

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

**Interim Condensed Consolidated Financial Statements
As of March 31, 2021**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

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 INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS OF 31 MARCH 2021 AND 31 DECEMBER 2020

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(Currency expressed in Turkish Lira unless otherwise indicated.)

	Notes	Unaudited Current Period 31 March 2021	Audited Prior Period 31 December 2020
ASSETS			
Current Assets		1.043.688.664	1.149.598.287
Cash and Cash Equivalents	4	120.030.905	267.087.823
Trade Receivables		347.979.284	424.999.147
<i>Trade Receivables from Related Parties</i>	6-22	45.223.712	36.479.657
<i>Trade Receivables from Third Parties</i>	6	302.755.572	388.519.490
Other Receivables		2.755.812	3.897.560
<i>Other Receivables from Third Parties</i>		2.755.812	3.897.560
Inventories	8	475.020.740	390.663.282
Derivative Instruments	7	11.491.146	53.132
Prepaid Expenses	15	44.858.086	17.834.671
Current Tax Assets		836.606	728.276
Other Current Assets	15	40.716.085	44.334.396
Non-Current Assets		781.971.585	779.795.941
Other Receivables		186	186
<i>Other Receivables from Third Parties</i>		186	186
Property, Plant and Equipment	9	566.837.831	567.988.122
Right of Use Assets	11	4.218.938	4.819.061
Intangible Assets		180.243.697	173.400.714
<i>Goodwill</i>		2.340.995	2.340.995
<i>Other Intangible Assets</i>	10	177.902.702	171.059.719
Prepaid Expenses	15	3.548.869	5.815.424
Deferred Tax Asset	20	27.122.064	27.772.434
TOTAL ASSETS		1.825.660.249	1.929.394.228

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

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
 INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
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 (Currency expressed in Turkish Lira unless otherwise indicated.)

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	Notes	Unaudited Current Period 31 March 2021	Audited Prior Period 31 December 2020
LIABILITIES			
Current Liabilities		968.895.920	1.030.954.848
Current Borrowings		293.179.462	335.847.784
<i>Current Borrowings from Third Parties</i>	5	293.179.462	335.847.784
<i>Bank Loans</i>	5	293.179.462	335.847.784
Current Portions of Non-Current Borrowings		112.468.445	24.682.175
<i>Current Portions of Non-Current Borrowings from Third Parties</i>	5	112.468.445	24.682.175
<i>Bank Loans</i>	5	109.197.597	21.086.117
<i>Lease Liabilities</i>	5	3.270.848	3.596.058
Trade Payables		503.685.309	526.584.529
<i>Trade Payables to Related Parties</i>	6-22	285.466.679	295.508.402
<i>Trade Payables to Third Parties</i>	6	218.218.630	231.076.127
Other Payables		1.002.350	2.672.811
<i>Other Payables to Related Parties</i>	22	9.109	9.109
<i>Other Payables to Third Parties</i>		993.241	2.663.702
Derivative Instruments	7	4.590.306	21.327.299
Employee Benefits Obligations		7.081.856	13.285.626
Liabilities Arising from Contracts with Customers		870.508	4.680.955
Deferred Income	15	18.183.437	66.626.901
Current Provisions		27.834.247	35.246.768
<i>Current Provisions for Employee Benefits</i>	14	3.936.878	11.131.670
<i>Other Current Provisions</i>	13	23.897.369	24.115.098
Non-Current Liabilities		272.945.744	323.292.851
Non-Current Borrowings		213.654.714	268.030.070
<i>Non-Current Borrowings from Third Parties</i>		213.654.714	268.030.070
<i>Bank Loans</i>	5	211.710.435	265.620.743
<i>Lease Liabilities</i>	5	1.944.279	2.409.327
Employee Benefit Obligations		999.320	999.320
Liabilities Arising from Contracts with Customers	15	18.423.455	15.299.447
Deferred Income	15	6.617.539	6.829.744
Non-Current Provisions for Employee Benefits	14	33.250.716	32.134.270
EQUITY		583.818.585	575.146.529
Equity Attributable to Equity Holders of the Parent		583.818.585	575.146.529
Issued Capital	16	84.000.000	84.000.000
Adjustments to Share Capital	16	30.149.426	30.149.426
Revaluation and Remeasurement Earnings/Losses that will not be Reclassified in Profit or Loss		405.250.007	404.179.620
<i>Gain on Revaluation of Property, Plant and Equipment</i>	16	417.373.045	417.373.045
<i>Gain/Loss on Remeasurement of Defined Benefit Plans</i>	16	(12.123.038)	(13.193.425)
Restricted Reserves Appropriated from Profits	16	23.784.678	23.784.678
Prior Years' Profit/Losses	16	33.032.805	19.384.487
Current Period Net Profit or Losses	16	7.601.669	13.648.318
TOTAL LIABILITIES		1.825.660.249	1.929.394.228

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

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
CONDENCED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 MARCH 2021 AND 31 MARCH 2020
(Currency expressed in Turkish Lira unless otherwise indicated.)

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	Notes	Unaudited Current Period 1 January- 31 March 2021	Unaudited Prior Period 1 January- 31 March 2020
PROFIT OR LOSS			
Revenue	17	382.300.939	209.208.362
Cost of Sales (-)	17	(300.832.016)	(166.960.643)
GROSS PROFIT (LOSS)		81.468.923	42.247.719
General Administrative Expenses (-)		(18.546.479)	(17.899.353)
Marketing Expenses (-)		(29.038.578)	(23.281.690)
Research and Development Expenses (-)		(2.624.922)	(1.034.823)
Other Income from Operating Activities	18	21.812.959	30.176.937
Other Expenses from Operating Activities (-)	18	(28.294.932)	(20.934.681)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		24.776.971	9.274.109
Income from Investing Activities		778	74.987
PROFIT/LOSS BEFORE FINANCE EXPENSE		24.777.749	9.349.096
Finance Income	19	50.204.616	16.112.923
Finance Expenses (-)	19	(66.762.856)	(48.474.513)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		8.219.509	(23.012.494)
Tax Income/(Expense) From Continuing Operations		(617.840)	5.300.032
Current Tax (Expense) Income		(235.067)	(100.526)
Deferred Tax (Expense) Income		(382.773)	5.400.558
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		7.601.669	(17.712.462)
PROFIT (LOSS) FOR THE YEAR	21	7.601.669	(17.712.462)
Profit (Loss) for the Year Attributable to:		7.601.669	(17.712.462)
Owners of The Parent		7.601.669	(17.712.462)
Earnings/(Losses) Per 100 Share from Continuing Operations		0,0905	(0,2109)
OTHER COMPREHENSIVE INCOME / (EXPENSE)		7.601.669	(17.712.462)
Items That Will Not Be Reclassified to Profit or Loss			
Gains (Losses) on Remeasurement of Defined Benefit Plans		1.337.984	(139.738)
Gains (Losses) on Remeasurement of Defined Benefit Plans, Tax Effect		(267.597)	30.742
OTHER COMPREHENSIVE INCOME (EXPENSE)		1.070.387	(108.996)
TOTAL COMPREHENSIVE INCOME (EXPENSE)		8.672.056	(17.821.458)
Owners of The Parent		8.672.056	(17.821.458)

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

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
CONDENCED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 31 MARCH 2021 AND 31 MARCH 2020
(Currency expressed in Turkish Lira unless otherwise indicated.)

