087	402,248
Effect of reduced tax rate	920,957	2,196,755
Investment incentives utilised and earned, net	2,227,409	500,482
Other	1,392,945	1,028,054
Inflation Effect	(3,488,150)	(3,738,703)
Total	153,094	(3,985,412)

NOT 18 - EARNINGS PER SHARE

Earnings per share are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned. In 2024 and 2023, the weighted average number of shares outstanding is 50,000,000,000 and as of 30 September 2024 and 2023 earnings per share is Kr 10,05 and Kr 26,99 respectively.

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NOTE 19 - RELATED PARTY DISCLOSURES**Balances with related parties**

Deposit and financial loan balances with related parties	30 September 2024	31 December 2023
Yapı ve Kredi Bankası A.Ş. (deposit) (1)	2,335,970	2,425,066
Yapı ve Kredi Bankası A.Ş. (financial loan) (1)	(1,286,392)	(1,161,296)
Total	1,049,578	1,263,770
Trade receivables from related parties	30 September 2024	31 December 2023
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	2,261,900	6,873,156
Stellantis Europe SPA (2)	4,933,254	6,077,601
Other (1)	133,780	422,029
Less: unearned finance income from forward sales	(33,882)	(116,124)
Total	7,295,052	13,256,662
Trade payables to related parties	30 September 2024	31 December 2023
Stellantis Europe SPA (2)	9,049,932	14,838,764
Other (1)	221,276	1,580,801
Rediscount receivables from related parties (-)	(37,989)	(51,612)
Total	9,233,219	16,367,953

Transactions with related parties**Sales**

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	22,787,493	6,134,200	30,759,567	23,425,871
Stellantis Europe SPA (2)	14,073,224	1,340,842	23,193,093	17,929,904
Other (1)	547,308	235,899	585,842	545,133
Total	37,408,025	7,710,941	54,538,502	41,900,908

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NOTE 19 - RELATED PARTY DISCLOSURES (cont’d)

Transactions with related parties (cont’d)

Domestic material and service purchases:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	1,700,440	644,386	947,474	541,252
Ram Dış Ticaret A.Ş. (1)	1,012,974	128,868	1,828,559	862,994
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	1,088,283	312,068	1,006,468	553,064
Plastiform Plastik San. Tic. A.Ş. (1)	165,917	28,333	244,157	96,966
Opet Fuchs Madeni Yağlar Tic. A.Ş. (1)	148,788	34,842	110,449	46,674
Sistemi Comandi Meccanici Otomotiv San. Tic. A.Ş. (1)	108,650	14,425	152,306	58,922
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. (1)	82,944	17,540	190,374	139,354
Koç Holding A.Ş. (2)(*)	90,931	27,733	84,659	25,010
Opet Petrolcülük A.Ş. (1)	81,836	27,914	93,135	52,058
Setur Servis Turistik A.Ş.(1)	54,599	12,025	58,161	41,989
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.(1)	8,588	758	16,129	5,770
Other (1)	195,055	77,998	87,204	42,354
Total	4,739,005	1,326,890	4,819,075	2,466,407

Foreign trade good. material and service purchase:

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Stellantis Europe SPA (2)	36,111,383	8,320,892	47,912,140	24,340,255
Other (1)	714,696	313,750	3,490	2,197
	36,826,079	8,634,642	47,915,630	24,342,452

(1) Joint Ventures represent the shareholders of these companies and their related parties, which are subsidiaries, joint ventures or associates.

(2) Represents the joint ventures.

(*) It includes the service fee invoiced to the Group as a result of the distribution of the expenses, including personnel and senior management expenses, incurred by Koç Holding A.Ş. in relation to the companies to which services are provided, in return for the services provided to the companies within Koç Holding A.Ş. in areas such as finance, law, planning, tax and senior management, within the framework of the “11- Intragroup Services” regulation of the General Communiqué Serial No.1 on Disguised Profit Distribution through Transfer Pricing.

