

FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS**

AT 1 JANUARY - 30 JUNE 2024

TOGETHER WITH AUDITOR'S REVIEW REPORT

(ORIGINALLY ISSUED IN TURKISH)

(Convenience translation of a report and condensed consolidated financial statements originally issued in Turkish)

Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of Ford Otomotiv Sanayi Anonim Şirketi

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Ford Otomotiv Sanayi Anonim Şirketi and its subsidiaries (the Group) as of June 30, 2024 and the interim condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and explanatory notes. Group management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Turkish Accounting Standard 34, Interim Financial Reporting (TAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis of Matter

We draw your attention to Note 21 of the accompanying consolidated financial statements, where the Company's revenue and trade receivables are disclosed. As of June 30, 2024, approximately 81% of the revenue (30 June 2023: approximately 75%) is made to related parties and accordingly, approximately 74% of the trade receivables (31 December 2023: approximately 55%) consist of trade receivables from related parties. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements of the Group prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") as of December 31, 2023, were audited by another audit firm whose independent auditor's report thereon dated March 5, 2024 expressed an unqualified opinion. The Group's interim condensed consolidated financial statements, which were prepared in accordance with TAS 34 as of June 30, 2023, and with the exclusion of the effects of adjustments related to the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" as stated in Note 2.1, were also reviewed by the same audit firm whose independent auditor's review report thereon dated July 27, 2023 expressed that nothing had come to their attention that caused them to believe that the interim condensed consolidated financial statements were not prepared in accordance with TAS 34.

(Convenience translation of a report and condensed consolidated financial statements originally issued in Turkish)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with TAS 34.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Ferzan Ülgen, SMMM
Partner

August 6, 2024
Istanbul, Turkey

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FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ

STATEMENT OF CONDENSED CONSOLIDATED FINANCIAL POSITION AS AT 30 JUNE 2024 AND 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

	Notes	Current period reviewed 30 June 2024	Previous period audited 31 December 2023
Assets			
Current assets		136,598,668	128,377,716
Cash and cash equivalents		17,854,870	18,990,283
Trade receivables			
- Due from related parties	21	40,263,923	31,505,217
- Due from third parties	6	14,336,751	25,361,080
Other receivables			
- Due from related parties	21	1,771,611	1,489,549
- Due from third parties		470,086	253,495
Assets arising from customer contracts		691,806	1,412,846
Inventories	7	51,133,871	36,612,578
Prepaid expenses	10	3,009,531	2,398,950
Other current assets		7,066,219	10,315,861
Derivative financial instruments	22,23	-	37,857
Non-current assets		141,840,296	142,306,003
Financial investments	4	567,424	434,108
Trade receivables			
- Due from third parties	6	701	20,820
Other receivables			
- Due from related parties	21	12,390,575	12,318,327
Property, plant and equipment	8	76,155,113	71,345,262
Intangible assets			
- Other intangible assets	9	17,643,618	22,401,227
- Goodwill		882,784	1,021,653
Right of use assets		1,328,067	1,216,913
Prepaid expenses	10	15,233,244	16,715,172
Deferred tax assets	19	17,075,255	16,232,221
Investments in subsidiaries, joint ventures and affiliated companies		230,227	156,464
Derivative financial instruments	22,23	333,288	443,836
Total Assets		278,438,964	270,683,719

Condensed consolidated financial statements for the period ended 1 January - 30 June 2024 were approved for issue by the Board of Directors on 6 August 2024.

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

FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ

STATEMENT OF CONDENSED CONSOLIDATED FINANCIAL POSITION AS AT 30 JUNE 2024 AND 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

