

**Anadolu Isuzu Otomotiv
Sanayi ve Ticaret A.Ş. and
Its Subsidiary**

**Consolidated Financial Statements
for the Period 1 January-31 December 2020
and Independent Auditor's Report**

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

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Anadolu Isuzu Otomotiv ve Ticaret A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Anadolu Isuzu Otomotiv ve Ticaret A.Ş. (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* (“Code of Ethics”) published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

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

3) Key Audit Matters (cont'd)

Key Audit Matter	How the matter was addressed in the audit
<p data-bbox="215 353 857 421"><i>Deferred Tax Assets Calculated over Previous Years' Tax Losses</i></p> <p data-bbox="215 465 857 689">According to the Turkish Tax Legislation, financial losses stated in the declaration can be deducted from the profit of the company for the period providing not exceeding 5 years. Total financial losses occurred from 2016 through 2019 of the Group transferring as of 31 December 2020 is 138.546 thousand TL.</p> <p data-bbox="215 745 857 936">As stated in Note 25 related to consolidated financial statements, The Group has deferred tax asset of 27.709 thousand TL from previous years' tax losses as of 31 December 2020 (31 December 2019: TL 32.253 thousand).</p> <p data-bbox="215 992 857 1294">Partially or wholly recoverable amount of calculated deferred tax assets is estimated by the Group Management according to assumptions under current circumstances. During the estimation, future business plans, losses in the last 5 years and due dates of unused losses are considered. To what extent the assets in question can be recognized depends on the estimations of the Group Management, therefore these assets are evaluated as a key audit matter.</p>	<p data-bbox="879 365 1468 432">Our audit procedures applied in this field include the issues below:</p> <ul data-bbox="914 495 1468 1787" style="list-style-type: none"> <li data-bbox="914 495 1468 595">• To identify controls relevant to process of implication of assumptions made by the management, <li data-bbox="914 629 1468 763">• To design and apply tests to obtain sufficient and appropriate audit evidence with regards to evaluation of design and determination of implementation of the controls. <li data-bbox="914 797 1468 999">• To evaluate and investigate the assumptions and judgements used in determination of future taxable earning estimations together with sensitivity analyses by analysing assumptions made by the Group Management; <li data-bbox="914 1032 1468 1133">• To evaluate validity and acceptability of assumptions made by the Group Management; <li data-bbox="914 1167 1468 1234">• To consider the effect of adjustments in the legislation if required; and <li data-bbox="914 1267 1468 1368">• To reconcile amounts and expiry dates of utilisable previous years' tax losses with tax declarations; <li data-bbox="914 1402 1468 1648">• To evaluate whether the disclosures in consolidated financial statements for applications of judgements used in the estimations of deferred tax assets stated or not stated in the consolidated financial statements include the deferred tax position according to TAS provisions. <li data-bbox="914 1682 1468 1783">• To evaluate appropriateness of related disclosures regarding to Taxation on Income in Note 25 in accordance with TFRS

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

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

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

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

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

Responsibilities of independent auditors in an independent audit are as follows:

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

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 (“TCC”), the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 26 February 2021.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group’s set of accounts and financial statements prepared for the period 1 January-31 December 2020 does not comply with TCC and the provisions of the Company’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor’s report is Koray Öztürk.

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



Koray Öztürk, SMMM
Partner

Istanbul, 26 February 2021

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ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
 AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2019
 (Amounts expressed in Turkish Lira unless otherwise indicated.)

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	Notes	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
ASSETS			
Current Assets		1.149.598.287	857.423.932
Cash and Cash Equivalents	4	267.087.823	140.803.554
Trade Receivables		424.999.147	402.325.775
<i>Trade Receivables from Related Parties</i>	6-27	36.479.657	2.573.971
<i>Trade Receivables from Third Parties</i>	6	388.519.490	399.751.804
Other Receivables		3.897.560	13.904.303
<i>Other Receivables from Third Parties</i>	7	3.897.560	13.904.303
Inventories	9	390.663.282	258.854.407
Derivative Instruments	8	53.132	442.165
Prepaid Expenses	17	17.834.671	9.879.886
Assets Related to Current Tax	25	728.276	424.247
Other Current Assets	17	44.334.396	30.789.595
Non-Current Assets		779.795.941	719.020.218
Other Receivables		186	186
<i>Other Receivables from Third Parties</i>	7	186	186
Property, Plant and Equipment	10	567.988.122	557.688.250
Right-of-use Assets	12	4.819.061	5.330.515
Intangible Assets		173.400.714	133.932.317
<i>Goodwill</i>	13	2.340.995	2.340.995
<i>Other Intangible Assets</i>	11	171.059.719	131.591.322
Prepaid Expenses	17	5.815.424	8.534.328
Deferred Tax Asset	25	27.772.434	13.534.622
TOTAL ASSETS		1.929.394.228	1.576.444.150

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

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
 AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2019
 (Amounts expressed in Turkish Lira unless otherwise indicated.)

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	Notes	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
LIABILITIES			
Current Liabilities		1.030.954.848	852.110.178
Short-Term Borrowings		335.847.784	189.542.901
<i>Short-Term Borrowings from Third Parties</i>	5	335.847.784	189.542.901
<i>Bank Loans</i>	5	335.847.784	189.542.901
Short-Term Portions of Long-Term Borrowings		24.682.175	202.965.742
<i>Short-Term Portions of Long Term Borrowings from Third Parties</i>	5	24.682.175	202.965.742
<i>Bank Loans</i>	5	21.086.117	201.067.885
<i>Lease Liabilities</i>	5	3.596.058	1.897.857
Trade Payables		526.584.529	421.671.065
<i>Trade Payables to Related Parties</i>	6-27	295.508.402	179.944.348
<i>Trade Payables to Third Parties</i>	6	231.076.127	241.726.717
Other Payables		2.672.811	1.401.657
<i>Other Payables to Related Parties</i>	27	9.109	9.109
<i>Other Payables to Third Parties</i>	7	2.663.702	1.392.548
Derivative Instruments	8	21.327.299	-
Payables Related to Employee Benefits	7	13.285.626	6.822.947
Liabilities Arising from Contracts with Customers	17	4.680.955	-
Deferred Income	17	66.626.901	2.189.193
Short-Term Provisions		35.246.768	27.516.673
<i>Short-Term Provisions for Employee Benefits</i>	16	11.131.670	4.080.612
<i>Other Short-Term Provisions</i>	15	24.115.098	23.436.061
Non-Current Liabilities		323.292.851	160.245.798
Long-Term Borrowings		268.030.070	107.259.138
<i>Long-Term Borrowings from Third Parties</i>		268.030.070	107.259.138
<i>Bank Loans</i>	5	265.620.743	103.577.340
<i>Lease Liabilities</i>	5	2.409.327	3.681.798
Payables Related to Employee Benefits	7	999.320	-
Liabilities Arising from Contracts with Customers	17	15.299.447	19.945.190
Deferred Income	17	6.829.744	5.276.998
Long-Term Provisions for Employee Benefits	16	32.134.270	27.764.472
EQUITY	18	575.146.529	564.088.174
Equity Attributable to Owners of the Company		575.146.529	564.088.174
Share Capital	18	84.000.000	84.000.000
Adjustments to Share Capital	18	30.149.426	30.149.426
Revaluation and Remeasurement Earnings/Losses		404.179.620	406.769.583
<i>Gain on Revaluation of Property, Plant and Equipment</i>	18	417.373.045	417.373.045
<i>Gain/Loss on Remeasurement of Defined Benefit Plans</i>	18	(13.193.425)	(10.603.462)
Restricted Reserves Appropriated from Profit	18	23.784.678	162.221.926
Prior Years' Profit/Losses	18	19.384.487	(140.840.586)
Net Profit/Loss for The Year	18	13.648.318	21.787.825
TOTAL LIABILITIES		1.929.394.228	1.576.444.150

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

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
 AUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019
 (Amounts expressed in Turkish Lira unless otherwise indicated.)

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	Notes	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January- 31 December 2019
PROFIT OR LOSS			
Revenue	19	1.241.213.253	1.422.987.899
Cost of Sales (-)	19	(989.548.126)	(1.164.119.765)
GROSS PROFIT (LOSS)		251.665.127	258.868.134
Administrative Expenses (-)	20	(75.551.728)	(61.011.520)
Marketing Expenses (-)	20	(84.011.758)	(94.335.743)
Research and Development Expenses (-)	20	(3.639.463)	(2.570.920)
Other Income from Operating Activities	22	69.499.080	53.539.766
Other Expenses from Operating Activities (-)	22	(85.520.676)	(39.900.505)
OPERATING PROFIT/LOSS		72.440.582	114.589.212
Income from Investing Activities	23	4.793.371	168.611
Expenses from Investing Activities (-)	23	(2.271)	(48.472)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE		77.231.682	114.709.351
Finance Income	24	175.027.652	60.092.527
Finance Expenses (-)	24	(251.726.783)	(172.012.924)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		532.551	2.788.954
Tax Income/(Expense) From Continuing Operations		13.115.767	18.998.871
Current Tax (Expense) Income	25	(474.554)	(314.862)
Deferred Tax (Expense) Income	25	13.590.321	19.313.733
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		13.648.318	21.787.825
PROFIT (LOSS) FOR THE YEAR	26	13.648.318	21.787.825
Profit (Loss) for the Year Attributable to Owners of The Company		13.648.318	21.787.825
Earnings/(Losses) Per 100 Share from Continuing Operations	26	0,1625	0.2594
OTHER COMPREHENSIVE INCOME / (EXPENSE)		13.648.318	21.787.825
Items That Will Not Be Reclassified Subsequently to Profit or Loss			
Gain (Loss) on Remeasurement of Defined Benefit Plans	16	(3.237.454)	(2.922.142)
Gain (Loss) on Remeasurement of Defined Benefit Plans, Tax Effect	25	647.491	584.428
OTHER COMPREHENSIVE INCOME (EXPENSE)		(2.589.963)	(2.337.714)
TOTAL COMPREHENSIVE INCOME (EXPENSE)		11.058.355	19.450.111

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

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019
(Amounts expressed in Turkish Lira unless otherwise indicated.)

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Prior Period	Notes	Paid-in Capital	Adjustments to Share Capital	Gain / Loss on Revaluation and Remeasurement That Will Not Be Reclassified to Profit or Loss			Retained Earnings				Total Equity
				Gain on Revaluation of Property, Plant and Equipment	Gain/Loss on Remeasurement of Defined Benefit Plans	Restricted Reserves Allocated from Profit	Prior Years' Profits/Losses	Net Profit/Loss for The Year	Equity Attributable to Owners of The Company	Non-Controlling Interests	
Balances as of 1 January 2019 (Beginning of the Period)	18	84.000.000	30.149.426	417.373.045	(8.265.748)	162.221.926	(60.331.986)	(80.508.600)	544.638.063	-	544.638.063
Total Comprehensive Income (Expense)		-	-	-	(2.337.714)	-	-	21.787.825	19.450.111	-	19.450.111
<i>Loss for the Period</i>		-	-	-	-	-	-	21.787.825	21.787.825	-	21.787.825
<i>Other Comprehensive Expense</i>		-	-	-	(2.337.714)	-	-	-	(2.337.714)	-	(2.337.714)
Transfers		-	-	-	-	-	(80.508.600)	80.508.600	-	-	-
Balances as of 31 December 2019 (End of the Period)	18	84.000.000	30.149.426	417.373.045	(10.603.462)	162.221.926	(140.840.586)	21.787.825	564.088.174	-	564.088.174
Current Period											
Balances as of 1 January 2020 (Beginning of the Period)	18	84.000.000	30.149.426	417.373.045	(10.603.462)	162.221.926	(140.840.586)	21.787.825	564.088.174	-	564.088.174
Total Comprehensive Income (Expense)		-	-	-	(2.589.963)	-	-	13.648.318	11.058.355	-	11.058.355
<i>Profit for the Period</i>		-	-	-	-	-	-	13.648.318	13.648.318	-	13.648.318
<i>Other Comprehensive Expense</i>		-	-	-	(2.589.963)	-	-	-	(2.589.963)	-	(2.589.963)
Transfers		-	-	-	-	(138.437.248)	160.225.073	(21.787.825)	-	-	-
Balances as of 31 December 2020 (End of the Period)	18	84.000.000	30.149.426	417.373.045	(13.193.425)	23.784.678	19.384.487	13.648.318	575.146.529	-	575.146.529

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

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
AUDITED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019
(Amounts expressed in Turkish Lira unless otherwise indicated.)