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Prior Period	Notes	Issued 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 Appropriated from Profits	Prior Years' Profits/Losses	Current Period Net Profit or Losses	Equity Attributable to Equity Holders of The Parent	Non-Controlling Interests	
Balances as of 1 January 2020 (Beginning of the Period)	16	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)		-	-	-	(108.996)	-	-	(17.712.462)	(17.821.458)	-	(17.821.458)
<i>Loss for the Period</i>		-	-	-	-	-	-	(17.712.462)	(17.712.462)	-	(17.712.462)
<i>Other Comprehensive Income / (loss)</i>		-	-	-	(108.996)	-	-	-	(108.996)	-	(108.996)
Transfers		-	-	-	-	(138.437.248)	160.225.073	(21.787.825)	-	-	-
Balances as of 31 March 2020 (End of the Period)	16	84.000.000	30.149.426	417.373.045	(10.712.458)	23.784.678	19.384.487	(17.712.462)	546.266.716	-	546.266.716
Current Period											
Balances as of 1 January 2021 (Beginning of the Period)	16	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
Total Comprehensive Income (Expense)		-	-	-	1.070.387	-	-	7.601.669	8.672.056	-	8.672.056
<i>Profit for the Period</i>		-	-	-	-	-	-	7.601.669	7.601.669	-	7.601.669
<i>Other Comprehensive Income / (loss)</i>		-	-	-	1.070.387	-	-	-	1.070.387	-	1.070.387
Transfers		-	-	-	-	-	13.648.318	(13.648.318)	-	-	-
Balances as of 31 March 2021 (End of the Period)	16	84.000.000	30.149.426	417.373.045	(12.123.038)	23.784.678	33.032.805	7.601.669	583.818.585	-	583.818.585

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

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
CONDENCED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 31 MARCH 2021 AND 31 MARCH 2020
(Currency expressed in Turkish Lira unless otherwise indicated.)

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	Notes	Unaudited Current Period 31 March 2021	Unaudited Prior Period 31 March 2020
Cash Flows from Operating Activities		(98.302.952)	(63.027.615)
Current Period Net Profit or Losses	16	7.601.669	(17.712.462)
Adjustments to Reconcile Profit (Loss) for The Year		26.325.485	59.418.158
Adjustments Related to Depreciation and Amortization Expenses	9-10-11	12.843.800	10.717.457
Adjustments Related to Provision for Employee Benefits (Released)	14	3.923.884	2.022.296
Adjustments Related to Tax (Income) Expense		617.840	(5.300.032)
Adjustments Related to Provisions for Litigations	13-18	497.440	556.793
Adjustments Related to Interest Income	18-19	(4.769.508)	(746.437)
Adjustments Related to Interest Expenses	18-19	12.716.241	13.220.457
Adjustments Related to Unrealized Currency Translation Differences		13.314.961	19.947.316
Adjustments Related to Fair Value Losses (Gains)		(28.175.007)	(1.266.278)
Other Adjustments to Profit/(Loss) Reconciliation		6.738.458	8.178.098
Adjustments Related to Other Provisions (Released)	13	8.618.154	12.163.475
Adjustments Related to Loss (Gain) on Disposal of Property, Plant and Equipment		(778)	(74.987)
Changes in Working Capital		(121.377.594)	(89.357.068)
Adjustments Related to Decrease (Increase) in Trade Receivables	6	76.752.402	55.510.821
Adjustments Related to Decrease (Increase) in Inventories	8	(84.357.458)	(55.953.965)
Adjustments Related to Decrease (Increase) in Other Receivables from Operations		(22.371.686)	(14.290.607)
Adjustments Related to Increase (Decrease) in Trade Payables	6	(22.360.029)	(74.649.707)
Adjustments Related to Increase (Decrease) in Other Payables from Operations		(72.332.470)	5.515.588
Adjustments Related to Increase (Decrease) in Other Working Capital from Operations		3.291.647	(5.489.198)
Cash Generated from Operations		(87.450.440)	(47.651.372)
Income Tax Returns (Paid)		(1.071.673)	(651.971)
Payments Related to Other Provisions	13	(9.333.323)	(13.453.100)
Payments to Provision of Employee Benefits	14	(447.516)	(1.271.172)
Cash Flows from Investing Activities		(17.710.190)	(19.867.258)
Proceeds from Sale of Property, Plant and Equipment	9	4.438	82.989
Payments for Purchase of Property, Plant and Equipment	9	(3.409.202)	(6.379.093)
Payments for Purchase of İntangible Assets	10	(14.305.426)	(13.571.154)
Cash Flows from Financing Activities		(31.274.690)	194.001.153
Interest Received		4.557.612	740.405
Interest Paid	5	(10.463.979)	(14.873.408)
Proceeds from Loans	5	21.132.890	447.404.019
Cash Outflows from Repayment of Loans	5	(45.014.780)	(238.633.741)
Cash Outflows Related to Debt Payments Arising from Lease Agreements		(1.486.433)	(636.122)
Net Increase (Decrease) in Cash and Cash Equivalents		(147.287.832)	111.106.280
Cash and Cash Equivalents at The Beginning of The Year		267.087.823	140.790.569
Cash and Cash Equivalents at The End of The Year	4	119.799.991	251.896.849

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

(Currency 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 Istanbul 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 March 2021 is 867 (31 December 2020: 847).

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 March 2021 and 31 December 2020, details about the company’s subsidiary, which is subject to consolidation, is below:

Company Name	Principal Activity	Capital	31 March 2021 Participation Rate (%)	31 December 2020 Participation Rate (%)
Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş.	Trade of spare parts	716.000	100	100

Approval of Financial Statements

Condensed consolidated financial statements for the period 1 January – 31 March 2021 approved by the Board of Directors on 30 April 2021 and signed by Independent Member of the Board of Director Ahmet Murat SELEK (Audit Committee Chairman) and Orhan ÖZER (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 condensed consolidated financial statements and notes to the consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Basis of Preparation and Presentation of Interim Condensed Consolidated Interim Financial Statements

The Group companies, that operate in Turkey, keep their accounting books and their statutory financial statements in Turkish Lira in accordance with the Generally Accepted Accounting Principles in Turkey accepted by the Capital Markets Board (CMB), Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries and joint ventures keep their accounting books and statutory financial statements in their local currencies and in accordance with the rules and regulations of the countries in which they operate

Consolidated financial statements are based on the statutory financial statements of the Group’s subsidiaries and joint ventures and presented in TRL in accordance with CMB Financial Reporting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for business combinations, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets and liabilities, derivative instruments carried from their fair values and assets and liabilities included in business combinations application, financial statements are prepared on historical cost basis

In accordance with the CMB's "Communiqué on Financial Reporting in Capital Market" Numbered II-14.1 (Communiqué), promulgated in the Official Gazette numbered 28676 dated June 13, 2013, effective from interim periods beginning after September 30, 2013, listed companies are required to prepare their financial statements in conformity with Turkey Accounting/Financial Reporting Standards (TAS/IFRS) as prescribed in the CMB Communiqué. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, “Interim Financial Reporting”. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned interim condensed consolidated financial statements in compliance with CMB Financial Reporting Standards. Furthermore, in accordance with the Communiqué and announcements regarding the explanations of the Communiqué, guarantee pledge mortgage table, foreign currency position table, total export and total import amounts and hedging amount of total foreign currency liabilities are presented in the interim condensed consolidated financial statement disclosures

(Currency expressed in Turkish Lira unless otherwise indicated.)