Interest income from related parties for the nine-month period ended 30 September 2024 is TL 724,223 (30 September 2023: TL 449,445).

Salaries and similar benefits paid to the top management consisting of (32 persons) (30 September 2023: 30 persons) for the nine-month period of 2024 is TL 125,487 (30 September 2023: TL 113,725).

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NOTE 20- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's principal financial instruments are cash and cash equivalents and financial liabilities. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has various other financial instruments such as trade payables and trade receivables, which arise directly from its operations. The main risks arising from Group's financial instruments are interest rate risk, liquidity risk, currency risk and credit risk. The Group's management reviews and develops policies for managing each of these risks which are summarized below.

Credit risk

Credit risk is the risk that the other party will incur a financial loss as a result of the failure of the parties to fulfill their obligations with respect to a financial instrument. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit screening procedures and the Group also obtains collaterals from customers when appropriate. In addition, the Group's doubtful loan / receivable risk is minimized by continuously reviewing the receivables. Trade receivables are evaluated by the Group management based on past experiences and the current economic situation and are presented net in the balance sheet after an appropriate amount of allowance for doubtful receivables (Note 5).

The amounts stated in the balance sheets reflects the maximum risk exposure of the Group.

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NOTE 20- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

Types of credit exposed by types of financial instruments;

	Trade Receivables	Other Receivables		Cash and Cash Equivalents	Financial investments	Receivables from financial sector activities
30 September 2024						
	Related Party	Other	Other			
Maximum exposure to credit risk as of reporting date (A + B + C + D + E) (1)	7,295,052	7,025,045	26,896	20,616,157	79,643	15,355,066
- The portion of the maximum risk secured by collateral, etc. (-) (2)	30,038	4,959,884	-	-	-	15,355,066
A. Net book value of financial assets that are not overdue or impaired	6,911,088	6,670,517	26,896	20,616,157	79,643	14,913,329
a- The portion of the maximum risk secured by collateral, etc. (-)	30,038	4,959,884	-	-	-	14,913,329
- General loan provisions	-	-	-	-	-	(141,795)
Not past due or not impaired (gross carrying amount)	-	-	-	-	-	-
B. Carrying amount of financial assets that are renegotiated, otherwise considered overdue or impaired	-	-	-	-	-	-
b- The portion of the maximum risk secured by collateral, etc. (-)	-	-	-	-	-	-
C. Net book value of overdue but not impaired assets	383,964	352,818	-	-	-	342,883
c- The portion of the maximum risk secured by collateral, etc. (-)	-	-	-	-	-	(339,752)
D. Net book values of impaired assets	-	1,710	-	-	-	98,854
- Past due (gross book value)	-	14,554	-	-	-	188,851
- Impairment (-)	-	(12,844)	-	-	-	(89,997)
- Secured portion of the net book value by collateral, etc.	-	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion of the net book value by collateral, etc.	-	-	-	-	-	85,268
E. Off-balance sheet items that include credit risk	-	-	-	-	-	-

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**Notes to the condensed consolidated interim financial statements
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NOTE 20- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