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	Notes	Audited Current Period 31 December 2020	Audited Current Period 31 December 2019
Cash Flows from Operating Activities		212.461.348	373.073.864
Profit (Loss) for The Year	18	13.648.318	21.787.825
Adjustments to Reconcile Profit (Loss) for The Year		208.525.706	159.747.743
Adjustments Related to Depreciation and Amortization Expenses	10-11-12	43.956.598	40.096.069
Adjustments Related to Provision for Employee Benefits (Released)	16	7.770.474	7.201.064
Adjustments Related to Tax (Income) Expense	25	(13.115.767)	(18.998.871)
Adjustments Related to Provisions for Litigations	15-22	2.241.157	2.063.918
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables	6-22	397.803	189.907
Adjustments Related to Interest Income	22-24	(8.358.916)	(6.797.474)
Adjustments Related to Interest Expenses	22-24	54.110.212	82.288.440
Adjustments Related to Unrealized Currency Translation Differences	5	81.268.094	27.953.327
Adjustments Related to Fair Value Losses (Gains)	8	21.716.332	(442.165)
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	9	-	(304.502)
Other Adjustments to Profit/(Loss) Reconciliation		1.980.238	974.253
Adjustments Related to Other Provisions (Released)	15	21.350.581	25.643.916
Adjustments Related to Loss (Gain) on Disposal of Property, Plant and Equipment	23	(4.791.100)	(120.139)
Changes in Working Capital		19.838.953	216.898.705
Adjustments Related to Decrease (Increase) in Trade Receivables	6	(23.788.733)	(154.442.463)
Adjustments Related to Decrease (Increase) in Inventories	9	(131.808.875)	219.192.397
Adjustments Related to Decrease (Increase) in Other Receivables from Operations	7-17	(11.796.872)	63.247.005
Adjustments Related to Increase (Decrease) in Trade Payables	6	105.715.320	96.996.956
Adjustments Related to Increase (Decrease) in Other Payables from Operations	7-17	94.848.743	11.914.583
Adjustments Related to Increase (Decrease) in Other Assets from Operations		(13.330.630)	(20.009.773)
Cash Generated from Operations		242.012.977	398.434.273
Income Tax Returns (Paid)	25	(1.202.830)	(739.109)
Payments Related to Other Provisions	15	(22.912.701)	(18.664.548)
Payments to Provision of Employee Benefits	16	(5.436.098)	(5.956.752)
Cash Flows from Investing Activities		(86.311.836)	(75.363.964)
Proceeds from Sale of Property, Plant and Equipment	10-23	5.879.114	183.788
Payments for Purchase of Property, Plant and Equipment	10	(28.107.993)	(16.553.519)
Payments for Purchase of Intangible Assets	11	(64.082.957)	(58.994.233)
Cash Flows from Financing Activities		(209.826)	(253.400.819)
Interest Received		8.014.333	6.809.030
Interest Paid	5	(45.217.300)	(90.868.149)
Proceeds from Loans	5	800.467.723	712.726.254
Cash Outflows from Repayment of Loans	5	(759.819.753)	(878.214.837)
Cash Outflows Related to Debt Payments Arising from Lease Agreements	5	(3.654.829)	(3.853.117)
Net Increase (Decrease) in Cash and Cash Equivalents		125.939.686	44.309.081
Cash and Cash Equivalents at The Beginning of The Year		140.790.569	96.481.488
Cash and Cash Equivalents at The End of The Year	4	266.730.255	140.790.569

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

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Anadolu Isuzu Otomotiv Sanayi ve Ticaret Anonim Şirketi (the “Company”) was established in 1980. Principal activities of the Company are comprised mainly of manufacturing, assembling, import and sales of commercial vehicles and also procure and sales of related spare parts regarding to after sales service. The Company is registered to Capital Markets Board of Turkey and the percentage of 15 of the Company’s shares have been traded on Borsa İstanbul A.Ş. since 1997.

The Company carries out its operations as a partnership formed by Isuzu Motors Ltd. Itochu Corporation and Anadolu Group Companies. The Company runs its manufacturing operations in a factory which is established in Çayırova/Kocaeli. The average number of employees as of 31 December 2020 is 847 (31 December 2019: 817).

The Company has been registered in Turkey, and the address of the Company is Fatih Sultan Mehmet Mahallesi Balkan Caddesi No: 58 Buyaka E Blok Tepeüstü Ümraniye, İstanbul.

The main shareholder and the controlling party of the Company is Anadolu Group Holding Anonim Şirketi.

As of 31 December 2020 and 31 December 2019, details about the company’s subsidiary, which is subject to consolidation, is below:

Company Name	Principal Activity	Capital	31 December 2020 Participation Rate (%)	31 December 2019 Participation Rate (%)
Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş.	Trade of spare parts	716.000	100	100

Approval of Financial Statements

Consolidated financial statements for the period 1 January – 31 December 2020 approved by the Board of Directors on 26 February 2021 and signed by Independent Member of the Board of Director Orhan ÖZER (Audit Committee Chairman) and Ahmet Murat SELEK (Audit Committee Member), General Manager Yusuf Tuğrul ARIKAN and Finance Director Neşet Fatih VURAL.

The Company and its subsidiary will be referred as (the “Group”) in the consolidated financial statements and notes to the consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of Compliance TAS

The enclosed consolidated financial statements have been prepared in line with Capital Markets Board (“CMB”), Communiqué Serial: II, No. 14.1 on “Principles on Financial Reporting in Capital Market”, promulgated in Official Gazette No. 28676 dated 13 June 2013. Pursuant to Article 5 of the Communiqué, Turkish Accounting Standards / Turkish Financial Reporting Standards (“TAS/IFRS”) enforced by Public Oversight Accounting and Auditing Standards Authority (“POA”), and their relevant appendices and interpretations (“TAS/IFRS”) have been taken as basic.

In addition, the financial statements and disclosures are presented in accordance with the publication by CMB dated 7 June 2013.

The Company (and its Subsidiary registered in Turkey) takes the Turkish Commercial Code (“TCC”), tax legislation and Uniform Chart of Accounts introduced by Turkish Ministry of Finance as basic for book keeping and preparation of the statutory financial statements. Consolidated financial statements have been prepared in Turkish Lira based on the historical costs, as well as the financial assets and liabilities presented in their fair values. Historical costs are generally based on the fair value of the amount paid for the assets. Consolidated financial statements have been arranged by applying the required adjustments and classifications to the statutory records prepared on historical cost basis in order to provide accurate presentation in line with TAS/IFRS. The most important adjustment records are the application of consolidation accounting, deferred tax calculation, calculation of employee termination benefit and other provisions.

Currency Used

The financial statements of the Group’s each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the each entity are expressed in TL, which is the functional currency of the Company and the currency used for presenting consolidated financial statements.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

2.1 Basis of Presentation (cont'd)

2.1.2 Consolidation principles

Subsidiaries

Subsidiaries, including structured entities, are companies in the Group's control. The Group's control is provides for exposure to variable returns from these companies, being eligible for these benefits, and the power to direct them. Subsidiaries are consolidated using the full consolidation method starting from the date when the control is transferred to the Group. They are excluded from the scope of consolidation as of the date when the control is lost.

The purchasing method is used in accounting for group business combinations. The cost of acquisition includes the fair value of the assets transferred at the acquisition date, the liabilities incurred by the former owner of the company, and costs, consisting of equity instruments issued by the Group. The acquisition cost includes the fair value of the assets and liabilities transferred as a result of the contingent acquisition agreement.

The identifiable assets, liabilities, and contingent liabilities taken over during a business combination are measured at their fair value on the acquisition date. For each purchase, non-controlling shares of the acquired company are recognised either at their fair value or according to their proportional share in the net assets of the acquired company.

The table below sets out the subsidiaries and their ownership interests as of 31 December 2020 and 31 December 2019.

Subsidiary	Voting power held by the Group (%)		Proportion of ownership interest (%)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş.	100	100	100	100

2.1.3 Adjustment of Financial Statements during High Inflation Periods

In accordance with CMB's decision numbered 11/357 on 17 March 2005, inflation accounting application has been abolished as of 1 January 2005 for the companies operating in Turkey and preparing financial statements in accordance with Turkey Accounting Standards. Accordingly, as of 1 January 2005 "Financial Reporting in Hyperinflationary Economies" (TAS 29) has not been applied.

2.1.4 Offsetting

The financial assets and liabilities in the consolidated financial statements are shown at their net value when a legal granted permission, an intention of stating the consolidated financial statements with their net values and the financial asset and liabilities are arisen concurrently.

2.1.5 Comparatives and Adjustment of Prior Periods' Financial Statements

The Group's consolidated financial statements for the current period are prepared in comparison with the previous periods in order to be able to determine the financial position and performance trends. The comparative information is reclassified when necessary with the aim of ensuring consistency with the presentation of the current period's consolidated financial statements and significant differences are disclosed.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

2.1 Basis of Presentation (cont'd)

2.1.6 Amendments in Standards and Interpretations (cont'd)

a) New and amended Turkish Financial Reporting Standards that are effective as of 2020

Amendments to TFRS 3	<i>Definition of a Business</i>
Amendments to TAS 1 and TAS 8	<i>Definition of Material</i>
Amendments to TFRS 9, TAS 39 and TFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions</i>
Amendments to Conceptual Framework	<i>Amendments to References to the Conceptual Framework in TFRSs</i>

Amendments to TFRS 3 *Definition of a Business*

The definition of “business” is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of “business” in TFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to TAS 1 and TAS 8 *Definition of Material*

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Amendments to TFRS 16 *COVID-19 Related Rent Concessions*

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there are no substantive changes to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

Amendments to References to the Conceptual Framework in TFRSs

The references to the Conceptual Framework revised the related paragraphs in TFRS 2, TFRS 3, TFRS 6, TFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS Interpretation 12, TFRS Interpretation 19, TFRS Interpretation 20, TFRS Interpretation 22, and SIC-32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

These standards, amendments and improvements have no impact on the financial position and performance of the Group.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

2.1 Basis of Presentation (cont'd)

2.1.6 Amendments in Standards and Interpretations (cont'd)

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 TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>
	2018-2020
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying IFRS 9</i>
Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</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 supersedes TFRS 4 Insurance Contracts as of 1 January 2023.

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.

Amendment defers the effective date by one year. Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to TAS 16 Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

2.1 Basis of Presentation (cont'd)

2.1.6 Amendments in Standards and Interpretations (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

Amendments to TAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 First time adoption of International Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying IFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform — Phase 2

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

2.2 Effects of Revised Accounting Policies (cont'd)

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively in accordance with the transition terms. Changes without any transition requirement, optional significant changes in accounting policies or significant accounting errors are applied retrospectively and the previous period's consolidated financial statements are restated. Changes in accounting estimates are applied in the current period if the change is related to only one period, and if they are related to future periods, they are applied both in the period in which the change is made and prospectively.

2.3 Summary of Significant Accounting Policies

2.3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value.

2.3.2 Trade receivables and provision for allowance

Trade receivables as a result of providing goods or services by the Group directly to a debtor are carried at amortised cost using original effective interest rates.

Provision for impairment of trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the impairment amount decreases due to an event occurring after the write-down, the release of the provision is credited to other income in the current period.

The Group collects most of the receivables from domestic vehicles sales through the "Direct Debit System" (DDS). Within this system which is also named as Direct Collection System; the contracted banks warrant the collection of the receivables within the limits granted to the dealers. Trade receivables are transferred by the contracted banks to the Group's bank accounts at the due dates.

2.3.3 Inventories

Inventories are stated at the lower of cost or net realizable value. The inventories of the Group mainly composed of trucks, small trucks, midi buses, pickups and spare parts which belong to those vehicles. The cost of inventories is determined on the monthly weighted moving average method. Cost of the finished and work in process good include raw materials, direct labour cost, related general production expenses and exclude the cost of borrowing. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Idle time expenses arising from the ceases in production other than planned in the factory's annual production plan are not associated with inventories and are recognised as cost of finished goods.

2.3.4 Property, plant and equipment and related depreciation

While property, plant and equipment are presented on financial statement according to the adjusted values based on the effects of inflation as of 31 December 2004 for the assets acquired before 1 January 2005, they are presented on the financial statements by deducting accumulated depreciation from cost values for the assets acquired after 2005. As of 31 December 2017, lands and buildings have been monitored by revaluation method. Depreciation is calculated using the straight-line method based on their economic lives. The following rates, determined in accordance with the economic lives of the fixed assets, are used in calculation of depreciation:

Type	Useful Lives
Land Improvements	5-15
Buildings	2-50
Machinery and Equipment	10-15
Motor Vehicles	4-10
Furnitures and Fixtures	5-10
Other Property, Plant and Equipment	10-20

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.4 Property, plant and equipment and related depreciation (cont'd)

Revaluation Method

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss, Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated. Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Except for land and investments in progress, cost or valued amounts of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Expected useful life, residual value and depreciation method are reviewed every year for the possible effects of the changes in estimates and accounted for prospectively if there is a change in the estimates.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation calculations have been made for buildings subject to revaluation as of 31 December 2020 by taking into consideration their remaining useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.3.5 Intangible assets and related amortisation

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are comprised of software programme rights, brand and patent rights and development expenses.

Type	Useful Lives
Rights	5-15
Other Intangible Assets	3-15

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under "Investments in associates" heading.

2.3.7 Impairment of assets

All assets are reviewed for impairment losses including property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such an indication exists, the recoverable amount of the asset is presumed. The recoverable amount is presumed in each year-end for unusable intangible assets. An impairment loss is recognised for the amount by which the carrying amount of the asset or a cash-generating unit related to the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Impairment losses are recognised in the statement of income. Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

2.3.8 Bank loans and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of income as financing cost over the period of the borrowings. When it comes to the assets which take long time to get ready to usage and sales, borrowing costs related to production or construction are integrated to the cost of the asset.

2.3.9 Taxes on income

Tax liability on current period's profit or loss includes current period tax and deferred tax. Current year tax liability consists of tax liability on the taxable income calculated according to currently enacted tax rates and to the effective tax legislation as of balance sheet date.

Deferred tax is provided, using the liability method, on the temporary differences between the carrying values of assets and liabilities and their carrying. The tax value of assets and liabilities represent the amounts that will affect the tax base in the future periods related to the assets and liabilities within the framework of tax legislation. Deferred tax is calculated over the tax rates that are expected to apply in the period when the tax asset or the liability will be realized by taking into consideration the tax rates and tax legislation in effect as of the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. Deferred tax assets and liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.10 Provision for employee benefits

The Group is obliged to pay termination indemnities to employees whose employment is terminated due to retirement or due to reasons other than resignation or behavior specified in the Labor Code, in accordance with the applicable law. The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation.

2.3.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the provision amount decreases, in the case of an event occurring after the provision is accounted for, the related amount is classified as other income in the current period.