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

2.1 Basis of Presentation (cont'd)

2.1.1 Basis of Preparation and Presentation of Interim Condensed Consolidated Financial Statements (cont'd)

The Group's condensed consolidated financial statements does not include all necessary disclosures and notes which are shown in the year-ended consolidated financial statements, the accompanying summary financial statements should be read together with the 31 December 2020 financial statements and attached notes.

Functional and Reporting Currency

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.

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 March 2021 and 31 December 2020.

Subsidiary	Voting power held by the Group (%)		Proportion of ownership interest (%)	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
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 system that allows clarification of relevant values and there is an intention to demonstrate the values clearly or the realization of the asset and the settlement of the debt are at the same time.

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.

(Currency expressed in Turkish Lira unless otherwise indicated.)

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

2.1 Basis of Presentation (cont'd)

2.1.6 Amendments in Standards and Interpretations

a) Amendments that are mandatorily effective from 2021

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.

The Group assessed that the adoption of this amendment does not have any effect on the Group's consolidated financial statements.

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 2018-2020	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying IFRS 9</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</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.

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.

(Currency expressed in Turkish Lira unless otherwise indicated.)

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

2.1 Basis of Presentation (cont'd)

2.1.6 Amendments in Standards and Interpretations (cont'd)

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

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.

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 16 COVID-19 Related Rent Concessions beyond 30 June 2021

Public Oversight Accounting and Auditing Standards Authority (“POA”) has published *COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to TFRS 16)* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

(Currency expressed in Turkish Lira unless otherwise indicated.)

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

2.2 Effects of Revised Accounting Policies

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively in accordance with the 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

Interim condensed consolidated financial statements for the period ending on March 31, 2021 prepared in accordance with the TMS 34 standard for the preparation of the tables. The interim condensed consolidated financial statements for the period ending on 31 March 2021 have been prepared by applying accounting policies consistent with the accounting policies applied during the preparation of the consolidated financial statements for the year ended 31 December 2020. Therefore, these interim condensed consolidated financial statements should be evaluated together with the consolidated financial statements for the year ended 31 December 2020.

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.

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 March 2021, the Group has deductible financial losses of TL 138.546.236 (31 December 2020: TL 138.546.236). The Group has recognized deferred tax assets of TL 27.709.247 (31 December 2020: TL 27.709.247) 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.

(Currency 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 (cont'd)

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 actuarial informations 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 March 2021. 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 March 2021.

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 equivalent values as of the end of the period are presented below:

	<u>31 March 2021</u>	<u>31 December 2020</u>
Cash	2.951	3.221
Banks-Demand Deposits	19.678.764	13.725.357
Banks-Time Deposits (up to 3 months)	91.076.425	248.575.997
Other Liquid Assets (*)	9.272.765	4.783.248
Total	120.030.905	267.087.823

(*) As of 31 March 2021 and 31 December 2020, 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 March 2021 and 31 December 2020.

Cash and cash equivalents presented in the consolidated cash flow statements as of 31 March 2021 and 31 December 2020 are as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
Liquid Assets	120.030.905	267.087.823
Interest Accruals (-)	(230.914)	(357.568)
Total (Excluding interest accruals)	119.799.991	266.730.255

The details of time deposits are as follows:

	<u>31 March 2021</u>		<u>31 December 2020</u>	
	<u>Amount (TL Equivalent)</u>	<u>Annual Average Interest Rate (%)</u>	<u>Amount (TL Equivalent)</u>	<u>Annual Average Interest Rate (%)</u>
TL	85.224.914	18,17	162.984.387	17,19
Euro	5.851.511	0,01	85.253.940	0,58
US Dollar	-	-	337.670	0,75
Total	91.076.425		248.575.997	

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 March 2021 and 31 December 2020 are as follows:

a) Short-term Bank Loans

Bank Loans

	<u>Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TL Including Interest</u>	
	<u>31 March 2021</u>	<u>31 December 2020</u>	<u>31 March 2021</u>	<u>31 December 2020</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
TL	9,31	9,38	293.179.462	335.847.784	293.179.462	335.847.784
Total					293.179.462	335.847.784

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

Bank Loans

	<u>Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TL Including Interest</u>	
	<u>31 March 2021</u>	<u>31 December 2020</u>	<u>31 March 2021</u>	<u>31 December 2020</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
Euro	0,83	2,50	5.007.931	244.655	48.886.060	2.203.824
TL	11,63	13,57	60.311.537	18.882.293	60.311.537	18.882.293
Total					109.197.597	21.086.117

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 5- FINANCIAL LIABILITIES (cont'd)

b) Short-term Portions of Long-term Financial Liabilities (cont'd)

Finance Lease Liabilities

	<u>Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TL Including Interest</u>	
	<u>31 March 2021</u>	<u>31 December 2020</u>	<u>31 March 2021</u>	<u>31 December 2020</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
Euro	4,75	4,15	29.040	29.040	283.840	261.589
TL	13,00	13,00	2.987.008	3.334.469	2.987.008	3.334.469
Total					3.270.848	3.596.058

c) Long-term Bank Loans

Bank Loans

	<u>Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TL Including Interest</u>	
	<u>31 March 2021</u>	<u>31 December 2020</u>	<u>31 March 2021</u>	<u>31 December 2020</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
Euro	2,09	1,74	12.726.765	17.535.475	124.306.593	157.957.801
TL	13,68	12,09	87.403.845	107.662.942	87.403.842	107.662.942
Total					211.710.435	265.620.743

As of 31 March 2021 and 31 December 2020, the payment schedule of long-term loans is as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
1 to 2 years	67.650.450	128.775.589
2 to 3 years	110.225.863	102.117.516
3 to 4 years	13.041.070	12.911.632
4 to 5 years	8.354.935	8.345.674
More than 5 years	12.438.117	13.470.332
Total	211.710.435	265.620.743