	Trade Receivables	Other Receivables		Cash and Cash Equivalents	Financial investments	Receivables from financial sector activities
31 December 2023						
	Related Party	Other	Other			
Maximum exposure to credit risk as of reporting date (A + B + C + D + E) (1)	13,256,662	11,765,685	16,954	33,714,386	55,415	13,103,086
- The portion of the maximum risk secured by collateral, etc. (-) (2)	45,106	9,807,848	-	-	-	13,103,086
A. Net book value of financial assets that are not overdue or impaired	12,889,792	11,501,745	16,953	33,714,386	55,415	13,000,896
a- The portion of the maximum risk secured by collateral, etc. (-)	45,106	9,855,023	-	-	-	13,000,896
- General loan provisions						(89,482)
Not past due or not impaired (gross carrying amount)	-	-	-	-	-	-
B. Carrying amount of financial assets that are renegotiated, otherwise considered overdue or impaired	-	-	-	-	-	-
b- The portion of the maximum risk secured by collateral, etc. (-)						
C. Net book value of overdue but not impaired assets	366,870	261,617	-	-	-	89,494
c- The portion of the maximum risk secured by collateral, etc. (-)	-	(47,175)	-	-	-	(88,600)
D. Net book values of impaired assets	-	2,323	-	-	-	12,696
- Past due (gross book value)	-	19,773	-	-	-	84,698
- Impairment (-)	-	(17,450)	-	-	-	(72,002)
- Secured portion of the net book value by collateral, etc.	-	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion of the net book value by collateral, etc.	-	-	-	-	-	14,953
E. Off-balance sheet items that include credit risk	-	-	-	-	-	-

(1) Guarantees received and factors increasing the loan reliability are not considered when determining this amount

(2) Guarantees consist of guarantee notes, guarantee checks, mortgages and car pledges received from customers.

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NOTE 20- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Aging analysis of trade receivables

Aging of the Group's receivables which are overdue but not impaired is as follows:

30 September 2024	
1-30 days past due	325,199
1-3 months past due	238,210
3-12 months past due	401,594
1-5 years past due	114,662
	1,079,665
30 September 2023	
1-30 days past due	136,014
1-3 months past due	91,544
3-12 months past due	54,159
1-5 years past due	10,130
	291,847

Amount secured with guarantees

As of 30 September 2024 TL 349,343 of total past due receivables of the Group is due from the Group's related party, Stellantis Europe SPA (31 December 2023: TL 514,662). As of 30 September 2024, the Group's payables to Stellantis Europe SPA amount to TL 9,049,932 (31 December 2023: TL 14,838,764).

Foreign currency risk

The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities with sales or purchase commitments. The policy of the Group is to compare every foreign currency type for the probable sales or purchases in the future.

According to the manufacturing agreements signed by the Group, the repayment obligations related to loans obtained for Egea, Doblo, Mini Cargo are guaranteed by Stellantis Group through future purchases. Therefore, the Stellantis Group has assumed the risk of fluctuations in foreign exchange rates and interest rates that may arise from the loan used for the production of the vehicles.

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NOTE 20- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk (cont'd)

30 September 2024		TL equivalent (functional currency)	USD	EUR	Other
1.	Trade Receivables	5,409,892	2,389	140,156	-
2a.	Monetary Financial Assets (including cash, bank accounts)	5,206,588	17	134,889	16,079
2b.	Non-Monetary Financial Assets	4,421,027	-	103,648	-
3.	Other	513,924	-	13,518	-
4.	Current assets (1+2+3)	15,551,431	2,406	392,211	16,079
5.	Trade Receivables	-	-	-	-
6a.	Monetary Financial Assets	-	-	-	-
6b.	Non-Monetary Financial Assets	2,423,358	-	56,814	-
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	2,423,358	-	56,814	-
9.	Total assets (4+8)	17,974,789	2,406	449,025	16,079
10.	Trade Payables	(10,765,618)	(294)	(282,908)	-
11.	Financial Liabilities	(3,174,427)	-	(83,498)	-
12a.	Monetary Other Liabilities	-	-	-	-
12b.	Non-Monetary Other Liabilities	(166,820)	-	(3,911)	-
13.	Current liabilities (10+11+12)	(14,106,865)	(294)	(370,317)	-
14.	Trade Payables	-	-	-	-
15.	Financial Liabilities	-	-	-	-
16a.	Monetary Other Liabilities	-	-	-	-
16b.	Non-Monetary Other Liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	-	-	-	-
18.	Total liabilities (13+17)	(14,106,865)	(294)	(370,317)	-
19.	Net Asset/(Liability) Position of Off-Balance Sheet				
	Derivative Instruments (19a-19b)	3,174,427	-	83,498	-
19a.	Hedged portion of asset amount	-	-	-	-
19b.	Hedged portion of liabilities amount	(3,174,427)	-	(83,498)	-
20.	Net foreign currencies assets / (liability) position (9+18+19)	7,042,351	2,112	162,206	16,079
21.	Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+3+5+6a+10+11+12a+14+15+16a)	(2,809,641)	2,112	(81,754)	16,079
22.	Total fair value of financial instruments used for foreign currency hedges	-	-	-	-
23.	Export	15,738,805	4,212	445,843	22,789
24.	Import	37,311,189	8,445	1,047,197	202,921