2.3.12 Research and development expenses

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognised as expense as incurred. Subsidies received from Tübitak are accounted for as deferred income by Group and are offset with amortisation expenses in the income statements in line with the useful life of the completed projects. Development costs are directly recognised as expense. Development expenses recognised as expense in prior periods are not subject to capitalisation in subsequent periods.

2.3.13 Warranty provision expenses

Warranty expenses are recognised on an accrual basis for amounts estimated based on prior periods' realization.

2.3.14 Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by/or affiliated with them and associated companies are considered and referred to as related parties. The transactions with related parties for operating activities are made with prices which are convenient with market prices.

2.3.15 Foreign currency transactions

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the Central Bank of Turkey's exchange rates prevailing at the balance sheet dates. Foreign currency exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognised in the statement of income.

2.3.16 Earnings per share

Earnings per share disclosed in the statement of income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("no-par shares") to existing shareholders from retained earnings and the revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

2.3.17 Revenue recognition

Commercial vehicle and spare part sales

The Group recognizes income according to the accrual basis, when the Group reasonably determines the income and economic benefit is probable. Group's revenues are comprised of sales of commercial vehicles and the spare parts of those commercial vehicles. Net sales is determined by reducing customer returns and sales discounts.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.17 Revenue recognition (cont'd)

Commercial vehicle and spare part sales (cont'd)

Revenue from the sale of goods is recognized when all the following conditions are gratified:

- The significant risks and the ownership of the goods are transferred to the buyer,
- The Group refrains the managerial control over the goods and the effective control over the goods sold,
- The revenue can be measured reasonably,
- It is probable that the economic benefits related to transaction will flow to the entity,
- The costs incurred or will be incurred in conjunction with the transaction can be measured reliably.

Warranties given for sales cannot be purchased separately. These warranties are assured that the products sold are in compliance with the pre-determined conditions. In this respect, the Group will continue to recognize the warranty provisions in accordance with the provisions of the existing TAS 37 Provisions, Contingent Liabilities and Conditional Assets.

Service rendering

When the revenue from services can be measured reliably, the revenue is recorded in accordance with its completion level. If the revenue cannot be measured reliably, revenues are recognized as much as the recoverable amount of expenses that are associated with these revenues.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rent income

Rent income from investment properties is recognized on a straight-line basis over the term of the respective lease.

When there is significant amount of cost of financing included in the sales, the fair value is determined by discounting all probable future cash flows with the yield rate, which is embedded in the cost of financing. The difference is included in financial statements on accrual basis.

2.3.18 Reporting of cash flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Group's operations.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid assets with less than three months to maturity.

2.3.19 Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.20 Government Grants

Government grants are not recognized until there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. Government grants are recognized as income over the periods necessary to match them with the related costs, which they are intended to compensate, on a systematic basis. Government grants and assistance received for R&D purposes of the Group are explained in Note 14.

2.3.21 TFRS 9 Financial Instruments

TFRS 9, Financial instruments; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Group has carried out valuation studies to determine the cumulative effect of the first transition and concluded that no changes should be made to the consolidated financial statements.

Financial assets

At initial recognition, the Group measures a financial asset at its fair value, except for trade receivables that do not contain significant financing component. The Group measures trade receivables at their transaction price (as defined in TFRS 15) if the trade receivables do not contain a significant financing component in accordance with TFRS 15 (or when the entity applies the practical expedient) at initial recognition.

In the initial measurement of financial assets except at fair value through profit or loss, transaction costs directly attributable to the acquisition or export of such assets are added to or deducted from the fair value. Financial assets that are traded in the normal course are recognized at the date of the transaction (delivery date).

The Group reclassifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both: (a) the Group's business model for managing the financial assets, and (b) the contractual cash flow characteristics of the financial asset. When, and only when, the Group changes its business model for managing financial assets, it reclassifies all affected financial assets. The Group applies the reclassification prospectively from the reclassification date. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Financial assets measured at amortized cost

A financial asset is measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest revenue of financial assets measured at amortised cost is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.21 TFRS 9 Financial Instruments (cont'd)

First-time adoption of TFRS 9 “Financial instruments” (cont'd)

Financial assets (cont'd)

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. If the financial asset is reclassified out of the fair value through other comprehensive income measurement category, the Company accounts for the cumulative gain or loss that was previously recognised in other comprehensive income in the financial statements. Interest calculated using the effective interest method is recognised in profit or loss.

At initial recognition, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

Financial assets measured at fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

Financial assets that are not designated as an effective hedging instrument against financial risk are also classified as financial assets at fair value through profit or loss. The related financial assets are presented with their fair values and the gains and losses arising from the valuation are recognized in profit or loss.

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortized cost or fair value through other comprehensive income.

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses except for purchased or originated credit impaired financial assets. For purchased or originated credit-impaired financial assets, the Group only recognizes the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance at the reporting date.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables that do not contain a significant financing component, which is referred as simplified approach.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.21 TFRS 9 Financial Instruments (cont'd)

First-time adoption of TFRS 9 "Financial instruments" (cont'd)

Financial liabilities

Financial liabilities are initially measured at fair value. During initial recognition of financial liabilities not designated fair value through profit or loss, all directly attributable transaction costs related to underwriting of financial liabilities, added to this fair value.

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for:

- (a) financial liabilities at fair value through profit or loss: Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.
- (b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, the Company recognises any income on the transferred asset and any expense incurred on the financial liability.
- (c) contingent consideration recognised by an acquirer in a business combination to which TFRS 3 applies. Such contingent consideration is subsequently be measured at fair value with changes recognised in profit or loss.

The Group does not reclassify any financial liability.

Recognition and derecognition of financial assets

The Group recognises a financial asset or a financial liability in the statement of financial position when the Group becomes party to the contractual provisions of the instrument. The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. The Group only derecognizes the obligation if the obligation defined in the contract is lifted or canceled or if it expires on time.

2.3.23 Events after the reporting period

Subsequent events and announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when the balance sheet is authorised for issue.

In the case that events requiring an adjustment to the consolidated financial statements occur subsequent to the balance sheet date, the Group makes the necessary corrections on the consolidated financial statements.

2.4 Changes in Accounting Estimates and Errors

Accounting estimates are made based on reliable information and using appropriate estimation methods. However, if new or additional information becomes available or the circumstances, which the initial estimates based on, change, then the estimates are reviewed and revised, if necessary. If the change in the accounting estimates is only related to a sole period, then only that period's financial statements are adjusted. If the amendments are related to the current as well as the forthcoming periods, then both current and forthcoming periods' financial statements are adjusted.

Significant accounting errors are applied retrospectively and the consolidated financial statements of the previous period are restated.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

2.4 Changes in Accounting Estimates and Errors (cont'd)

2.4.1 Other Accounting Estimates

In instances where the accounting estimates affect both current and forthcoming periods, then description and monetary value of the estimate is disclosed in the notes to the financial statements except instances where the estimation of the effect related to upcoming periods are not possible.

a) Deferred tax assets can be recognised only when sufficient taxable profit is likely to occur in the upcoming periods. While evaluating, the future profit projections and the applicable approaches of unused losses within the scope of tax legislation have been taken into consideration. If a tax advantage is likely, deferred tax assets are calculated based on the deductible financial losses. As of 31 December 2020, the Group has deductible financial losses of TL 138.546.236 (31 December 2019: TL 158.700.909). The Group has recognized deferred tax assets of TL 27.709.247 (31 December 2019: TL 32.252.554) as sufficient taxable profit is likely to occur in the upcoming periods over the portion of the losses amounting to TL 138.546.236.

b) The Group determined the warranty provision based on warranty costs for each vehicle model in previous years and the remaining warranty periods for each vehicle.

c) Useful lives of property, plant and equipment:

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The Company may shorten or prolong the useful lives and related depreciation of property, plant and equipment by taking into consideration the intended use of property, plant and equipment, technological progress according to their types and other factors.

d) Revaluation of land improvements and buildings:

Land improvements, evaluation of buildings and machinery have been made by taking into consideration the current market conditions. As a result of the revaluation, provision for impairment of the fixed assets with fair value lower than the cost value is made.

The Group's land improvements and buildings have been revalued at 5 February 2018 by independent appraisals accredited by the Capital Markets Board. The Group's land improvements and buildings have been revalued by independent appraisals accredited by the Capital Markets Board. The revaluation fund which is composed of the difference between the book value and the fair value is offset with deferred tax and shown under the equity as revaluation fund. Revaluation is performed periodically.

e) Estimated impairment of goodwill

The Group annually tests goodwill for impairment. The recoverable amounts of cash generating units are determined based on the calculations of value in use.

f) Provision for Employment Termination Benefits

Provision for employment termination benefits is calculated by taking into account the severance pay ceiling and recognized into the consolidated financial statements. Provision for employment termination benefits represents the estimated present value of the amount of retirement pay liability that the Group is liable to pay in the future.

2.5 Important Developments related with the Current Period

Due to the COVID-19 pandemic affecting the whole world, There have been disruptions in the processes as a result of the slowdown in economic activities, supply, production and sales in the country and industry where the Group operates and in the countries where the majority of sales are, in parallel with the developments in the industry of the Group operates and and in general economic activities

Group has been implementing several contingency plans to mitigate the potential negative impacts of COVID 19 on the Group's operations and financial statements. During this process, there were no delays in both payments to suppliers and collections of receivables.

With the loosening of restrictions to prevent the spread of the pandemic, production and sales activities continue as of the reporting date.

While it cannot be measured reliably how long the COVID-19 impacts will remain both in Turkey and around the world, and how much it will spread, As the severity and duration of the effects become clearer, it will be possible to make a more specific and reliably assessment for the medium and long term. Group management has evaluated the potential effects of COVID-19 and has reviewed the key assumptions concerning the future and other key sources of estimation uncertainty on the consolidated financial statements as 31 December 2020. In this concept, Group has performed impairment testing for financial assets, inventories, property, plant and equipment, goodwill and brands and has not recognized any impairment loss as of 31 December 2020.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 3 –SEGMENT REPORTING

The field of activity of the Group established in Turkey is the manufacture, assembly, import and sale of motor vehicles and spare parts. The field of activity of the Group, the nature and economic properties of products, production processes, classification according to customer risks and methods used in the distribution of products are similar. Moreover, the Group is structured on an activity basis rather than being managed under separate divisions including different activities. Thus, the operations of the Group are considered as a single activity division, and the outputs of the Group's activities, determination of the resources to be allocated to these activities, and review of the performance of these activities are evaluated accordingly.

NOTE 4 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the consolidated cash flow statements as of the end of the period:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Cash	3.221	92.839
Banks-Demand Deposits	13.725.357	5.512.789
Banks-Time Deposits (up to 3 months)	248.575.997	134.588.657
Other Liquid Assets (*)	4.783.248	609.269
Total	267.087.823	140.803.554

(*) As of 31 December 2020 and 31 December 2019, the balance in "Other Liquid Assets" is consist of directly debting system assets and credit card receivables in bank of group.

There are no blocked deposits as of 31 December 2020 and 31 December 2019.

Cash and cash equivalents presented in the consolidated cash flow statements as of 31 December 2020 and 31 December 2019 are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Liquid Assets	267.087.823	140.803.554
Interest Accruals (-)	(357.568)	(12.985)
Total (Excluding interest accruals)	266.730.255	140.790.569

The details of time deposits are as follows:

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	<u>Amount</u> <u>(TL Equivalent)</u>	<u>Annual Average</u> <u>Interest Rate (%)</u>	<u>Amount</u> <u>(TL Equivalent)</u>	<u>Annual Average</u> <u>Interest Rate (%)</u>
TL	162.984.387	17,19	50.824.166	10,98
Euro	85.253.940	0,58	83.764.491	0,10
US Dollar	337.670	0,75	-	-
Total	248.575.997		134.588.657	

The Group does not have any time deposits with maturities longer than one month and the time deposits are composed of fixed interest rates.

NOTE 5 - FINANCIAL LIABILITIES

The details of bank loans as of 31 December 2020 and 31 December 2019 are as follows:

a) **Short-term Bank Loans**

Bank Loans

	<u>Weighted Average</u> <u>Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TL</u> <u>Including Interest</u>	
	<u>31 December</u> <u>2020</u>	<u>31 December</u> <u>2019</u>	<u>31 December</u> <u>2020</u>	<u>31 December</u> <u>2019</u>	<u>31 December</u> <u>2020</u>	<u>31 December</u> <u>2019</u>
Euro	-	0,65	-	4.998.769	-	33.244.816
TL	9,38	18,59	335.847.784	156.298.087	335.847.784	156.298.085
Total					335.847.784	189.542.901

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 5- FINANCIAL LIABILITIES (cont'd)

b) Short-term Portions of Long-term Financial Liabilities

Bank Loans	<u>Weighted Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TL Including Interest</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Euro	2,50	4,71	244.655	21.063.198	2.203.824	140.082.904
TL	13,57	18,25	18.882.293	60.984.981	18.882.293	60.984.981
Total					21.086.117	201.067.885

Finance Lease Liabilities

	<u>Weighted Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TL Including Interest</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Euro	4,15	4,75	29.040	72.098	261.589	479.492
TL	13,00	11,50	3.334.469	1.418.365	3.334.469	1.418.365
Total					3.596.058	1.897.857

c) Long-term Bank Loans

Bank Loans

	<u>Weighted Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TL Including Interest</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Euro	1,74	4,02	17.535.475	8.478.581	157.957.801	56.387.650
TL	12,09	13,03	107.662.942	47.189.690	107.662.942	47.189.690
Total					265.620.743	103.577.340

As of 31 December 2020 and 31 December 2019, the payment schedule of long-term loans is as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
1 to 2 years	128.775.589	46.381.747
2 to 3 years	102.117.516	30.247.179
3 to 4 years	12.911.632	8.549.695
4 to 5 years	8.345.674	6.950.723
More than 5 years	13.470.332	11.447.996
Total	265.620.743	103.577.340

Finance Lease Liabilities

	<u>Weighted Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TL Including Interest</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Euro	4,15	4,75	48.400	75.344	435.982	501.086
TL	13,00	11,50	1.973.345	3.180.712	1.973.345	3.180.712
Total					2.409.327	3.681.798

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 5- FINANCIAL LIABILITIES (cont'd)

Financial net debt reconciliation as of 31 December 2020 and 31 December 2019 is as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Opening balance	499.767.781	642.723.318
Interest expense	52.604.938	80.570.489
Initial recognition of lease liabilities in accordance with TFRS 16	-	2.637.031
Cash outflows from debt payments arising from lease agreements	(3.654.829)	(3.853.117)
TFRS 16 changes in lease liabilities	3.143.375	6.093.465
Interest paid	(45.217.300)	(90.868.149)
Newly obtained credits	800.467.723	712.726.254
Loans repaid	(759.819.753)	(878.214.837)
Exchange difference	81.268.094	27.953.327
Closing balance	628.560.029	499.767.781

NOTE 6- TRADE RECEIVABLES AND PAYABLES

Trade receivables at period ends are as follows:

a) Short-term Trade Receivables

	<u>31 December 2020</u>	<u>31 December 2019</u>
Trade Receivables from Third Parties	390.979.689	401.494.445
Trade Receivables from Related Parties	36.479.657	2.573.971
Rediscount Expenses (-)	(2.460.199)	(1.742.641)
Doubtful Receivables	762.710	364.907
Allowance for Doubtful Receivables (-)	(762.710)	(364.907)
Total	424.999.147	402.325.775

As of 31 December 2020, the average term for trade receivables is 123 days (31 December 2019: 102 days).