Finance Lease Liabilities

	<u>Average Effective Interest Rate %</u>		<u>Original Currency</u>		<u>Amount in TL Including Interest</u>	
	<u>31 March 2021</u>	<u>31 December 2020</u>	<u>31 March 2021</u>	<u>31 December 2020</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
Euro	4,75	4,15	41.140	48.400	402.106	435.982
TL	13,00	13,00	1.542.173	1.973.345	1.542.173	1.973.345
Total					1.944.279	2.409.327

Financial net debt reconciliation as of 31 March 2021 and 31 December 2020 is as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
Opening balance	628.560.029	499.767.781
Interest expense	12.373.623	52.604.938
Cash outflows from debt payments arising from lease agreements	(1.486.433)	(3.654.829)
TFRS 16 changes in lease liabilities	886.310	3.143.375
Interest paid	(10.463.979)	(45.217.300)
Newly obtained credits	21.132.890	800.467.723
Loans repaid	(45.014.780)	(759.819.753)
Exchange difference	13.314.961	81.268.094
Closing balance	619.302.621	628.560.029

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 6- TRADE RECEIVABLES AND PAYABLES

Trade receivables at period ends are as follows:

a) Short-term Trade Receivables

	<u>31 March 2021</u>	<u>31 December 2020</u>
Trade Receivables from Third Parties	305.483.232	390.979.689
Trade Receivables from Related Parties	45.223.712	36.479.657
Rediscount Expenses (-)	(2.727.660)	(2.460.199)
Doubtful Receivables	762.710	762.710
Allowance for Doubtful Receivables (-)	(762.710)	(762.710)
Total	347.979.284	424.999.147

Movements of provision for doubtful receivables are as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
Opening Balance	762.710	364.907
Provisions in the Period	-	397.803
Closing Balance	762.710	762.710

Trade payables at period ends are as follows:

b) Short-term Trade Payables

	<u>31 March 2021</u>	<u>31 December 2020</u>
Trade Payables to Third Parties	221.690.181	234.043.838
Trade Payables to Related Parties	285.466.679	295.508.402
Rediscount Incomes(-)	(3.471.551)	(2.967.711)
Total	503.685.309	526.584.529

NOTE 7- DERIVATIVE INSTRUMENTS

Foreign Currency Forward Transactions

As of 31 March 2021, the Group has 9 foreign currency options contracts with a nominal value of JPY 637.464.286, 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 2020: 25 foreign currency options contracts with a nominal value of JPY 1.708.114.094).

	<u>31 March 2021</u>			<u>31 December 2020</u>		
	Nominal Value	Fair Value		Nominal Value	Fair Value	
		Asset	Liability		Asset	Liability
Forward Contracts	338.669.735	11.491.146	(4.590.306)	469.271.674	53.132	(21.327.299)
Total	338.669.735	11.491.146	(4.590.306)	469.271.674	53.132	(21.327.299)

NOTE 8- INVENTORIES

Inventory balances as of period ends are as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
Raw Materials	194.923.858	177.218.695
Work in Process Goods	560.244	623.328
Finished Goods	175.858.426	150.864.222
Trade Goods	62.528.776	45.690.801
Other Inventory	2.527.507	2.608.038
Import and Domestic Purchase Advances	39.109.931	14.146.200
Impairment in Finished Goods and Trade Goods	(488.002)	(488.002)
Total Inventories	475.020.740	390.663.282

	<u>31 March 2021</u>	<u>31 December 2020</u>
Movement of Provision for Inventory Impairment		
Opening Balance	488.002	488.002
Current Period Provision (+)	-	-
Closing Balance	488.002	488.002

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 9- PROPERTY, PLANT AND EQUIPMENT

31 March 2021

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 2021	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
Additions	-	2.065	385.000	2.857.267	-	117.150	-	47.720	3.409.202
Disposals	-	-	-	(14.051)	-	-	-	-	(14.051)
Closing Balance as at 31 March 2021	94.164.000	13.593.967	463.743.028	232.997.506	6.020.376	4.649.326	785.999	1.840.791	817.794.993
<u>Accumulated Depreciation</u>									
Opening Balance as at 1 January 2021	-	(9.366.790)	(66.205.856)	(162.569.636)	(4.012.622)	(3.485.715)	(771.101)	-	(246.411.720)
Charge for the year	-	(113.008)	(1.253.251)	(2.954.370)	(174.386)	(60.603)	(215)	-	(4.555.833)
Disposals	-	-	-	10.391	-	-	-	-	10.391
Closing Balance as at 31 March 2021	-	(9.479.798)	(67.459.107)	(165.513.615)	(4.187.008)	(3.546.318)	(771.316)	-	(250.957.162)
<u>Net Book Value</u>									
Opening Balance as at 1 January 2021	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
Closing Balance as at 31 March 2021	94.164.000	4.114.169	396.283.921	67.483.891	1.833.368	1.103.008	14.683	1.840.791	566.837.831

TL 2.866.069 of the depreciation expenses has been charged to cost of sales and TL 216.155 to research and development expenses and TL 225.035 to marketing expenses, TL 416.975 to general administrative expenses and TL 831.599 to R&D capitalization as of 31 March 2021.

ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY
 NOTES TO THE CONDENCED INTERIM CONSOLIDATED STATEMENTS
 FOR THE PERIOD ENDED 31 MARCH 2021

Sayfa No: 17

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 9- PROPERTY, PLANT AND EQUIPMENT (cont'd)

31 March 2020

<u>Cost Value</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Plant, Machinery and Equipment</u>	<u>Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Other Tangible Fixed Assets</u>	<u>Construction in Progress and Advances</u>	<u>Total</u>
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	-	133.347	-	2.579.501	-	11.546	-	3.654.699	6.379.093
Disposals	-	-	-	(311.708)	-	-	-	-	(311.708)
Closing Balance as at 31 March 2020	94.164.000	12.784.272	463.171.681	205.777.563	8.869.949	4.252.707	774.199	7.035.425	796.829.796

Accumulated Depreciation

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	-	(113.492)	(1.248.630)	(2.395.960)	(267.353)	(66.738)	(634)	-	(4.092.807)
Disposals	-	-	-	303.706	-	-	-	-	303.706
Closing Balance as at 31 March 2020	-	(9.020.388)	(62.459.189)	(155.466.715)	(5.852.224)	(3.294.525)	(770.221)	-	(236.863.262)

Net Book Value

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 March 2020	94.164.000	3.763.884	400.712.492	50.310.848	3.017.725	958.182	3.978	7.035.425	559.966.534

Amounting to TL 2.578.749 of the depreciation expenses has been charged to cost of sales and TL 164.136 to research and development expenses and TL 313.292 to marketing expenses, TL 425.250 to general administrative expenses and TL 611.380 to R&D capitalization as of 31 March 2020.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 10 – INTANGIBLE ASSETS