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NOTE 20- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk (cont'd)

31 December 2023		TL equivalent (functional currency)	USD	EUR	Other
1.	Trade Receivables	6,824,496	89	154,128	-
2a.	Monetary Financial Assets (including cash, bank accounts)	14,324,557	19	323,665	-
2b.	Non-Monetary Financial Assets	3,504,577	-	79,191	-
3.	Other	10,444	-	236	-
4.	Current assets (1+2+3)	24,664,074	108	557,220	-
5.	Trade Receivables	-	-	-	-
6a.	Monetary Financial Assets	-	-	-	-
6b.	Non-Monetary Financial Assets	824,960	-	18,641	-
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	824,960	-	18,641	-
9.	Total assets (4+8)	25,489,034	108	575,861	-
10.	Trade Payables	(16,264,688)	(8,633)	(359,720)	-
11.	Financial Liabilities	(2,529,766)	-	(57,163)	-
12a.	Monetary Other Liabilities	-	-	-	-
12b.	Non-Monetary Other Liabilities	265	-	6	-
13.	Current liabilities (10+11+12)	(18,794,189)	(8,633)	(416,877)	-
14.	Trade Payables	-	-	-	-
15.	Financial Liabilities	-	-	-	-
16a.	Monetary Other Liabilities	-	-	-	-
16b.	Non-Monetary Other Liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	-	-	-	-
18.	Total liabilities (13+17)	(18,794,189)	(8,633)	(416,877)	-
19.	Net Asset/ (Liability) Position of Off-Balance Sheet				
	Derivative Instruments (19a-19b)	2,529,766	-	57,163	-
19a.	Hedged portion of assets amount	-	-	-	-
19b.	Hedged portion of liabilities amount	(2,529,766)	-	(57,163)	-
20.	Net foreign currencies assets / (liability) position (9+18+19)	9,224,611	(8,525)	216,147	-
21.	Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+3+5+6a+10+11+12a+14+15+16a)	2,365,043	(8,525)	61,146	-
22.	Total fair value of financial instruments used for foreign currency hedges	-	-	-	-
23.	Export	28,995,764	-	824,019	89,932
24.	Import	63,517,060	16,146	1,778,283	129,942

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NOTE 20- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

The following table demonstrates the sensitivity to a possible change of 10% in the USD, EUR and other exchange rates in the Group's foreign currency denominated liabilities (excluding foreign currency denominated inventory and fixed asset purchase advances) with all other variables held constant on the Group's income before tax as of 30 September 2024 and 31 December 2023:

	Profit/loss		Equity	
	Appreciation of foreign currency	Depreciation foreign currency	Appreciation of foreign currency	Depreciation foreign currency
30 September 2024				
<i>In case of a 10% appreciation of USD against TL:</i>				
1- USD net asset/liability	7,200	(7,200)	-	-
2- Portion hedged against USD risk (-)	-	-	-	-
3- USD net effect (1 +2)	7,200	(7,200)	-	-
<i>In case of a 10% appreciation of EUR against TL:</i>				
4- EUR net asset/liability	(310,812)	310,812	(108,629)	108,629
5- Portion hedged against EUR risk (-)	108,629	(108,629)	-	-
6- EUR net effect (4+5)	(202,183)	202,183	(108,629)	108,629
<i>In case of a 10% appreciation of other foreign exchange rates against TL:</i>				
7- Other foreign currency net asset/liability	7,780	(7,780)	-	-
8- Other foreign currency hedged portion (-)	-	-	-	-
9- Other Foreign Currency Assets net effect (7+8)	7,780	(7,780)	-	-
Total (3+6+9)	(187,203)	187,203	(108,629)	108,629
	Profit/loss		Equity	
	Appreciation of foreign currency	Depreciation foreign currency	Appreciation of foreign currency	Depreciation foreign currency
31 December 2023				
<i>In case of a 10% appreciation of USD against TL:</i>				
1- USD net asset/liability	(34,096)	34,096	-	-
2- Portion hedged against USD risk (-)	-	-	-	-
3- USD net effect (1 +2)	(34,096)	34,096	-	-
<i>In case of a 10% appreciation of EUR against TL:</i>				
4- EUR net asset/liability	270,601	(270,601)	252,975	(252,975)
5- Portion hedged against EUR risk (-)	(252,975)	252,975	-	-
6- EUR net effect (4+5)	17,626	(17,626)	252,975	(252,975)
<i>In case of a 10% appreciation of other foreign exchange rates against TL:</i>				
7- Other foreign currency net asset/liability	-	-	-	-
8- Other foreign currency hedged portion (-)	-	-	-	-
9- Other Foreign Currency Assets net effect (7+8)	-	-	-	-
Total (3+6+9)	(16,470)	16,470	252,975	(252,975)

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NOTE 20- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Interest risk

Interest rate risk arises from the impact of changes in interest rates on the financial statements. The Group is exposed to interest rate risk due to timing mismatches or differences of assets and liabilities that are due to be expired or re-priced in a given period. The Group manages this risk by applying risk management strategies by matching the dates of interest rate change of assets and liabilities.

As of 30 September 2024, there are no interest rate sensitive financial instruments in the balance sheet (None as of 31 December 2023).

Liquidity risk

Liquidity risk is the risk that a company will be unable to meet its funding requirements. Liquidity risk is reduced by balancing cash inflows and outflows with the support of loans provided by qualified credit institutions.

The breakdown of financial assets and liabilities according to their maturities is disclosed considering from balance sheet date to due date period. Financial assets and liabilities that have no certain due dates are classified in over one-year column.

30 September 2024

	Book	Total Contracted	Less than	Between	Between
Contractual maturities	value	Cash Outflows	3 months (I)	12 months (II)	1-5 years (III)
		(=I+II+III)			
Non-derivative financial liabilities					
Bank loans	16,770,059	21,689,792	4,921,203	8,017,564	8,751,025
Lease liabilities	33,531	43,184	6,842	18,962	17,380
Trade payables	17,114,030	17,199,593	17,198,364	1,229	-
Debt securities issues	2,121,319	2,671,617	157,193	1,101,634	1,412,790
Employee benefit payables	1,227,552	1,227,552	1,227,552	-	-
Other payables	68,839	68,839	68,839	-	-
	37,335,330	42,900,577	23,579,993	9,139,389	10,181,195

31 December 2023

	Book	Total Contracted	Less than	Between	Between
Contractual maturities	value	Cash Outflows	3 months (I)	3-12 months (II)	1-5 years (III)
		(=I+II+III)			
Non-derivative financial liabilities					
Bank loans	13,186,952	18,345,506	3,469,384	8,196,195	6,679,927
Lease liabilities	42,565	97,963	27,317	46,099	24,547
Trade payables	32,009,889	32,028,545	32,025,805	2,740	-
Debt securities issues	2,843,833	4,436,010	-	1,441,705	2,994,305
Employee benefit payables	1,439,730	1,439,730	1,439,730	-	-
Other payables	78,239	78,239	78,239	-	-
	49,601,208	56,425,993	37,040,475	9,686,739	9,698,779

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NOTE 20- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Capital management policy

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes amendments to it, in light of changes in economic conditions.