Movements of provision for doubtful receivables are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Opening Balance	364.907	175.000
Provisions in the Period	397.803	189.907
Closing Balance	762.710	364.907

Disclosures on the nature and level of risks in trade receivables are given in Note 28.

Trade payables at period ends are as follows:

b) Short-term Trade Payables

	<u>31 December 2020</u>	<u>31 December 2019</u>
Trade Payables to Third Parties	234.043.838	243.892.572
Trade Payables to Related Parties	295.508.402	179.944.348
Rediscount on Trade Payables (-)	(2.967.711)	(2.165.855)
Total	526.584.529	421.671.065

As of 31 December 2020, the average term for trade payables is 152 days (31 December 2019: 142 days).

Disclosures on the nature and level of risks in trade payables are given in Note 28.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 7- OTHER RECEIVABLES AND PAYABLES

a) **Other Short-term Receivables**

	<u>31 December 2020</u>	<u>31 December 2019</u>
Receivables from Tax Office (*)	2.965.263	13.117.897
Due from Personnel	929.153	780.546
Deposits and Guarantees Given	3.144	5.860
Total	3.897.560	13.904.303

(*) As of 31 December 2020, the amount of Group's receivables was TL 2.080.900 which consists of the receivables related to the VAT refund request (31 December 2019: TL 10.804.936).

b) **Other Long-term Receivables**

	<u>31 December 2020</u>	<u>31 December 2019</u>
Deposits and Guarantees Given	186	186
Total	186	186

Disclosures on the nature and level of risks in other receivables are given in Note 28.

c) **Other Short-term Payables**

	<u>31 December 2020</u>	<u>31 December 2019</u>
Payables Under Employee Benefit	13.285.626	6.822.947
Tax and Funds Payables	2.480.982	1.246.968
Other Miscellaneous Payables	182.720	145.580
Total	15.949.328	8.215.495

Disclosures on the nature and level of risks in other payables are given in Note 28.

d) **Other Long-term payables**

	<u>31 December 2020</u>	<u>31 December 2019</u>
Payables Related to Employee Benefits	999.320	-
Total	999.320	-

NOTE 8- DERIVATIVE INSTRUMENTS

Foreign Currency Options

As of 31 December 2020, the Group has 25 foreign currency options contracts with a nominal value of JPY 1.708.114.094, which are determined as cash flow hedging instruments for possible raw material purchases and operational expenses that are exposed to foreign exchange risk (31 December 2019: 30 foreign currency options contracts with a nominal value of JPY 1.818.500.326).

	<u>31 December 2020</u>			<u>31 December 2019</u>		
	Nominal Value	<u>Fair Value</u>		Nominal Value	<u>Fair Value</u>	
		Asset	Liability		Asset	Liability
Option Contracts	-	-	-	98.728.201	442.165	-
Forward Contracts	469.271.674	53.132	(21.327.299)	-	-	-
Total	469.271.674	53.132	(21.327.299)	98.728.201	442.165	-

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 9- INVENTORIES

Inventory balances as of period ends are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Raw Materials	177.218.695	94.609.705
Work in Process Goods	623.328	907.702
Finished Goods	150.864.222	86.257.549
Trade Goods	45.690.801	34.922.655
Other Inventory	2.608.038	2.509.117
Import and Domestic Purchase Advances	14.146.200	40.135.681
Impairment in Finished Goods and Trade Goods	(488.002)	(488.002)
Total Inventories	390.663.282	258.854.407

Movement of Provision for Inventory Impairment	<u>31 December 2020</u>	<u>31 December 2019</u>
Opening Balance	488.002	792.504
Provision Released Due to Sales (-)	-	(318.261)
Current Period Provision (+)	-	13.759
Closing Balance	488.002	488.002

As at 31 December 2020, total cost of sales which recognized in statement of profit or loss is TL 141.053.032 (31 December 2019: TL 170.741.804)

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 10- PROPERTY, PLANT AND EQUIPMENT

31 December 2020

Cost Value	Land	Land Improvements	Buildings	Plant, Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Fixed Assets	Construction in Progress and Advances	Total
Opening Balance as at 1 January 2020	94.164.000	12.650.925	463.171.681	203.509.770	8.869.949	4.241.161	774.199	3.380.726	790.762.411
Additions	-	601.557	-	20.772.575	786.240	83.646	-	5.863.975	28.107.993
Transfer from Construction in Progress	-	339.420	186.347	6.706.694	-	207.369	11.800	(7.451.630)	-
Disposals	-	-	-	(834.749)	(3.635.813)	-	-	-	(4.470.562)
Closing Balance as at 31 December 2020	94.164.000	13.591.902	463.358.028	230.154.290	6.020.376	4.532.176	785.999	1.793.071	814.399.842
<u>Accumulated Depreciation</u>									
Opening Balance as at 1 January 2020	-	(8.906.896)	(61.210.559)	(153.374.461)	(5.584.871)	(3.227.787)	(769.587)	-	(233.074.161)
Charge for the year	-	(459.894)	(4.995.297)	(9.991.069)	(1.014.405)	(257.928)	(1.514)	-	(16.720.107)
Disposals	-	-	-	795.894	2.586.654	-	-	-	3.382.548
Closing Balance as at 31 December 2020	-	(9.366.790)	(66.205.856)	(162.569.636)	(4.012.622)	(3.485.715)	(771.101)	-	(246.411.720)
<u>Net Carrying Value</u>									
Opening Balance as at 1 January 2020	94.164.000	3.744.029	401.961.122	50.135.309	3.285.078	1.013.374	4.612	3.380.726	557.688.250
Closing Balance as at 31 December 2020	94.164.000	4.225.112	397.152.172	67.584.654	2.007.754	1.046.461	14.898	1.793.071	567.988.122

TL 10.350.273 of the depreciation expenses has been charged to cost of sales and TL 836.529 to research and development expenses and TL 1.210.406 to marketing expenses, TL 1.684.588 to general administrative expenses and TL 2.638.311 to R&D capitalization as of 31 December 2020.

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

Sayfa No: 26

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 10- PROPERTY, PLANT AND EQUIPMENT (cont'd)

31 December 2019

<u>Cost Value</u>	Land	Land Improvements	Buildings	Plant, Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Fixed Assets	Construction in Progress and Advances	Total
Opening Balance as at 1 January 2019	94.164.000	12.302.856	463.090.612	191.661.678	7.405.001	4.039.037	774.199	1.063.375	774.500.758
Additions	-	348.069	2.650	11.970.947	1.599.946	202.124	-	2.429.783	16.553.519
Transfer from Construction in Progress	-	-	78.419	34.013	-	-	-	(112.432)	-
Disposals	-	-	-	(156.868)	(134.998)	-	-	-	(291.866)
Closing Balance as at 31 December 2019	94.164.000	12.650.925	463.171.681	203.509.770	8.869.949	4.241.161	774.199	3.380.726	790.762.411
<u>Accumulated Depreciation</u>									
Opening Balance as at 1 January 2019	-	(8.457.257)	(52.493.027)	(144.569.431)	(4.615.565)	(2.949.856)	(766.995)	-	(213.852.131)
Charge for the year	-	(449.639)	(8.717.532)	(8.891.847)	(1.110.706)	(277.931)	(2.592)	-	(19.450.247)
Disposals	-	-	-	86.817	141.400	-	-	-	228.217
Closing Balance as at 31 December 2019	-	(8.906.896)	(61.210.559)	(153.374.461)	(5.584.871)	(3.227.787)	(769.587)	-	(233.074.161)
<u>Net Carrying Value</u>									
Opening Balance as at 1 January 2019	94.164.000	3.845.599	410.597.585	47.092.247	2.789.436	1.089.181	7.204	1.063.375	560.648.627
Closing Balance as at 31 December 2019	94.164.000	3.744.029	401.961.122	50.135.309	3.285.078	1.013.374	4.612	3.380.726	557.688.250

Amounting to TL 11.534.035 of the depreciation expenses has been charged to cost of sales and TL 915.716 to research and development expenses and TL 1.853.301 to marketing expenses, TL 1.526.221 to general administrative expenses and TL 2.233.264 to R&D capitalization as of 31 December 2019.

As of 31 December 2020 and 31 December 2019, the net book values of the Group's lands and buildings valued on historical cost are given below:

	2020		2019	
	Land	Buildings	Land	Buildings
Cost	1.292.239	82.829.177	1.292.239	82.642.831
Accumulated Depreciation	-	(49.932.063)	-	(48.469.695)
Net Carrying Value	1.292.239	32.897.114	1.292.239	34.173.136

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 11 – INTANGIBLE ASSETS

31 December 2020

Cost Value	Rights	Development Expenses	Other Intangible Assets	Construction in Progress and Advances (*)	Total
Opening Balance as at 1 January 2020	837.305	133.984.121	28.195.853	54.614.603	217.631.882
Additions	-	-	4.603.337	59.479.620	64.082.957
Transfer from Construction in Progress	-	42.161.695	7.833	(42.169.528)	-
Closing balance as at 31 December 2020	837.305	176.145.816	32.807.023	71.924.695	281.714.839
<u>Accumulated Amortization</u>					
Opening Balance as at 1 January 2020	(183.600)	(67.719.368)	(18.137.592)	-	(86.040.560)
Charge for the period	(61.020)	(19.126.230)	(5.427.310)	-	(24.614.560)
Closing balance as at 31 December 2020	(244.620)	(86.845.598)	(23.564.902)	-	(110.655.120)
<u>Net Carrying Value</u>					
Opening Balance as at 1 January 2020	653.705	66.264.753	10.058.261	54.614.603	131.591.322
Closing balance as at 31 December 2020	592.685	89.300.218	9.242.121	71.924.695	171.059.719

(*) As of 31 December 2020, TL 69.090.660,54 of the "Construction in Progress" amount is related to R&D projects, TL 1.237.106 is related to property, plant and equipments and the remaining part is related to other intangible asset investments.

TL 19.453.887 of the depreciation expenses of intangible assets has been charged to cost of sales and TL 34.653 to research and development expenses and TL 491.832 to marketing expenses, TL 1.734.060 to general administrative expenses and TL 2.900.128 to R&D capitalization as of 31 December 2020.

31 December 2019

Cost Value	Rights	Development Expenses	Other Intangible Assets	Construction in Progress and Advances (*)	TOTAL
Opening Balance as at 1 January 2019	808.220	102.847.686	22.275.566	32.706.177	158.637.649
Additions	29.085	-	5.880.787	53.084.361	58.994.233
Transfer from Construction in Progress	-	31.136.435	39.500	(31.175.935)	-
Closing balance as at 31 December 2019	837.305	133.984.121	28.195.853	54.614.603	217.631.882
<u>Accumulated Amortization</u>					
Opening Balance as at 1 January 2019	(125.887)	(53.116.665)	(13.834.216)	-	(67.076.768)
Charge for the period	(57.713)	(14.602.703)	(4.303.376)	-	(18.963.792)
Closing balance as at 31 December 2019	(183.600)	(67.719.368)	(18.137.592)	-	(86.040.560)
<u>Net Carrying Value</u>					
Opening Balance as at 1 January 2019	682.333	49.731.021	8.441.350	32.706.177	91.560.881
Closing balance as at 31 December 2019	653.705	66.264.753	10.058.261	54.614.603	131.591.322

(*) As of 31 December 2019, TL 53.233.874 of the "Construction in Progress" amounts to R&D projects and the remainder relates to other intangible assets.

TL 11.663.409 of the depreciation expenses of intangible assets has been charged to cost of sales and TL 162.014 to research and development expenses and TL 476.649 to marketing expenses, TL 1.086.505 to general administrative expenses and TL 2.487.842 to R&D capitalization as of 31 December 2019.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 12 – RIGHT-OF-USE ASSETS

The Group started to apply TFRS 16 Leases Standard for the first time on 1 January 2019. For the leases that are previously classified as operating leases in accordance with TAS 17, a right-of-use asset is included in the condensed consolidated financial statements over the same amount as lease liability restated according to all lease payment amounts that are prepaid and accrued as of 1 January 2019.