31 March 2021

Cost Value	Rights	Development Expenses	Other Intangible Assets	Construction in Progress and Advances	Total
Opening Balance as at 1 January 2021	837.305	176.145.816	32.807.023	71.924.695	281.714.839
Additions	-	-	540.544	13.764.882	14.305.426
Closing balance as at 31 March 2021	837.305	176.145.816	33.347.567	85.689.577	296.020.265
<u>Accumulated Amortization</u>					
Opening Balance as at 1 January 2021	(244.620)	(86.845.598)	(23.564.902)	-	(110.655.120)
Charge for the period	(15.255)	(6.190.181)	(1.257.007)	-	(7.462.443)
Closing balance as at 31 March 2021	(259.875)	(93.035.779)	(24.821.909)	-	(118.117.563)
<u>Net Book Value</u>					
Opening Balance as at 1 January 2021	592.685	89.300.218	9.242.121	71.924.695	171.059.719
Closing balance as at 31 March 2021	577.430	83.110.037	8.525.658	85.689.577	177.902.702

TL 6.445.528 of the depreciation expenses of intangible assets has been charged to cost of sales and TL 8.913 to research and development expenses and TL 64.411 to marketing expenses, TL 536.553 to general administrative expenses and TL 407.038 to R&D capitalization as of 31 March 2021.

31 March 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	-	-	465.922	13.105.232	13.571.154
Closing balance as at 31 March 2020	837.305	133.984.121	28.661.775	67.719.835	231.203.036
<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	-	(4.668.756)	(1.357.114)	-	(6.025.870)
Closing balance as at 31 March 2020	(183.600)	(72.388.124)	(19.494.706)	-	(92.066.430)
<u>Net Book 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 March 2020	653.705	61.595.997	9.167.069	67.719.835	139.136.606

TL 4.734.873 of the depreciation expenses of intangible assets has been charged to cost of sales and TL 185.491 to research and development expenses and TL 129.027 to marketing expenses, TL 382.606 to general administrative expenses and TL 593.873 to R&D capitalization as of 31 March 2020.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 11 – RIGHT OF USE ASSETS

As of 31 March 2021 and 31 March 2020, 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 2021	9.123.022
Additions	225.401
Closing balance as at 31 March 2021	9.348.423

Accumulated Amortization

Opening Balance as at 1 January 2021	(4.303.961)
Charge for the Period	(825.524)
Closing balance as at 31 March 2021	(5.129.485)

Net Book Value

Opening Balance as at 1 January 2021	4.819.061
Closing balance as at 31 March 2021	4.218.938

TL 165.134 of depreciation expenses has been charged to cost of sales, and TL 660.390 to general administration expenses as of 31 March 2021.

Cost Value

Opening Balance as at 1 January 2020	7.012.545
Additions	1.475.595
Closing balance as at 31 March 2020	8.488.140

Accumulated Amortization

Opening Balance as at 1 January 2020	(1.682.030)
Charge for the Period	(598.780)
Closing balance as at 31 March 2020	(2.280.810)

Net Book Value

Opening Balance as at 1 January 2020	5.330.515
Closing balance as at 31 March 2020	6.207.330

TL 159.387 of depreciation expenses has been charged to cost of sales, and TL 439.393 to general administration expenses as of 31 March 2020.

NOTE 12- GOVERNMENT GRANTS AND INCENTIVES

There is no cash support amount, which was collected from TUBITAK in relation to R&D activities in 2021, The cash support amount, which was collected from TUBITAK in relation to R&D activities in 2020, was the TL 3.215.208.

The Group has R&D expenses which can be utilized for tax calculations with an amount of TL 277.473.610 as of 31 March 2021. 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 252.042.519 as of 31 December 2020).

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.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 13 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Other Short-term Provisions

	<u>31 March 2021</u>	<u>31 December 2020</u>
Warranty Provisions	14.291.428	13.412.222
Provision for Lawsuits	6.581.729	6.249.729
Provision for Premium and Commission	3.024.212	4.453.147
Total	23.897.369	24.115.098

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 2021	13.412.222	6.249.729	-	4.453.147	24.115.098
Additions During The Period	5.593.942	497.440	-	3.024.212	9.115.594
Paid During The Period (-)	(4.714.736)	(165.440)	-	(4.453.147)	(9.333.323)
Closing Balance as at 31 March 2021	14.291.428	6.581.729	-	3.024.212	23.897.369

	<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	6.078.808	556.793	35.000	6.049.667	12.720.268
Paid During The Period (-)	(5.589.480)	(37.913)	(28.002)	(7.797.705)	(13.453.100)
Closing Balance as at 31 March 2020	11.925.670	4.692.892	35.000	6.049.667	22.703.229

Lawsuits against the Group:

As of 31 March 2021, 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 6.581.729, which is recognized based on assessments of the lawyers, was reserved as lawsuit provision (as of 31 December 2020, the lawsuit provisions amount is TL 6.249.729).

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 1.401.156.089 as of 31 March 2021 (31 December 2020: TL 1.094.454.746).

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 13 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

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

Type	<u>31 March 2021</u>	<u>31 December 2020</u>
Given Letters of Guarantee	297.330.679	283.739.370
Total	297.330.679	283.739.370
	<u>31 March 2021</u>	<u>31 December 2020</u>
A. CPMs given in the name of its own legal personality	297.330.679	283.739.370
i. Letter of Guarantee	297.330.679	283.739.370
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	297.330.679	283.739.370

The ratio of other CPM is given by the Group to the Group's equity is 0% as of 31 March 2021 (0% as of 31 December 2020). 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 14 – EMPLOYEE BENEFITS

a) Short-Term Provisions for Employee Benefits

	<u>31 March 2021</u>	<u>31 December 2020</u>
Provision for Employee Rights and Salaries	582.296	8.799.026
Provision for Unused Vacation	3.354.582	2.332.644
Total	3.936.878	11.131.670

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

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 14 – EMPLOYEE BENEFITS (cont’d)

b) Long-Term Provisions for Employee Benefits

	<u>31 March 2021</u>	<u>31 December 2020</u>
Provision for Severance Pay to Employees	33.250.716	32.134.270
Total	33.250.716	32.134.270

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 2021: TL 7.638,96) applicable as of 1 April 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	4,15
Turnover Rate to Estimate the Probability of Retirement (%)	4,44	4,91

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 March 2021</u>	<u>31 March 2020</u>
Opening Balance	32.134.270	27.764.472
Interest Cost	328.625	257.567
Gain/(Loss) on Remeasurement of Defined Benefit Plans	(1.337.984)	139.738
Paid within the period	(345.039)	(1.271.172)
Current service cost	2.470.844	1.764.729
Closing Balance	33.250.716	28.655.334

NOTE 15- OTHER ASSETS AND LIABILITIES

a) Prepaid Expenses

	<u>31 March 2021</u>	<u>31 December 2020</u>
Advances Given	35.362.874	13.718.429
Prepaid Extended Warranty Expenses	2.946.200	2.454.978
Prepaid Insurance Expenses	2.631.344	223.007
Prepaid Subscription Expenses	49.814	71.949
Prepaid Advertisement Expenses	1.383.857	73.665
Prepaid Maintenance Expenses	84.917	339.669
Prepaid Other Expenses	2.399.080	952.974
Total	44.858.086	17.834.671