The Group may adjust dividend payments to shareholders or return capital to shareholders in order to adjust and maintain its capital structure. As of 30 September 2024, there have been no changes in objectives, policies or processes.

	30 September 2024	31 December 2023
Total financial debt	18,924,909	16,073,348
Cash and cash equivalents (-)	(20,616,157)	(33,714,386)
Net financial debt	(1,691,248)	(17,641,038)
Equity	44,116,691	50,104,729
Net financial debt/equity ratio	(4%)	(35%)

NOTE 21 – SEGMENT REPORTING

The reportable operational segments for segment reporting as of 30 September 2024 and 2023 are as follows:

30 September 2024

	Trading of spare part and automobile	Consumer financing	Total
Revenue	87,077,030	6,344,592	93,421,622
Gross profit	9,973,126	1,059,550	11,032,676
Operating expenses (-)	(6,914,656)	(226,951)	(7,141,607)
Other income from main operations	5,913,092	4,375	5,917,467
Other expenses from main operations (-)	(5,196,953)	(115,284)	(5,312,237)
Operating profit before finance expense	3,774,609	721,690	4,496,299

30 September 2023

	Trading of spare part and automobile	Consumer financing	Total
Revenue	125,505,296	2,463,421	127,968,717
Gross profit	22,528,846	702,574	23,231,420
Operating expenses (-)	(7,046,856)	(156,149)	(7,203,005)
Other income from main operations	11,138,047	7,657	11,145,704
Other expenses from main operations (-)	(13,364,735)	(11,749)	(13,376,484)
Operating profit before finance expense	13,255,302	542,333	13,797,635

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NOTE 21 – SEGMENT REPORTING (cont'd)

As of 30 September 2024, the distribution of assets and liabilities of consumer financing segment is followed by TL 12,903,041 in current asset, TL 4,615,771 in non-current asset as receivables from finance sector operations and TL 9,146,537 in current liabilities, TL 6,450,010 in non-current liabilities as financial liabilities.

As of 30 September 2024, a significant portion of revenue consists of sales to related party's ratio to 42.96% (30 September 2023: 43.46%) (Note 19).

The Group management focuses on operating profit before financial expense in segment reporting, so the Group does not distribute financial income and expenses on a segment basis.

NOTE 22 - EVENTS AFTER THE REPORTING PERIOD

The Share Transfer Agreement regarding the acquisition of all shares of Stellantis Otomotiv Pazarlama A.Ş. by the Company was signed on 28 July 2023 (Note: 1). Within the scope of the permission required to be obtained from the Competition Authority regarding the transaction, in the latest statement of the Competition Authority published on 24 October 2024, it was stated that it was decided that the commitments given regarding the transaction were not sufficient for the transaction to be permitted. The related decision is not final and the process is ongoing.

On 4.11.2024, the Company has signed a manufacturing agreement ("Manufacturing Agreement") with Stellantis Europe S.P.A granting us the right to produce in Turkey the new vehicle model "K0"'s light commercial vehicle and "combi" versions in multi energy platforms for Stellantis brands (FIAT, Opel, Citroën, Peugeot) under Stellantis license and determining the conditions regarding the sale of the vehicles and the spare parts, and a license agreement regarding the use of Stellantis Group's intellectual and industrial property rights.

In accordance with the Manufacturing Agreement, an investment amounting up to 232 million Euro (approximately 250 million USD) is estimated for the project. The target is to produce 1,0 million vehicles between 2024 and 2032.

The distribution right of the above-mentioned vehicles produced for FIAT brand in Turkey is granted to Tofaş. The distribution right of other Stellantis brands (Opel, Citroen, Peugeot) in Turkey will be transferred to Tofaş if the acquisition of Stellantis Otomotiv is executed.