As of 31 December 2020 and 31 December 2019, the right-of-use assets' balances of depreciation assets and depreciation expenses in the relevant period are as follows:

<u>Cost Value</u>	<u>Total</u>
Opening Balance as at 1 January 2020	3.413.133
Additions	3.599.412
Closing balance as at 31 December 2020	7.012.545

Accumulated Amortization

Opening Balance as at 1 January 2020	-
Charge for the Period	(1.682.030)
Closing balance as at 31 December 2020	(1.682.030)

Net Carrying Value

Opening Balance as at 1 January 2020	3.413.133
Closing balance as at 31 December 2020	5.330.515

TL 655.493 of depreciation expenses has been charged to cost of sales, and TL 1.966.438 to general administration expenses as of 31 December 2020.

Cost Value

Opening Balance as at 1 January 2019	3.413.133
Additions	3.599.412
Closing balance as at 31 December 2019	7.012.545

Accumulated Amortization

Opening Balance as at 1 January 2019	-
Charge for the Period	(1.682.030)
Closing balance as at 31 December 2019	(1.682.030)

Carrying Value

Opening Balance as at 1 January 2019	3.413.133
Closing balance as at 31 December 2019	5.330.515

TL 586.998 of depreciation expenses has been charged to cost of sales, and TL 1.095.032 to general administration expenses as of 31 December 2019.

NOTE 13 - GOODWILL

As of 31 December 2020, there is goodwill amounted to TL 2.340.995 (31 December 2019: TL 2.340.995). The Group has calculated the recoverable amount of goodwill and no impairment is recognized. In this calculation, a discount rate of 24% (2019: 24% per annum) was used with 5-year cash flows prepared based on the budgets approved by the management.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 14- GOVERNMENT GRANTS AND INCENTIVES

The cash support amount, which was collected from TUBITAK in relation to R&D activities in 2020, is the TL 3.215.208. The cash support amount, which was collected from TUBITAK in relation to R&D activities in 2019, was the TL 544.054.

The Group has R&D expenses which can be utilized for tax calculations with an amount of TL 252.042.519 as of 31 December 2020. As per amendment made in Article 35 of the Law on Supporting Research and Development No. 5746 which became effective on 1 April 2008. R&D deduction rate from which will be benefited for the expenses of R&D has been increased from 40% to 100% (TL 183.309.407 as of 31 December 2019).

In order to benefit from the incentives and exemptions provided in line with the Law No. 5746, the Group applied to the Ministry of Industry and Commerce to become an R&D centre. On 3 June 2009, the Group was entitled to become an R&D centre.

NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Other Short-term Provisions

	<u>31 December 2020</u>	<u>31 December 2019</u>
Warranty Provisions	13.412.222	11.436.342
Provision for Lawsuits	6.249.729	4.174.012
Provision for Premium and Commission	4.453.147	7.797.705
Other	-	28.002
Total	24.115.098	23.436.061

Movements of provisions during the period are as follows:

	<u>Warranty Provisions</u>	<u>Provision for Lawsuits</u>	<u>Other</u>	<u>Provision for Premium and Commission</u>	<u>Total</u>
Opening Balance as at 1 January 2020	11.436.342	4.174.012	28.002	7.797.705	23.436.061
Additions During The Period	16.897.434	2.241.157	-	4.453.147	23.591.738
Paid During The Period (-)	(14.921.554)	(165.440)	(28.002)	(7.797.705)	(22.912.701)
Closing Balance as at 31 December 2020	13.412.222	6.249.729	-	4.453.147	24.115.098

	<u>Warranty Provisions</u>	<u>Provision for Lawsuits</u>	<u>Other</u>	<u>Provision for Premium and Commission</u>	<u>Total</u>
Opening Balance as at 1 January 2019	9.647.216	4.355.690	-	389.869	14.392.775
Additions During The Period	17.818.209	2.063.918	28.002	7.797.705	27.707.834
Paid During The Period (-)	(16.029.083)	(2.245.596)	-	(389.869)	(18.664.548)
Closing Balance as at 31 December 2019	11.436.342	4.174.012	28.002	7.797.705	23.436.061

Lawsuits against the Group:

As of 31 December 2020, there are 68 ongoing lawsuits filed against the Group due to the cancellation of employment termination and other claims for employment and other compensation. Based on these lawsuits, TL 6.249.729, which is recognized based on assessments of the lawyers, was reserved as lawsuit provision (as of 31 December 2019, the lawsuit provisions amount is TL 4.174.012).

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

Mortgages and guarantees on assets:

There are not any mortgages and guarantees on assets.

Total insurance coverage on assets:

Total insurance coverage on assets is TL 1.094.454.746as of 31 December 2020 (31 December 2019: TL 1.032.943.537).

Contingent liabilities which are not shown in liabilities listed are as follows:

Type	<u>31 December 2020</u>	<u>31 December 2019</u>
Given Letters of Guarantee	283.739.370	317.956.692
Total	283.739.370	317.956.692
	<u>31 December 2020</u>	<u>31 December 2019</u>
A. CPMs given in the name of its own legal personality	283.739.370	317.956.692
i. Letter of Guarantee	283.739.370	317.956.692
B. CPMs given on behalf of fully consolidated companies	-	-
C. CPMs given in the normal course of business activities on behalf of third parties	-	-
D. Total amount of other CPMs	-	-
i. Total amount of CPMs given on behalf of the parent	-	-
ii. Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C	-	-
iii. Total amount of CPMs given on behalf of third parties which are not in scope of C	-	-
Total	283.739.370	317.956.692

The ratio of other CPM is given by the Group to the Group's equity is 0% as of 31 December 2020 (0% as of 31 December 2019).

The Group is exposed to foreign currency risk since its foreign currency denominated assets and liabilities are formed of different currencies. In order to hedge its foreign currency position due to the fluctuations in the foreign exchange parities, the Group enters into forward contracts.

NOTE 16 – EMPLOYEE BENEFITS

a) Short-Term Provisions for Employee Benefits

	<u>31 December 2020</u>	<u>31 December 2019</u>
Provision for Employee Rights and Salaries	8.799.026	2.950.000
Provision for Unused Vacation	2.332.644	1.130.612
Total	11.131.670	4.080.612

Short-term provisions for employee benefits consist of provisions that were calculated and unpaid as of the end of period.

Movements of the provision for unused vacation during the period are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Opening Balance	1.130.612	843.195
Recognized provision during the period	4.155.242	3.340.386
Paid During The Period	(2.953.210)	(3.052.969)
Total	2.332.644	1.130.612

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 16 – EMPLOYEE BENEFITS (cont’d)

b) Long-Term Provisions for Employee Benefits

	<u>31 December 2020</u>	<u>31 December 2019</u>
Provision for Employment Termination Benefits	32.134.270	27.764.472
Total	32.134.270	27.764.472

Within the framework of current laws in Turkey, it is obligatory to make the severance pay of each employee who has completed one year service period, has been paid off regardless of any related reason, has been called-up for military service along with men who have completed 25-year service period, women who have completed 20-year service period or those who have completed age of retirement (58 for women, 60 for men). Because there is not any funding obligation for the severance pay provision in Turkey, any special fund is not allocated in the financial statements.

The severance payments are calculated over 30-days gross salary for each service year. Primary assumption is that ceiling liability set for each service year increases in proportion to inflation. In parallel with this, real discount rate which is cleared of the potential inflation impacts is considered at the implementation stage. The severance pay cap is revised in every six months, the ceiling amount of TL 7.638,96 (1 January 2020: TL 6.730,15) applicable as of 1 January 2021 has been regarded for the calculation of the Group's provision of severance pay.

Moreover, the severance payments are not made for those who leave the job with his/her wish; estimated rate related to these severance pay amounts that will remain in the Group's account is considered.

Considering the Liability of Severance Pay are related to the next periods as per TAS 19, current values of the severance payments which will be made as of the balance sheet date are calculated to determine an approximate inflation expectation whose net difference refers a real discount rate and find an appropriate discount rate.

The actuarial assumptions considered in the calculation of the provision for employment termination benefits are as follows:

Annual Net Discount Rate (%)	4,15	3,72
Turnover Rate to Estimate the Probability of Retirement (%)	4,91	4,41

The provision calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees is recognised to the consolidated financial statements.

Movements of the provision for employee termination benefit during the period are as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Opening Balance	27.764.472	23.885.435
Interest Cost	1.154.677	888.760
Gain/(Loss) on Remeasurement of Defined Benefit Plans	3.237.454	2.922.142
Paid within the period	(2.482.888)	(2.903.783)
Current service cost	2.460.555	2.971.918
Closing Balance	32.134.270	27.764.472

NOTE 17- OTHER ASSETS AND LIABILITIES

a) Prepaid Expenses

	<u>31 December 2020</u>	<u>31 December 2019</u>
Advances Given	13.718.429	6.365.848
Prepaid Extended Warranty Expenses	2.454.978	1.212.612
Prepaid Insurance Expenses	223.007	146.406
Prepaid Subscription Expenses	71.949	55.492
Prepaid Advertisement Expenses	73.665	178.799
Prepaid Maintenance Expenses	339.669	1.116.633
Prepaid Other Expenses	952.974	804.096
Total	17.834.671	9.879.886

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

b) Other Current Assets

	<u>31 December 2020</u>	<u>31 December 2019</u>
Deferred VAT	41.792.419	26.467.386
Other Current Assets	2.541.977	4.322.209
Total	44.334.396	30.789.595

c) Prepaid Expenses

	<u>31 December 2020</u>	<u>31 December 2019</u>
Prepaid Extended Warranty Expenses	4.902.490	7.357.468
Prepaid Expenses	912.934	1.176.860
Total	5.815.424	8.534.328

d) Deferred Income (Short-Term)

	<u>31 December 2020</u>	<u>31 December 2019</u>
Order Advances Received	65.608.817	1.476.727
Deferred Income (*)	1.018.084	712.466
Total	66.626.901	2.189.193

(*) The amount of cash incentives received for the company's R&D activities and which should be transferred to the income statement for upcoming months as of 31 December 2020 is TL 983.880 (31 December 2019: R&D cash support income that will be transferred to the income statement for upcoming months is TL 369.845).

e) Liabilities Arising from Contracts with Customers (Short-Term)

	<u>31 December 2020</u>	<u>31 December 2019</u>
Deferred Maintenance and Repair Income	4.680.955	-
Total	4.680.955	-

f) Deferred Income (Long-Term)

	<u>31 December 2020</u>	<u>31 December 2019</u>
Order Advances Received	3.962.861	4.593.157
Deferred Income (*)	2.866.883	683.841
Total	6.829.744	5.276.998

(*) The amount of cash incentives received for the company's R&D activities and which should be transferred to the income statement for upcoming months as of 31 December 2020 is TL 2.866.883 (31 December 2019: TL 683.841).

g) Liabilities Arising from Customer Contracts (Long-Term)

	<u>31 December 2020</u>	<u>31 December 2019</u>
Deferred Maintenance and Repair Income	15.299.447	19.945.190
Total	15.299.447	19.945.190

NOTE 18- SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Capital / Elimination Adjustments

As of 31 December 2020, the share capital of the Company is TL 84.000.000 (31 December 2019: TL 84.000.000).

This share capital is divided into 8.400.000.000 in total, including 4.515.314.511 A Group registered shares, 2.498.204.373 B Group registered shares, 1.386.481.116 C Group bearer's shares, each with nominal value of 1 (one) Kr. The distribution of this share capital on the basis of share group is as follows:

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 18- SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

31 December 2020

<u>Shareholders</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Total Share Amount</u>	<u>Share (%)</u>
AG Anadolu Grubu Holding A.Ş.	44.844.772	-	1.690.629	46.535.401	55,40
Isuzu Motors Ltd.	-	14.275.509	-	14.275.509	16,99
Itochu Corporation Tokyo	-	7.948.322	-	7.948.322	9,46
Itochu Corporation İstanbul	-	2.758.212	-	2.758.212	3,28
Other	308.373	-	12.174.183	12.482.556	14,87
Total	45.153.145	24.982.043	13.864.812	84.000.000	100,00

31 December 2019

<u>Shareholders</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Total Share Amount</u>	<u>Share (%)</u>
AG Anadolu Grubu Holding A.Ş.	44.844.772	-	1.690.629	46.535.401	55,40
Isuzu Motors Ltd.	-	14.275.509	-	14.275.509	16,99
Itochu Corporation Tokyo	-	7.948.322	-	7.948.322	9,46
Itochu Corporation İstanbul	-	2.758.212	-	2.758.212	3,28
Other	308.373	-	12.174.183	12.482.556	14,87
Total	45.153.145	24.982.043	13.864.812	84.000.000	100,00

b) Privileges Granted to the Share Groups

The Company is directed by the fourteen members of the Board of Directors elected among shareholders by General Assembly in accordance with the regulations of Turkish Commercial Code.

Four members of the Board of Directors are elected from the candidates nominated by the shareholders of Group B and the remaining members of the Board of Directors are elected from the candidates nominated by the shareholders of Group A by the General Assembly.

<u>Equity</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Paid-in Capital	84.000.000	84.000.000
Capital Inflation Adjustment Difference	30.149.426	30.149.426
Reserves on Retained Earning	23.784.678	162.221.926
Retained Earnings	19.384.487	(140.840.586)
Gain / (Loss) on Revaluation and Measurement	417.373.045	417.373.045
(Losses) on Remeasurement of Defined Benefit Plans	(13.193.425)	(10.603.462)
Net Profit / (Loss) for The Period	13.648.318	21.787.825
Shareholders' Equity Attributable to Equity Holders of the Group	575.146.529	564.088.174
Total Shareholders' Equity	575.146.529	564.088.174

c) Restricted Reserves Appropriated from Profit

Restricted reserves appropriated from profit are comprised of legal reserves and other reserves.