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 15- OTHER ASSETS AND LIABILITIES (cont'd)

b) Other Current Assets

	<u>31 March 2021</u>	<u>31 December 2020</u>
Deferred VAT	39.680.050	41.792.419
Other Current Assets	1.036.035	2.541.977
Total	40.716.085	44.334.396

c) Prepaid Expenses

	<u>31 March 2021</u>	<u>31 December 2020</u>
Prepaid Extended Warranty Expenses	2.570.034	4.902.490
Prepaid Expenses	978.835	912.934
Total	3.548.869	5.815.424

d) Deferred Income (Short-Term)

	<u>31 March 2021</u>	<u>31 December 2020</u>
Order Advances Received	16.773.527	65.608.817
Deferred Income (*)	1.409.910	1.018.084
Total	18.183.437	66.626.901

(*) 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 March 2021 is TL 950.115 (31 December 2020: R&D cash support income that will be transferred to the income statement for upcoming months is TL 983.880).

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
Deferred Maintenance and Repair Income	870.508	4.680.955
Total	870.508	4.680.955

f) Deferred Income (Long-Term)

	<u>31 March 2021</u>	<u>31 December 2020</u>
Order Advances Received	3.962.861	3.962.861
Deferred Income (*)	2.654.678	2.866.883
Total	6.617.539	6.829.744

(*) 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 March 2021 is TL 2.654.678 (31 December 2020: TL 2.866.883).

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
Deferred Maintenance and Repair Income	18.423.455	15.299.447
Total	18.423.455	15.299.447

NOTE 16- SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Capital / Elimination Adjustments

As of 31 March 2021, the share capital of the Company is TL 84.000.000 (31 December 2020: 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 16- SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

31 March 2021

<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 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

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, the eight members of the Board of Directors are elected from the candidates nominated by the shareholders of Group A and Two members are elected by the General Assembly from among the candidates to be nominated as independent board members.

<u>Equity</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
Paid-in Capital	84.000.000	84.000.000
Capital Inflation Adjustment Difference	30.149.426	30.149.426
Restricted Reserves Appropriated from profit	23.784.678	23.784.678
Previous Year Profits	33.032.805	19.384.487
Gain / (Loss) on Revaluation and Measurement	417.373.045	417.373.045
(Losses) on Remeasurement of Defined Benefit Plans	(12.123.038)	(13.193.425)
Net Profit / (Loss) for The Period	7.601.669	13.648.318
Shareholders' Equity Attributable to Equity Holders of the Group	583.818.585	575.146.529
Total Shareholders' Equity	583.818.585	575.146.529

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 March 2021</u>	<u>31 December 2020</u>
Legal Reserves	23.784.678	23.784.678
Total	23.784.678	23.784.678

According to the provisions of the Turkish Commercial Code, legal reserves consist of primary and secondary legal reserves. The first legal reserves are allocated at the rate of 5% of the legal period profit until it reaches 20% of the historical or registered Company capital. Secondary legal reserves are allocated at the rate of 10% of all dividend distributions exceeding 5% of the Company's capital. According to the Turkish Commercial Code, first and second legal reserves cannot be distributed unless they exceed 50% of the total capital. They can only be used to compensate the losses in case the voluntary reserves are exhausted.

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

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 16- 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 March 2021	31 December 2020
Extraordinary Reserves	151.914.057	151.914.057
Legal Reserves Inflation Difference	24.820.489	24.820.489
Retained Earnings / (Losses)	(143.701.741)	(157.350.059)
Total	33.032.805	19.384.487

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 33.032.805 based on the financial statements prepared in according with TAS/IFRS Financial Reporting Standard for the period ended 31 March 2021 (31 December 2020: TL 19.384.487).

In accordance with the Communiqué No:XI-29 and related announcements of TAS/IFRS, 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 17- REVENUE AND COST OF SALES

Revenue	1 January – 31 March 2021	1 January – 31 March 2020
Domestic Sales	329.293.980	144.547.729
Foreign Sales	70.228.838	75.909.770
Other Income	2.696.128	1.491.743
Sales Total (Gross)	402.218.946	221.949.242
Sales Discounts (-)	(19.918.007)	(12.740.880)
Sales (Net)	382.300.939	209.208.362
Cost of Sales	(300.832.016)	(166.960.643)
Gross Operating Profit	81.468.923	42.247.719

Cost of sales are summarised as follows;

Cost of Sales	1 January – 31 March 2021	1 January – 31 March 2020
Raw Materials and Supplies Expenses	(210.260.851)	(163.740.977)
Direct Labor Expenses	(12.347.842)	(11.230.781)
Depreciation and Amortization Expenses	(9.476.731)	(7.473.009)
Other Production Costs	(5.260.551)	(2.725.869)
Total Cost of Production	(237.345.975)	(185.170.636)
Change in Goods Inventory	24.931.120	64.322.299
Cost of Trade Goods Sold	(87.914.968)	(45.657.999)
Cost of Other Sales	(502.193)	(454.307)
Cost of Sales	(300.832.016)	(166.960.643)

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 18- OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other Incomes from Operating Activities:	1 January – 31 March 2021	1 January – 31 March 2020
Foreign Exchange Income on Trade Receivables and Payables	15.007.471	23.618.843
Sale Support Income	2.349.566	1.471.298
Service Income	11.856	866.890
Export D.F.I.F Support	406.095	21.059
Delay Interest Income	562.718	78.272
Discount Incomes on Trade Payables	503.840	158.492
Incentive Income	181.429	727.642
Rent Income	194.045	114.213
Tubitak R&D Incentive	-	98.388
Insurance Indemnity Income	6.486	192.991
Other Income	2.589.453	2.828.849
Total	21.812.959	30.176.937

Other Expenses from Operating Activities:	1 January – 31 March 2021	1 January – 31 March 2020
Foreign Exchange Expense on Trade Receivables and Payables	(27.520.377)	(20.037.243)
Lawsuit Provisions	(332.000)	(518.880)
Discount Expenses on Trade Receivables	(267.461)	(113.600)
Donations and Contributions	-	(6.240)
Other Expenses	(175.094)	(258.718)
Total	(28.294.932)	(20.934.681)

NOTE 19- FINANCE INCOME AND EXPENSES

Finance Incomes:	1 January – 31 March 2021	1 January – 31 March 2020
Foreign Exchange Gain	17.822.819	14.178.480
Income from Derivative Transactions	28.175.007	1.266.278
Interest Income	4.206.790	668.165
Total	50.204.616	16.112.923

Finance Expenses:	1 January – 31 March 2021	1 January – 31 March 2020
Foreign Exchange Losses	(51.366.721)	(33.166.507)
Interest Expense	(12.716.241)	(13.220.457)
Letter of Guarantee Expenses	(655.251)	(928.820)
Forward Purchase Expense	(189.005)	(405.548)
Other Finance Expenses	(1.835.638)	(753.181)
Total	(66.762.856)	(48.474.513)

NOTE 20- TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

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 2021 is 20% (2020: 22%).

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.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 20- TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

i) Provision for Current Period Tax (cont'd)

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.

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.

	31 March 2021		31 December 2020	
	<u>Cumulative Temporary Differences</u>	<u>Deferred Tax Assets / (Liabilities)</u>	<u>Cumulative Temporary Differences</u>	<u>Deferred Tax Assets / (Liabilities)</u>
Inventories	672.946	134.589	943.975	188.795
Non-Current Assets (Net)	(522.552.087)	(65.857.862)	(525.802.123)	(66.507.869)
Provision for Employment Termination Benefits	33.250.716	6.650.143	32.134.270	6.426.854
Guarantee Provisions	14.291.428	2.858.286	13.412.222	2.682.444
R&D Discount	277.473.610	55.494.722	252.042.519	50.408.504
Carried Forward Financial Loss (*)	138.546.236	27.709.247	138.546.236	27.709.247
Derivative Instruments	(6.900.840)	(1.380.168)	21.274.167	4.254.833
Rediscount Expenses/Income (Net)	(779.242)	(155.848)	(542.863)	(108.573)
Lawsuit Provisions	6.581.729	1.316.346	6.249.729	1.249.946
Other (Net)	1.763.046	352.609	7.341.258	1.468.253
Total		27.122.064		27.772.434

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

NOTE 21 - EARNINGS / (LOSS) PER SHARE

	1 January – 31 March 2021	1 January – 31 March 2020
Net Profit / (Loss) for The Period	7.601.669	(17.712.462)
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	0,0905	(0,2109)

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 22- 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 March 2021 <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	39.128.290	-	283.392.724	-
Isuzu Motors Ltd. Tokyo	3.818.346	-	43.954	-
Çelik Motor Ticaret A.Ş.	1.126.021	-	-	-
Anadolu Motor Üretim ve Paz. A.Ş.	1.146.972	-	-	-
Isuzu Motors Europe NV	4.083	-	-	-
AEH Sigorta Acenteliği A.Ş.	-	-	1.804.547	-
Efestur Turizm İşletmeleri A.Ş.	-	-	156.197	-
Isuzu Motors Co. Thailand Ltd.	-	-	57.838	-
AG Anadolu Grubu Holding A.Ş.	-	-	6.251	-
Adel Kalemçilik Tic. ve San. A.Ş.	-	-	4.153	-
Anadolu Bilişim Hizmetleri A.Ş.	-	-	1.015	-
Payables to Shareholders (*)	-	-	-	9.109
Total	45.223.712	-	285.466.679	9.109

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

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

b) Related Party Transactions:

1 January-31 March 2021

<u>Sales to Related Parties</u>	<u>Goods and</u>	<u>Fixed</u>	<u>Other</u>	<u>Total</u>
	<u>Services</u>	<u>Assets Sales</u>		
	<u>Sales</u>		<u>Incomes</u>	<u>Sales</u>
Isuzu Motors Ltd. Tokyo	7.616.377	-	-	7.616.377
Itochu Corporation Tokyo	2.832.481	-	-	2.832.481
Çelik Motor Ticaret A.Ş.	1.326.151	-	-	1.326.151
Anadolu Motor Üretim ve Paz. A.Ş.	1.243.801	-	-	1.243.801
Isuzu Motors International Operation Thailand	263.340	-	-	263.340
AEH Sigorta Acenteliği A.S.	90.000	-	-	90.000
Isuzu Motors Europe NV	59.791	-	-	59.791
AG Anadolu Grubu Holding A.Ş.	-	212	-	212
Total	13.431.941	212	-	13.432.153

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 22 RELATED PARTY DISCLOSURES (cont'd)

b) Related Party Transactions: (cont'd)

	<u>Goods and Services Sales</u>	<u>Fixed Assets Sales</u>	<u>Other Incomes</u>	<u>Total Incomes/ Sales</u>
1 January-31 March 2020				
<u>Sales to Related Parties</u>				
Isuzu Motors Ltd. Tokyo	7.525.000	-	-	7.525.000
Isuzu Motors International Operation Thailand	2.046.880	-	-	2.046.880
Anadolu Motor Üretim ve Paz. A.Ş.	539.848	-	-	539.848
Itochu Corporation Tokyo	342.187	-	-	342.187
Çelik Motor Ticaret A.Ş.	321.241	-	-	321.241
Isuzu Motors Europe NV	24.552	-	-	24.552
Total	10.799.708	-	-	10.799.708

	<u>Goods and Services Purchases</u>	<u>Fixed Assets Purchases</u>	<u>Other Expenses</u>	<u>Total Expenses/ Purchases</u>
1 January-31 March 2021				
<u>Purchases from Related Parties</u>				
Itochu Corporation Tokyo	128.424.214	-	-	128.424.214
Isuzu Motors International Operation Thailand	57.304.392	-	-	57.304.392
AG Anadolu Grubu Holding A.Ş.	2.514.428	-	-	2.514.428
Isuzu Motors Ltd. Tokyo	417.019	-	-	417.019
Efestur Turizm İşletmeleri A.Ş.	156.482	-	-	156.482
Çelik Motor Ticaret A.Ş.	64.614	-	-	64.614
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	5.161	-	-	5.161
Adel Kalemçilik Tic. ve San. A.Ş.	4.481	-	-	4.481
Anadolu Bilişim Hizmetleri A.Ş.	743	-	-	743
Migros Ticaret A.Ş.	315	-	-	315
Total	188.891.849	-	-	188.891.849

	<u>Goods and Services Purchases</u>	<u>Fixed Assets Purchases</u>	<u>Other Expenses</u>	<u>Total Expenses/ Purchases</u>
1 January-31 March 2020				
<u>Purchases from Related Parties</u>				
Itochu Corporation Tokyo	73.734.154	-	-	73.734.154
Isuzu Motors Ltd. Tokyo	2.492.446	-	-	2.492.446
AG Anadolu Grubu Holding A.Ş.	2.136.123	-	1.881	2.138.004
Efestur Turizm İşletmeleri A.Ş.	878.957	-	-	878.957
Çelik Motor Ticaret A.Ş.	39.117	-	307	39.424
Adel Kalemçilik Tic. ve San. A.Ş.	8.900	-	-	8.900
Anadolu Motor Üretim ve Paz. A.Ş.	6.515	-	-	6.515
Migros Ticaret A.Ş.	6.077	-	-	6.077
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş.	-	5.713	-	5.713
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	3.803	-	-	3.803
Anadolu Bilişim Hizmetleri A.Ş.	716	-	-	716
Total	79.306.808	5.713	2.188	79.314.709

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 2021 (Donation was not made in 2020).

d) Benefits to Top Management:

	<u>1 January – 31 March 2021</u>	<u>1 January – 31 March 2020</u>
Salaries and other short-term benefits	4.001.690	3.251.767
Total	4.001.690	3.251.767

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

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 23- 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.