<u>Restricted Reserves Appropriated from Profit</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Legal Reserves	23.784.678	23.784.678
Real Estate Sale Profit Exemption	-	138.437.248
Total	23.784.678	162.221.926

Turkish Commercial Code ("TCC") stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. In addition, the Group's profit on the sale of real estate, which is considered to be within the scope of Article 5/e of Corporate Income Tax Law No. 5520, is classified to retained earnings since 5 year exemption period is completed.

Retained earnings is comprised of extraordinary reserves, miscellaneous inflation differences and other prior years' income.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 18- SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

d) Retained Earnings/Losses

The Group's prior years' income details as of period ends are as follows:

Retained Earnings/Losses	31 December 2020	31 December 2019
Extraordinary Reserves	151.914.057	9.661.446
Legal Reserves Inflation Difference	24.820.489	24.820.489
Retained Earnings / (Losses)	(157.350.059)	(175.322.521)
Total	19.384.487	(140.840.586)

Quoted companies make profit distributions as follows:

If the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the total amount of distributable profit should be distributed. However, no profit distribution would be made if any financial statements prepared in accordance with the CMB or any statutory accounts carrying net loss for the period. In accordance with the CMB's decision dated 27 January 2010, it is decided not to bring any obligation for any minimum profit distribution about dividend distribution which will be made for publicly owned companies.

Inflation adjustment on Equity; the carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses. However, equity inflation adjustment differences will be liable to corporate tax if it is used in cash profit distribution.

Group's retained earnings is TL 19.384.487 based on the financial statements prepared in according with TAS/TFRS Financial Reporting Standard for the period ended 31 December 2020 (31 December 2019: TL (140.840.586)).

In accordance with the Communiqué No:XI-29 and related announcements of TAS/TFRS, effective from 1 January 2008, "Share Capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amount. The valuation differences (such as differences from inflation adjustment) shall be classified as follows:

- "the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Capital Adjustment to Share Capital";
- the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, shall be classified under "Retained Earnings". Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

NOTE 19- REVENUE AND COST OF SALES

Revenue	1 January – 31 December 2020	1 January – 31 December 2019
Domestic Sales	878.241.241	689.547.039
Foreign Sales	425.926.312	804.352.370
Other Income	10.831.088	11.850.304
Sales Total (Gross)	1.314.998.641	1.505.749.713
Sales Discounts (-)	(73.785.388)	(82.761.814)
Sales (Net)	1.241.213.253	1.422.987.899
Cost of Sales	(989.548.126)	(1.164.119.765)
Gross Operating Profit	251.665.127	258.868.134

Cost of sales are summarised as follows;

Cost of Sales	1 January – 31 December 2020	1 January – 31 December 2019
Raw Materials and Supplies Expenses	(810.658.546)	(800.449.209)
Direct Labor Expenses	(53.929.397)	(53.524.460)
Depreciation and Amortization Expenses	(30.459.653)	(23.784.442)
Other Production Costs	(14.280.689)	(16.050.685)
Total Cost of Production	(909.328.285)	(893.808.796)
Change in Goods Inventory	64.322.299	(97.891.078)
Cost of Trade Goods Sold	(141.053.032)	(170.741.804)
Cost of Other Sales	(3.489.108)	(1.678.087)
Cost of Sales	(989.548.126)	(1.164.119.765)

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 20- ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

a) Research and Development Expenses	1 January – 31 December 2020	1 January – 31 December 2019
Personnel Expenses	(1.949.987)	(484.891)
Depreciation Expenses	(871.182)	(1.077.730)
Outsourced Benefits and Services	(290.029)	(632.001)
Other	(528.265)	(376.298)
Total Research and Development Expenses	(3.639.463)	(2.570.920)

b) Marketing Expenses	1 January – 31 December 2020	1 January – 31 December 2019
Personnel Expenses	(23.905.709)	(17.982.860)
Export Expense	(15.377.996)	(18.036.057)
Transportation, Freight Expenses	(9.638.304)	(15.032.371)
Royalty Expenses (*)	(8.828.674)	(5.614.994)
Domestic Sales Expense	(7.925.796)	(13.309.500)
Advertisement Expenses	(3.820.395)	(6.690.786)
Business and Service Expenses	(2.946.219)	(2.609.856)
Warranty Expense Provision	(1.975.879)	(1.789.127)
Depreciation Expenses	(1.702.238)	(2.329.950)
Travel Expenses	(987.611)	(3.352.502)
Representation-Hospitality Expenses	(604.056)	(1.470.827)
Tax, Duties and Fee Expenses	(496.404)	(543.050)
Insurance Expenses	(468.589)	(393.535)
Maintenance and Repair Expenses	(129.864)	(128.224)
Consulting, Audit Expenses	(29.929)	(514.293)
Other	(5.174.095)	(4.537.811)
Total General Administrative Expenses	(84.011.758)	(94.335.743)

(*) As of 31 December 2020, TL 8.720.845 part of TL 8.828.674 amounted royalty expenses is related to license agreements with Isuzu Motors Ltd. Tokyo, TL 107.829 is related to license agreements with Isuzu Motors International Operation Thailand (As of 31 December 2019, TL 5.178.167 part of TL 5.614.994 amounted royalty expenses is related to license agreements with Isuzu Motors Ltd. Tokyo, TL 348.128 is related to license agreements with Isuzu Motors International Operation Thailand and TL 88.645 is related to license agreements with AG Anadolu Grubu Holding A.Ş.).

c) General Administrative Expenses	1 January – 31 December 2020	1 January – 31 December 2019
Personnel Expenses	(33.577.515)	(23.255.987)
Business and Service Expenses	(13.052.667)	(11.024.623)
Consulting, Audit Expenses	(12.174.803)	(10.752.938)
Depreciation Expenses	(5.385.086)	(3.707.758)
Insurance Expenses	(3.272.064)	(3.124.035)
Tax, Duties and Fee Expenses	(2.754.247)	(2.929.624)
Maintenance and Repair Expenses	(273.423)	(211.632)
Representation-Hospitality Expenses	(158.239)	(490.877)
Travel Expenses	(65.880)	(535.685)
Rent Expenses	(60.129)	(202.724)
Other	(4.777.675)	(4.775.637)
Total General Administrative Expenses	(75.551.728)	(61.011.520)

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 21- EXPENSES BY NATURE

	1 January – 31 December 2020	1 January – 31 December 2019
Direct Raw Material and Supplies Costs	(810.658.546)	(800.449.209)
Cost of Trade Goods Sold	(141.053.032)	(170.741.804)
Change in Finished Goods and Semi-Finished Goods	64.322.299	(97.891.078)
Personnel Expenses	(113.362.608)	(95.248.198)
Depreciation And Amortisation Expenses	(38.418.159)	(30.899.880)
Other	(113.581.029)	(126.807.779)
Total Expenses	(1.152.751.075)	(1.322.037.948)

Expenses by nature include cost of goods sold, marketing, selling and distribution expenses, general administration expenses and research and development expenses.

NOTE 22- OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other Income from Operating Activities:	1 January – 31 December 2020	1 January – 31 December 2019
Foreign Exchange Income on Trade Receivables and Payables	55.463.665	31.080.787
Sale Support Income	3.211.138	1.006.440
Service Income	2.585.423	4.121.761
Export D.F.I.F Support	1.155.011	153.615
Delay Interest Income	1.018.209	3.290.030
Discount Income on Trade Payables	801.856	6.551.714
Incentive Income	733.399	1.861.704
Rent Income	549.005	479.937
Tubitak R&D Incentive	418.131	441.189
Insurance Indemnity Income	200.678	211.746
Released Provisions	-	181.678
Other Income	3.362.565	4.159.165
Total	69.499.080	53.539.766

Other Expense from Operating Activities:	1 January – 31 December 2020	1 January – 31 December 2019
Foreign Exchange Expense on Trade Receivables and Payables	(79.692.068)	(32.634.717)
Lawsuit Provisions	(2.075.717)	-
Discount Income on Trade Receivables	(747.019)	(4.637.430)
Allowances for Doubtful Receivables	(397.803)	(189.907)
Donations and Contributions	(343.573)	(33.080)
Other Expenses	(2.264.496)	(2.405.371)
Total	(85.520.676)	(39.900.505)

NOTE 23- INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income From Investing Activities	1 January – 31 December 2020	1 January – 31 December 2019
Gain on Sale of Machinery and Equipment	4.793.371	168.611
Total	4.793.371	168.611

Expenses from Investing Activities	1 January – 31 December 2020	1 January – 31 December 2019
Loss on Sale of Machinery and Equipment	(2.271)	(48.472)
Total	(2.271)	(48.472)

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 24- FINANCE INCOME AND EXPENSES

Finance Income:	1 January – 31 December 2020	1 January – 31 December 2019
Foreign Exchange Gain	167.686.945	56.585.083
Interest Income	7.340.707	3.507.444
Total	175.027.652	60.092.527
Finance Expense:	1 January – 31 December 2020	1 January – 31 December 2019
Foreign Exchange Losses	(170.427.017)	(80.889.393)
Interest Expense	(52.276.140)	(80.949.496)
Expense from Derivative Transactions	(21.274.167)	(442.165)
Letter of Guarantee Expenses	(2.761.641)	(5.349.276)
Forward Purchase Expense	(1.834.072)	(1.338.944)
Other Finance Expenses	(3.153.746)	(3.043.650)
Total	(251.726.783)	(172.012.924)

NOTE 25- TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

The Group's tax expense (or income) is comprised of current period corporate tax expense and deferred tax expense (or income).

Account	1 January – 31 December 2020	1 January – 31 December 2019
Current Income Tax Provision (-)	(474.554)	(314.862)
Deferred Tax Income / (Expense) (Income Statement)	13.590.321	19.313.733
Tax Income / (Expense) - Income Statement	13.115.767	18.998.871
Tax Income / (Expense) (Comprehensive Income Statement)	647.491	584.428
Total Tax Income / (Expense)	13.763.258	19.583.299
	31 December 2020	31 December 2019
Current Corporate Tax Provision	474.554	314.862
Less: Prepaid Taxes	(1.202.830)	(739.109)
Tax Payable	(728.276)	(424.247)

As of 31 December 2020, the amount of corporate tax paid in advance is amounted to TL 728.276 which is portion of exceeding the corporation tax amount to be paid and it is included in the Assets Related to Current Period Taxation (31 December 2019: TL 424.247).

i) Provision for Current Period Tax

The Group is subjected to Corporate Tax in Turkey. Necessary provisions in supplementary financial statements have been made for estimated tax liabilities regarding Group's operations in the current period.

The corporate tax to be accrued over the taxable profit is calculated by adding non-deductible expenses to the accounting profit; deducting investment and research and development allowances, income that is not subjected to taxation and the dividends received, from companies located in Turkey, from the accounting profit.

Consolidation principle is not utilized to prepare financial statements related to tax that is effective in Turkey.

The effective tax rate in 2020 is 22% (2019: 22%).

According to the provisional article 10 added to the Corporate Tax Law, a corporate tax rate of 22% will be taken over the corporate earnings of the corporate taxpayers for the 2018, 2019 and 2020 accounting periods.

Tax losses can be carried forward to offset against future taxable income for up to five years. However, tax losses cannot be carried back to offset profits from previous periods.

According to Corporate Tax Law's 24th article, the corporate tax is imposed by the taxpayer's tax returns. There is not an exact mutual agreement procedure with Tax Authorities in Turkey. Annual corporate tax returns are submitted to the relating tax offices until the 25th of April in the following year. Tax authorities have the right to audit tax declarations and accounting records for 5 years and may issue re-assessment based on their findings.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 25- TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Income Withholding Tax:

In addition to corporate tax, companies should also calculate income withholding tax on any dividends and income distributed. The rate of income tax withholding is 15%.

ii) Deferred Tax

The deferred tax asset and tax liability are based on the temporary differences, which arise between the financial statements prepared according to TAS/IFRS's accounting standards and statutory tax financial statements. These differences are usually due to the recognition of revenue and expenses in different reporting periods for the TAS/IFRS standards and tax purposes.

Timing differences are result of recognizing certain income and expense items differently for accounting and tax purposes. Timing differences are calculated off of the tangible fixed assets (except land and buildings), intangible fixed assets, stocks, the revaluation of prepaid expenses, discount of receivables, provision for termination indemnities, and previous years' loss. Every accounting year, the Group reviews the deferred tax asset and liabilities, where the deferred tax assets cannot be used against the future taxable income, the Group writes-off the recorded deferred tax asset. Corporate tax rate used in the calculation of deferred taxes is 20% for temporary differences.

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	<u>Cumulative Temporary Differences</u>	<u>Deferred Tax Assets / (Liabilities)</u>	<u>Cumulative Temporary Differences</u>	<u>Deferred Tax Assets / (Liabilities)</u>
Inventories	943.975	188.795	576.786	126.893
Non-Current Assets (Net)	(525.802.123)	(66.507.869)	(518.424.296)	(65.032.304)
Provision for Employment				
Termination Benefits	32.134.270	6.426.854	27.764.472	5.552.894
Guarantee Provisions	13.412.222	2.682.444	11.436.343	2.515.995
R&D Discount	252.042.519	50.408.504	183.309.407	36.661.881
Carried Forward Financial Loss (*)	138.546.236	27.709.247	158.700.909	32.252.554
Derivative Instruments	21.274.167	4.254.833	(442.165)	(97.276)
Rediscount Expenses/Income (Net)	(542.863)	(108.573)	(452.673)	(99.588)
Lawsuit Provisions	6.249.729	1.249.946	4.174.012	918.283
Other (Net)	7.341.258	1.468.253	3.342.224	735.290
Total		27.772.434		13.534.622

(*) It is foreseen that the financial loss of the current period will be completely lowered in the next 3 years.