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 March 2021	31 December 2020
Net Debt	1.002.957.025	888.056.735
Total Equity	583.818.585	575.146.529
Net Debt/Total Equity	1,72	1,54

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 23 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

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

Foreign Currency Position Sensitivity Analysis

31 March 2021

	Profit / Loss	
	<u>Appreciation of Foreign Currency</u>	<u>Depreciation of Foreign Currency</u>
In case of US Dollar increases / decreases in 10% against TL;		
1 - USD denominated net asset / (liability)	1.826.203	(1.826.203)
2- USD denominated hedging instruments (-)	-	-
3- Net Effect of US Dollar (1 +2)	1.826.203	(1.826.203)
In case of Euro increases / decreases in 10% against TL;		
4- EURO denominated net asset / (liability)	(6.656.579)	6.656.579
5- EURO denominated hedging instruments (-)	-	-
6- Net Effect of Euro (4+5)	(6.656.579)	6.656.579
Increase / decrease in other foreign currencies by 10%:		
7- Other foreign currency denominated net asset / (liability)	(4.928.618)	4.928.618
8- Other foreign currency hedging instruments (-)	-	-
9- Net Effect of Other Exchange Rates (4+5)	(4.928.618)	4.928.618
TOTAL (3+6+9)	(9.758.994)	9.758.994

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 / decreases in 10% against TL;		
1 - USD denominated net asset / (liability)	1.856.641	(1.856.641)
2- USD denominated hedging instruments (-)	-	-
3- Net Effect of US Dollar (1 +2)	1.856.641	(1.856.641)
In case of Euro increases / decreases in 10% against TL;		
4- EURO denominated net asset / (liability)	15.963.191	(15.963.191)
5- EURO denominated hedging instruments (-)	-	-
6- Net Effect of Euro (4+5)	15.963.191	(15.963.191)
Increase / decrease in other foreign currencies by 10%:		
7- Other foreign currency denominated net asset / (liability)	(11.192.347)	11.192.347
8- Other foreign currency hedging instruments (-)	-	-
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)

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 23- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

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

	31 March 2021					31 December 2020				
	TL Amount	US Dollar	Euro	Yen	Other	TL Amount	US Dollar	Euro	Yen	Other
1. Trade Receivables	133.672.899	782.382	12.957.047	-	584.142	143.550.181	778.569	15.280.747	-	187.651
2a. Monetary Financial Assets	23.460.625	42.044	1.172.255	155.147.383	13.687	95.127.190	46.866	9.790.905	90.643.367	158.343
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	157.133.524	824.426	14.129.302	155.147.383	597.829	238.677.371	825.435	25.071.652	90.643.367	345.994
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)	157.133.524	824.426	14.129.302	155.147.383	597.829	238.677.371	825.435	25.071.652	90.643.367	345.994
10. Trade Payables	369.051.112	1.633.708	29.992.455	819.335.305	-	343.852.238	1.293.214	24.346.634	1.621.984.444	-
11. Financial Liabilities	49.293.813	-	5.036.971	-	-	2.465.417	-	273.695	-	-
12a. Monetary Other Liabilities	646.677	-	62.987	400.500	-	4.433.699	8.326	80.057	51.479.439	-
12b. Non-Monetary Other Liabilities	3.259.899	-	333.105	-	-	5.099.075	-	566.067	-	-
13. Current Liabilities (10+11+12)	422.251.501	1.633.708	35.425.518	819.735.805	-	355.850.429	1.301.540	25.266.453	1.673.463.883	-
14. Trade Payable	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	124.951.825	-	12.767.905	-	-	158.393.788	-	17.583.875	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-	-	-
17. Non-current Liabilities (14+15+16)	124.951.825	-	12.767.905	-	-	158.393.788	-	17.583.875	-	-
18. Total Liabilities (13+17)	547.203.326	1.633.708	48.193.423	819.735.805	-	514.244.217	1.301.540	42.850.328	1.673.463.883	-
19. Off-balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	291.199.746	3.002.708	27.250.000	-	-	341.841.706	3.005.416	35.500.000	-	-
19.a. Total Amount of Hedged Assets	-	-	-	-	-	-	-	-	-	-
19.b. Total Amount of Hedged Liabilities	(291.199.746)	(3.002.708)	(27.250.000)	-	-	(341.841.706)	(3.005.416)	(35.500.000)	-	-
20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(98.870.056)	2.193.426	(6.814.121)	(664.588.422)	597.829	66.274.860	2.529.311	17.721.324	(1.582.820.516)	345.994
21. Monetary Items Net Foreign Currency Assets / (Liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)	(386.809.903)	(809.282)	(34.903.271)	(664.588.422)	597.829	(270.467.771)	(476.105)	(27.003.514)	(1.582.820.516)	345.994
22. Fair Value of Financial Instruments Used for Currency Hedge	-	-	-	-	-	10.758	-	1.194	-	-
23. Hedged Foreign Currency Assets	(291.199.746)	-	(27.250.000)	-	-	(341.841.706)	-	(35.500.000)	-	-
24. Hedged Foreign Currency Liabilities	24.999.946	-	-	-	-	22.061.256	-	-	-	-
25. Export	70.228.838	-	-	-	-	425.926.312	-	-	-	-
26. Import	207.350.581	-	-	-	-	583.653.526	-	-	-	-

Derivative contracts that explained in Note 7 and with nominal amount of JPY 637.464.286 are done for Euro risks and they aren't included into the foreign exchange risk

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 23- 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 5.

As of 31 March 2021, 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 598.354 (31 December 2020: higher/lower by TL 550.180).

(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.

Impairment analysis on trade receivables is made over the ageing table and through 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.

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.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 23- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

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 March 2021, 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 7)	-	11.491.146	-	11.491.146
Total	-	11.491.146	-	11.491.146

Financial liabilities carried at fair value	Level 1	Level 2	Level 3	Total
Derivative liabilities (Note 7)	-	4.590.306	-	4.590.306
Total	-	4.590.306	-	4.590.306

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 7)	-	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 7)	-	21.327.299	-	21.327.299
Total	-	21.327.299	-	21.327.299

NOTE 24- EVENTS AFTER REPORTING PERIOD

The Corporate Tax rate 2021 within the scope of Article 11 of the Law on the Procedure of Collection of Public Claims and the Law on the Amendment of Certain Laws, which entered into force after being published in the Official Gazette dated 22 April 2021 and numbered 31462, and the Provisional Article 13 added to the Corporate Tax Law No. 5520. 25% for the corporate earnings for the year taxation period and 23% for the corporate income for the 2022 taxation period. Since the aforementioned change will come into effect as of April 22, 2021, the tax rate is used as 20% for the period tax expense and deferred tax - calculations in the consolidated financial statements as of March 31, 2021.