Movement of Deferred Tax Assets / (Liabilities):	1 January – 31 December 2020	1 January – 31 December 2019
Opening Balance	13.534.622	(6.363.539)
Deferred Tax (Expense) / Income Charged to Profit or Loss	13.590.321	19.313.733
Deferred Tax Income Charged to Comprehensive Income	647.491	584.428
Closing Balance	27.772.434	13.534.622

The reconciliation of the current tax expense with the period profit/loss is as follows:

Reconciliation of Tax Provision:	1 January – 31 December 2020	1 January – 31 December 2019
Income / (Loss) from Continuing Operations	532.551	2.788.954
Corporate Tax Rate 22%	(117.161)	(613.570)
Tax Effects of:		
-Impact of change in tax rate on deferred tax amount	10.651	-
-R&D Incentive	13.746.623	16.423.235
-R&D Support Income	91.989	97.062
-Non-deductible expenses	(696.474)	(33.328)
-Income Not Subject to Tax	(131.544)	3.070.432
-Other	211.683	55.040
Income/(Expense) on Tax Provision Recognised in Profit or Loss	13.115.767	18.998.871

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 26 - EARNINGS / (LOSS) PER SHARE

	1 January – 31 December 2020	1 January – 31 December 2019
Net Profit / (Loss) for The Period	13.648.318	21.787.825
Weighted Average Number of Shares with Nominal Value of 1 Piaster	8.400.000.000	8.400.000.000
Income Per 100 Share with Nominal Value of TL 1 Each	0,1625	0,2594

NOTE 27- RELATED PARTY DISCLOSURES

a) Related Party Payable and Receivable Balances:

Group's receivables from related parties are mainly due to trade goods, service sales and rent income. Group's payables to related parties are mainly due to raw material, service purchases and rent expenses.

The Group does not charge interest on its trade receivables from related parties.

31 December 2020 <u>Balances with Related Parties</u>	<u>Receivables</u>		<u>Payables</u>	
	<u>Trade</u>	<u>Non-Trade</u>	<u>Trade</u>	<u>Non-Trade</u>
Itochu Corporation Tokyo	25.905.891	-	291.116.848	-
Isuzu Motors Ltd. Tokyo	9.138.712	-	3.924.448	-
Çelik Motor Ticaret A.Ş.	751.645	-	-	-
Anadolu Motor Üretim ve Paz. A.Ş.	656.345	-	-	-
Isuzu Motors Europe NV	27.064	-	-	-
Itochu France	-	-	175.654	-
AEH Sigorta Acenteliği A.Ş.	-	-	143.405	-
Isuzu Motors Co. Thailand Ltd.	-	-	76.225	-
AG Anadolu Grubu Holding A.Ş.	-	-	69.542	-
Migros Ticaret A.Ş.	-	-	2.280	-
Payables to Shareholders (*)	-	-	-	9.109
Total	36.479.657	-	295.508.402	9.109

31 December 2019 <u>Balances with Related Parties</u>	<u>Receivables</u>		<u>Payables</u>	
	<u>Trade</u>	<u>Non-Trade</u>	<u>Trade</u>	<u>Non-Trade</u>
Itochu Corporation Tokyo	1.223.666	-	170.457.879	-
Anadolu Motor Üretim ve Paz. A.Ş.	647.620	-	-	-
Çelik Motor Ticaret A.Ş.	613.628	-	-	-
Isuzu Motors Ltd. Tokyo	81.437	-	3.237.022	-
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş.	7.570	-	-	-
Isuzu Motors Europe NV	50	-	-	-
Isuzu Motors International Operation Thailand	-	-	4.510.104	-
AG Anadolu Grubu Holding A.Ş.	-	-	674.818	-
Efestur Turizm İşletmeleri A.Ş.	-	-	578.122	-
Migros Ticaret A.Ş.	-	-	417.402	-
AEH Sigorta Acenteliği A.Ş.	-	-	59.019	-
Adel Kalemcilik Tic. ve San. A.Ş.	-	-	5.485	-
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	-	-	4.364	-
Isuzu Motors Co. Thailand Ltd.	-	-	133	-
Payables to Shareholders (*)	-	-	-	9.109
Total	2.573.971	-	179.944.348	9.109

(*) Non-Trade Payables to Shareholders balance is classified under other payables in balance sheet.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 27- RELATED PARTY DISCLOSURES (cont'd)

b) Related Party Transactions:

1 January-31 December 2020

<u>Sales to Related Parties</u>	<u>Goods and Services Purchases</u>	<u>Fixed Assets Purchases</u>	<u>Other Income</u>	<u>Total Expense/Purchases</u>
Itochu Corporation Tokyo	27.357.983	-	-	27.357.983
Isuzu Motors Ltd. Tokyo	17.670.431	-	-	17.670.431
Isuzu Motors International Operation Thailand	2.814.612	-	-	2.814.612
Anadolu Motor Üretim ve Paz. A.Ş.	2.263.713	-	-	2.263.713
Çelik Motor Ticaret A.Ş.	1.725.094	-	115.000	1.840.094
Isuzu Motors Europe NV	245.801	-	-	245.801
AEH Sigorta Acenteligi A.S.	80.000	-	-	80.000
AG Anadolu Grubu Holding A.Ş.	1.462	-	-	1.462
Total	52.159.096	-	115.000	52.274.096

1 January-31 December 2019

<u>Sales to Related Parties</u>	<u>Goods and Services Purchases</u>	<u>Fixed Assets Purchases</u>	<u>Other Income</u>	<u>Total Expense/Purchases</u>
Isuzu Motors Ltd. Tokyo	47.549.471	-	-	47.549.471
Itochu Corporation Tokyo	2.123.310	-	-	2.123.310
Anadolu Motor Üretim ve Paz. A.Ş.	2.011.373	-	-	2.011.373
Çelik Motor Ticaret A.Ş.	1.364.043	-	24.030	1.388.073
Isuzu Motors International Operation Thailand	1.303.898	-	-	1.303.898
Itochu Fransa	257.989	-	-	257.989
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş.	7.570	-	120.810	128.380
AG Anadolu Grubu Holding A.Ş.	22.205	8.200	9.769	40.174
Anadolu Bilişim Hizmetleri A.Ş.	-	-	16.362	16.362
Isuzu Motors Germany Gmbh	1.453	-	-	1.453
Total	54.641.312	8.200	170.971	54.820.483

1 January-31 December 2020

<u>Purchases from Related Parties</u>	<u>Goods and Services Purchases</u>	<u>Fixed Assets Purchases</u>	<u>Other Expenses</u>	<u>Total Expense/Purchases</u>
Itochu Corporation Tokyo	337.805.486	-	-	337.805.486
Isuzu Motors International Operation Thailand	34.888.097	-	107.829	34.995.926
Isuzu Motors Ltd. Tokyo	4.043.005	-	8.720.845	12.763.850
AG Anadolu Grubu Holding A.Ş.	8.572.294	-	-	8.572.294
Efestur Turizm İşletmeleri A.Ş.	1.078.838	-	-	1.078.838
Çelik Motor Ticaret A.Ş.	199.722	9.261	-	208.983
Isuzu Motors Co. Thailand Ltd.	145.387	-	-	145.387
Migros Ticaret A.Ş.	62.645	-	-	62.645
Anadolu Bilişim Hizmetleri A.Ş.	30.924	-	-	30.924
Anadolu Motor Üretim ve Paz. A.Ş.	6.515	23.043	-	29.558
Anadolu Efes Biraçılık ve Malt Sanayi A.Ş.	17.995	-	-	17.995
Adel Kalemcilik Tic. ve San. A.Ş.	17.320	-	-	17.320
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş.	-	5.713	-	5.713
Total	386.868.228	38.017	8.828.674	395.734.919

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 27- RELATED PARTY DISCLOSURES (cont'd)

b) Related Party Transactions (cont'd):

1 January-31 December 2019

	<u>Goods and Services Purchases</u>	<u>Fixed Assets Purchases</u>	<u>Other Expenses</u>	<u>Total Expense/ Purchases</u>
<u>Purchases from Related Parties</u>				
Itochu Corporation Tokyo	208.500.767	-	-	208.500.767
Isuzu Motors Ltd. Tokyo	8.746.779	-	5.178.167	13.924.946
AG Anadolu Grubu Holding A.Ş.	7.649.051	7.159	132.095	7.788.305
Isuzu Motors International Operation Thailand	5.401.762	-	348.128	5.749.890
Efestur Turizm İşletmeleri A.Ş.	5.018.167	-	-	5.018.167
Itochu Shanghai ltd	2.203.972	-	-	2.203.972
Çelik Motor Ticaret A.Ş.	1.629.913	30.500	51.930	1.712.343
Anadolu Bilişim Hizmetleri A.Ş.	1.205.309	9.400	-	1.214.709
Isuzu Motors Co. Thailand Ltd.	276.761	-	-	276.761
Migros Ticaret A.Ş.	218.942	-	-	218.942
Anadolu Motor Üretim ve Paz. A.Ş.	27.160	-	-	27.160
Adel Kalemçilik Tic. ve San. A.Ş.	22.159	-	-	22.159
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş.	14.406	3.403	-	17.809
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	14.779	-	-	14.779
Anadolu Sağlık Merkezi İktisadi İşletmesi	973	-	-	973
Total	240.930.900	50.462	5.710.320	246.691.682

c) Donations to Anadolu Eğitim ve Sosyal Yardım Vakfı:

As per the Main Articles of Association of the Group, at least 2% - 5% of the Group's profit before tax following the distribution of 1st dividend shall be donated to Anadolu Eğitim ve Sosyal Yardım Vakfı as long as it is subject to tax exemption. Donation was not made to Anadolu Eğitim ve Sosyal Yardım Vakfı by the Group in 2020 (Donation was not made in 2019).

d) Key management compensation:

	<u>31 December 2020</u>	<u>31 December 2019</u>
Salaries and other short-term benefits	12.068.117	10.960.402
Total	12.068.117	10.960.402

The benefits provided to top management (General managers and Directors) include salaries, bonuses, premiums, and the employer's share of social security.

NOTE 28- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing its profit and market value through the optimization of the debt and equity balance.

The Group's equity comprised of cash and cash equivalents in Note 4 and equity items in Note 16.

Risks, associated with each capital class, and the capital cost are evaluated by the top management. It is aimed that the capital structure will be set in balance by means of new borrowings or repaying the existing debts as well as dividend payments and new share issuances based on the top management evaluations.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 28- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(a) Capital risk management (cont'd)

The Group monitors capital by using debt to total capital ratio. This ratio is calculated by dividing the net debt by total capital. The net debt is calculated by excluding the cash and cash equivalent amounts from the total debt amount (including credits, leasing and commercial debts as indicated in the balance sheet).

	31 December 2020	31 December 2019
Net Debt	888.056.735	780.635.292
Total Equity	575.146.529	564.088.174
Net Debt/Total Equity	1,54	1,38

Increase of the rate of net debts to equity compared to prior year arise from the periodical increase in using credits.

General strategy of the Group based on shareholders' equity is not different from previous periods.

The Group conducts hedging contracts (including derivative financial instruments) for the purpose of diversifying foreign currency fluctuation risks.

(b) Price risk

The Group has no financial assets that will expose it to price risk.

(c) Market risk

The Group is subject to the financial risks related to the changes in the exchange rate (Please see (d) below) and interest rate (Please see (e) below) due to its operations and other (Please see (f) below). Also due to having financial instruments, the Group also bears the risk of other parties not meeting the requirements of agreements (Please see (g) below).

Market risks seen at the level of the Group are measured in accordance with sensitivity analyses.

The market risk of the Group incurred during the current year or the method of handling the encountered risks or the method of measuring those risks are not different from the previous year.

(d) Foreign exchange risk management

Foreign currency transactions may result in foreign currency risk.

The Group maintains foreign currency time deposit accounts in banks as the Group has receivables and payables in foreign currencies. As a consequence, the Group is exposed to foreign currency exchange risk due to the changes in exchange rates used for converting assets and liabilities into TL. Foreign exchange risk arises from future trade operations and the differences between assets and liabilities.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 28- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(d) Foreign exchange risk management (cont'd)

Statement of Foreign Exchange Rate Sensitivity Analysis

31 December 2020

	Profit / Loss	
	<u>Appreciation of Foreign Currency</u>	<u>Depreciation of Foreign Currency</u>
In case of US Dollar increases in 10% against TL;		
1- US Dollar Net Asset / Liability	1.856.641	(1.856.641)
2- US Dollar Hedges (-)	-	-
3- Net Effect of US Dollar (1+2)	1.856.641	(1.856.641)
In case of Euro increases in 10% against TL;		
4- Euro Net Asset / Liability	15.963.191	(15.963.191)
5- Euro Hedges (-)	-	-
6- Net Effect of Euro (4+5)	15.963.191	(15.963.191)
In case of other exchange rates increase in 10% against TL;		
7- Other Exchange Rates Net Asset / Liability	(11.192.347)	11.192.347
8- Other Exchange Rates Hedges (-)	-	-
9- Net Effect of Other Exchange Rates (4+5)	(11.192.347)	11.192.347
TOTAL (3+6+9)	6.627.485	(6.627.485)

Statement of Foreign Exchange Rate Sensitivity Analysis

31 December 2019

	Profit / Loss	
	<u>Appreciation of Foreign Currency</u>	<u>Depreciation of Foreign Currency</u>
In case of US Dollar increases in 10% against TL;		
1- US Dollar Net Asset / Liability	7.738.612	(7.738.612)
2- US Dollar Hedges (-)	-	-
3- Net Effect of US Dollar (1+2)	7.738.612	(7.738.612)
In case of Euro increases in 10% against TL;		
4- Euro Net Asset / Liability	(21.699.709)	21.699.709
5- Euro Hedges (-)	-	-
6- Net Effect of Euro (4+5)	(21.699.709)	21.699.709
In case of other exchange rates increase in 10% against TL;		
7- Other Exchange Rates Net Asset / Liability	(7.744.715)	7.744.715
8- Other Exchange Rates Hedges (-)	-	-
9- Net Effect of Other Exchange Rates (4+5)	(7.744.715)	7.744.715
TOTAL (3+6+9)	(21.705.812)	21.705.812

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 28- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(d) Foreign exchange risk management (cont'd)

	31 December 2020					31 December 2019				
	TL Amount	US Dollar	Euro	Yen	Other	TL Amount	US Dollar	Euro	Yen	Other
1. Trade Receivables	143.550.181	778.569	15.280.747	-	187.651	195.203.049	13.828.171	14.865.873	1.508.528	14.112.074
2a. Monetary Financial Assets	95.127.190	46.866	9.790.905	90.643.367	158.343	88.462.408	21.604	13.248.376	-	224.427
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	10.908.414	-	-	-	10.908.414
4. Current Assets (1+2+3)	238.677.371	825.435	25.071.652	90.643.367	345.994	294.573.871	13.849.775	28.114.249	1.508.528	25.244.915
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Non-current Assets (5+6+7)	-	-	-	-	-	-	-	-	-	-
9. Total Assets (4+8)	238.677.371	825.435	25.071.652	90.643.367	345.994	294.573.871	13.849.775	28.114.249	1.508.528	25.244.915
10. Trade Payables	343.852.238	1.293.214	24.346.634	1.621.984.444	-	268.198.503	510.247	24.422.823	1.867.804.737	1.336.120
11. Financial Liabilities	2.465.417	-	273.695	-	-	173.807.213	-	26.134.065	-	-
12a. Monetary Other Liabilities	4.433.699	8.326	80.057	51.479.439	-	6.322.156	-	912.196	-	32.856
12b. Non-Monetary Other Liabilities	5.099.075	-	566.067	-	-	6.638.036	312.000	719.438	-	-
13. Current Liabilities (10+11+12)	355.850.429	1.301.540	25.266.453	1.673.463.883	-	454.965.908	822.247	52.188.522	1.867.804.737	1.368.976
14. Trade Payable	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	158.393.788	-	17.583.875	-	-	56.888.734	-	8.553.925	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-	-	-
17. Non-current Liabilities (14+15+16)	158.393.788	-	17.583.875	-	-	56.888.734	-	8.553.925	-	-
18. Total Liabilities (13+17)	514.244.217	1.301.540	42.850.328	1.673.463.883	-	511.854.642	822.247	60.742.447	1.867.804.737	1.368.976
19. Off-balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	341.841.706	3.005.416	35.500.000	-	-	-	-	-	-	-
19.a. Total Amount of Hedged Assets	-	-	-	-	-	-	-	-	-	-
19.b. Total Amount of Hedged Liabilities	(341.841.706)	(3.005.416)	(35.500.000)	-	-	-	-	-	-	-
20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	66.274.860	2.529.311	17.721.324	(1.582.820.516)	345.994	(217.280.771)	13.027.528	(32.628.198)	(1.866.296.209)	23.875.939
21. Monetary Items Net Foreign Currency Assets / (Liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)	(270.467.771)	(476.105)	(27.003.514)	(1.582.820.516)	345.994	(221.551.149)	13.339.528	(45.157.136)	(1.866.296.209)	12.967.525
22. Fair Value of Financial Instruments Used for Currency Hedge	10.758	-	1.194	-	-	-	-	-	-	-
23. Hedged Foreign Currency Assets	(341.841.706)	-	(35.500.000)	-	-	-	-	-	-	-
24. Hedged Foreign Currency Liabilities	22.061.256	-	-	-	-	-	-	-	-	-
25. Export	425.926.312	-	-	-	-	804.352.370	-	-	-	-
26. Import	583.653.526	-	-	-	-	474.508.004	-	-	-	-

Derivative contracts that explained in Note 7 and with nominal amount of JPY 1.708.114.094 are done for Euro risks and they aren't included into the foreign exchange risk

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 28- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(e) Interest rate risk management

The Group is exposed to interest rate risk due to variable and fixed interest rates. Group's financial liabilities and assets with fixed and variable interest rates (guarantee etc.) are respectively shown at Note 4.

Interest Rate Position Table

	<u>31 December 2020</u>	<u>31 December 2019</u>
Financial Assets with Fixed Rates		
Financial Assets	248.575.997	134.588.657
Financial Liabilities	(567.536.647)	(460.943.310)
Financial Liabilities With Variable Rates		
Financial Assets	-	-
Financial Liabilities	(55.017.997)	(33.244.816)

As of 31 December 2020, if the market interest rate had increased/decreased by 100 basis point with all other variables held constant, period income before tax and consolidated equity of participations of the Group would have been higher/lower by TL 550.180 (31 December 2019: higher/lower by TL 332.448).

(f) Funding risk

The ability to fund the existing and prospective debt requirements is managed as necessary by obtaining adequate committed funding lines from high quality lenders.

(g) Credit risk management

Holding financial instruments also carries the risk of the other party's not meeting the requirements of the agreement. The Group's collection risk is mainly derived from trade receivables. Trade receivables are evaluated by the management of the Group depending on their past experiences and current economic conditions and are presented in financial statements when necessary allowances for doubtful receivables are provided.

Most of trade receivables are comprised of receivables from costumers who has given an adequate amount of guarantees. An effective control system was established to collect the receivables. Credit risk arising from transactions is followed and these risks are taken into account when assessing each debtor. Because there are so many costumers. The Group's credit risk is dispersed and there is no important credit risk concentration. Receivables from foreign costumers as of 31 December 2020 are TL 163.205.222 and there is no geographical concentration (31 December 2019: TL 195.203.049).

NOTE 28- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(g) Credit risk management (cont'd)

	Receivables				Note	Deposit	Note
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
CURRENT PERIOD							
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	36.479.657	388.519.490	-	3.897.746	6	262.301.354	
- Secured portion of the maximum credit risk by guarantees etc.	-	375.765.613	-	-		-	
A. Net book value of financial assets which are undue or which is not impaired	36.479.657	371.590.909	-	3.897.746	7-8	262.301.354	4
B. Book value of financial assets which conditions are renegotiated, and which otherwise would be counted as overdue or impaired	-	-	-	-		-	
C. Net book value of assets, overdue but not impaired	-	16.928.581	-	-	7-8	-	
- Secured by Guarantee, etc.	-	12.753.877	-	-	7-8	-	
D. Net book value of assets decrease in value	-	-	-	-		-	
- Overdue (gross book value)	-	(762.710)	-	-	7-8	-	
- Impairment (-)	-	762.710	-	-	7-8	-	
- The part of net value secured by guarantee etc.	-	-	-	-		-	
- Undue (gross book value)	-	-	-	-		-	
- Impairment (-)	-	-	-	-		-	
- The part of net value secured by guarantee etc.	-	-	-	-		-	
E. Elements containing credit risk off the balance sheet	-	-	-	-		-	

	Receivables				Note	Deposit	Note
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
PRIOR PERIOD							
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	2.573.971	399.751.804	-	13.904.489		140.101.446	
- Secured portion of the maximum credit risk by guarantees etc.	-	383.942.454	-	-	6	-	
A. Net book value of financial assets which are undue or which is not impaired	2.573.971	383.942.454	-	13.904.489	7-8	140.101.446	4
B. Book value of financial assets which conditions are renegotiated, and which otherwise would be counted as overdue or impaired	-	-	-	-		-	
C. Net book value of assets, overdue but not impaired	-	15.809.350	-	-	7-8	-	
- Secured by Guarantee, etc.	-	15.809.350	-	-	7-8	-	
D. Net book value of assets decrease in value	-	-	-	-		-	
- Overdue (gross book value)	-	(364.907)	-	-	7-8	-	
- Impairment (-)	-	364.907	-	-	7-8	-	
- The part of net value secured by guarantee etc.	-	-	-	-		-	
- Undue (gross book value)	-	-	-	-		-	
- Impairment (-)	-	-	-	-		-	
- The part of net value secured by guarantee etc.	-	-	-	-		-	
E. Elements containing credit risk off the balance sheet	-	-	-	-		-	

The ageing of trade receivables, overdue but not impaired, is as follows:

	Receivables				Deposits at Banks	Derivatives	Other
	Trade Receivables	Other Receivables					
31 December 2020							
Past due up to 30 days	9.386.630	-	-	-	-	-	-
Past due 1 - 3 months	1.583.425	-	-	-	-	-	-
Past due 3 - 12 months	1.783.822	-	-	-	-	-	-
Past due 1 - 5 year	-	-	-	-	-	-	-
Past due over 5 years	-	-	-	-	-	-	-
Assets covered portion with guarantee letter etc.	12.753.877						

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 28- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

	Receivables		Deposits at Banks	Derivatives	Other
	Trade Receivables	Other Receivables			
31 December 2019					
Past due up to 30 days	12.667.506	-	-	-	-
Past due 1 - 3 months	859.424	-	-	-	-
Past due 3 - 12 months	2.282.420	-	-	-	-
Past due 1 - 5 year	-	-	-	-	-
Past due over 5 years	-	-	-	-	-
Assets covered portion with guarantee letter etc.	15.809.350	-	-	-	-

Impairment analysis on trade receivables is made over the ageing table and though assessing the management's best estimates.

The Group manages liquidity risk by maintaining adequate reserves, and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk tables

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and having the availability and flexibility of funding through an adequate amount of (committed) credit facilities.

The risk of meeting existing and probable future liabilities is managed only by means of having access to sufficient number of trustable creditors.

The table below indicates derivative and non-derivative financial liabilities of the Group in terms of TL and maturity term.

Non-Derivative Financial Liabilities

31 December 2020

<u>Contract Terms</u>	<u>Carrying Value</u>	<u>Total</u>	<u>Less than 3 Months</u>	<u>3 to 12 Months</u>	<u>1 to 5 Years</u>	<u>5 Years +</u>
		<u>Contracted Cash Outflows</u>				
Bank Loans	622.554.644	689.725.081	96.966.447	274.723.698	286.561.279	31.473.657
Other Financial Liabilities	6.005.385	6.372.145	977.439	1.954.879	3.439.827	-
Trade Payables	526.584.529	529.552.240	528.670.220	882.020	-	-
Other Payables	16.948.648	17.744.927	14.264.718	2.088.126	1.392.083	-
Total	1.172.093.206	1.243.394.393	640.878.824	279.648.723	291.393.189	31.473.657

31 December 2019

<u>Contract Terms</u>	<u>Carrying Value</u>	<u>Total</u>	<u>Less than 3 Months</u>	<u>3 to 12 Months</u>	<u>1 to 5 Years</u>	<u>5 Years +</u>
		<u>Contracted Cash Outflows</u>				
Bank Loans	494.188.126	554.733.379	121.580.810	290.148.705	121.409.201	21.594.663
Other Financial Liabilities	5.579.655	6.331.536	608.275	1.824.826	3.898.435	-
Trade Payables	421.671.065	423.866.378	290.188.520	133.677.858	-	-
Other Payables	8.215.495	8.215.495	8.215.495	-	-	-
Total	929.654.341	993.146.788	420.593.100	425.651.389	125.307.636	21.594.663

NOTE 28- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Derivative Financial Liabilities

31 December 2020

Contract Terms	Carrying Value	Total Contracted Cash Outflows	Less than 3 Months	3 to 12 Months	1 to 5 Years	5 Years +
Derivative Cash Outflow	21.327.299	21.327.299	9.616.707	11.710.592	-	-
Total	21.327.299	21.327.299	9.616.707	11.710.592	-	-

The Group does not have derivative financial liabilities as of 31 December 2019.

Fair Value and Hedging Disclosures

The Group believes that registered values of financial instruments reflect their fair values.

Objectives of financial risk management

Finding access to financial markets and managing financial risks arisen from operational activities of the Group fall under the responsibility of the Group's finance department. Aforementioned risks include market risk (foreign exchange risk, interest rate risk and price risk); financial risk covers market risk (exchange rate risk, fair value of interest risk and price risk), credit risk liquidity risk and cash flow risk.

Determination of the fair value of financial assets and liabilities are explained below:

Level 1: Valuation of the financial assets and liabilities over the stock exchange prices of similar assets and liabilities resulting from the transactions in active markets.

Level 2: Valuation of the financial assets and liabilities over the price calculated on the basis of the data that is directly or indirectly observable in the market other than the stock exchange price of the relevant asset or liability determined on the first level.

Level 3: Valuation of the financial assets and liabilities carried out in the absence of observable data in the market for determining the fair value of the relevant asset or liability.

Derivative Financial Instruments

In order to hedge these risks, the Group enters into forward foreign currency transaction agreements as a financial instrument where necessary.

As of 31 December 2020, the Group's foreign currency transaction agreement, which is a derivative financial instrument, is as follows:

Financial assets carried at fair value	Level 1	Level 2	Level 3	Total
Derivative assets (Note 8)	-	53.132	-	53.132
Total	-	53.132	-	53.132

Financial liabilities carried at fair value	Level 1	Level 2	Level 3	Total
Derivative liabilities (Note 8)	-	21.327.299	-	21.327.299
Total	-	21.327.299	-	21.327.299

As of 31 December 2019, the Group's foreign currency transaction agreement, which is a derivative financial instrument, is as follows:

Financial assets carried at fair value	Level 1	Level 2	Level 3	Total
Derivative assets (Note 8)	-	442.165	-	442.165
Total	-	442.165	-	442.165

NOTE 29- EVENTS AFTER REPORTING PERIOD

None.