	Notes	Current period reviewed 30 June 2024	Previous period audited 31 December 2023
Liabilities			
Current liabilities		115,931,558	117,417,927
Short-term borrowings			
- Bank borrowings	5	19,641,365	24,502,275
Short-term portion of long-term borrowings			
- Bank borrowings	5	18,738,598	17,645,216
- Issued debt instruments	5	1,123,660	-
- Lease liabilities	5	174,968	217,322
- Short-term portions of other long-term debit	5	6,741,333	-
Trade payables			
- Due to related parties	21	8,885,802	12,285,393
- Due to third parties	6	49,355,603	53,281,611
Other payables			
- Due to related parties	21	4,055	780,363
- Due to third parties		1,622,264	1,251,808
Deferred income		4,040,902	730,192
Short-term provisions			
- Other short-term provisions	11	1,504,939	1,588,836
Employee benefit liabilities		3,851,578	5,042,844
Current tax liabilities	19	97,337	92,067
Derivative financial liabilities	22,23	149,154	-
Non-current liabilities		75,174,560	62,199,829
Long-term borrowings			
- Bank borrowings	5	45,848,512	37,970,292
- Issued debt instruments	5	15,472,924	-
- Lease liabilities	5	953,051	860,844
- Other long-term provisions	5	4,867,742	13,297,092
Long-term provisions			
- Provision for employment termination benefits		3,071,216	2,298,923
- Other long-term provisions	11	1,615,706	1,715,034
Deferred income		2,035,634	4,688,907
Deferred tax liability	19	1,170,835	1,165,178
Derivative financial liabilities	22,23	138,940	203,559
Equity		87,332,846	91,065,963
Paid-in capital		350,910	350,910
Inflation adjustments on capital		7,347,525	7,347,525
Share premium		8	8
Other comprehensive income/(loss)			
not to be reclassified under profit or loss			
- Losses on remeasurements of defined benefit plans		(2,203,500)	(1,666,049)
Other comprehensive income/(loss)			
to be reclassified under profit or loss			
- Gains from financial assets measured at fair value through other comprehensive income		226,325	140,671
- Exchange differences on translation		(4,599,717)	(770,366)
- Losses on cash flow hedges		(22,516,872)	(23,326,037)
Restricted reserves		8,932,000	7,337,457
Retained earnings		84,093,439	40,462,255
Net profit for the period		15,702,728	61,189,589
Total liabilities and equity		278,438,964	270,683,719

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

FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ

STATEMENTS OF CONDENSED CONSOLIDATED PROFIT OR LOSS FOR THE PERIODS ENDED 30 JUNE 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

	Notes	Reviewed 1 January - 30 June 2024	Not reviewed 1 April - 30 June 2024	Reviewed 1 January - 30 June 2023	Not reviewed 1 April - 30 June 2023
Continuing operations					
Revenue	14	241,404,349	106,778,529	253,193,541	130,017,880
Cost of sales (-)	14	(216,765,012)	(96,466,132)	(219,854,622)	(111,900,638)
Gross profit		24,639,337	10,312,397	33,338,919	18,117,242
Marketing expenses (-)		(4,126,938)	(2,034,719)	(3,994,100)	(2,506,482)
General administrative expenses (-)		(3,871,421)	(1,756,028)	(3,478,725)	(1,845,076)
Research and development expenses (-)		(3,067,785)	(1,605,367)	(3,671,948)	(2,138,852)
Other income from operating activities	16	5,912,943	1,927,402	11,897,369	9,804,767
Other expenses from operating activities (-)	16	(5,817,389)	(2,811,225)	(5,931,875)	(3,970,396)
Profit from operating activities		13,668,747	4,032,460	28,159,640	17,461,203
Income from investing activities		1,075,976	327,737	257	175
Expenses from investing activities (-)		(5,009)	(5,009)	(2,955)	-
Operating income before financial income/(expense)		14,739,714	4,355,188	28,156,942	17,461,378
Financial income	17	4,764,867	1,957,169	9,257,887	6,145,850
Financial expenses (-)	18	(14,535,718)	(7,261,322)	(19,459,091)	(13,916,402)
Net monetary position gains		10,567,814	5,765,242	6,782,393	3,937,141
Profit from continuing operations before tax		15,536,677	4,816,277	24,738,131	13,627,967
Tax income/(expense) from continuing operations		166,051	1,159,237	(5,341,096)	(3,072,388)
Tax expenses for the period (-)	19	(263,447)	(153,867)	(3,376,389)	(14,453)
Deferred tax income /(expense)	19	429,498	1,313,104	(1,964,707)	(3,057,935)
Profit for the period		15,702,728	5,975,514	19,397,035	10,555,579
Earnings per share with a nominal value Kr	20	44.75 Kr	17.03 Kr	55.28 Kr	30.08 Kr

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

FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ

STATEMENTS OF CONDENSED CONSOLIDATED OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 JUNE 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

	Notes	Reviewed 1 January - 30 June 2024	Not reviewed 1 April - 30 June 2024	Reviewed 1 January - 30 June 2023	Not reviewed 1 April - 30 June 2023
Profit for the period		15,702,728	5,975,514	19,397,035	10,555,579
Other comprehensive income/(expense)					
Other comprehensive income not to be reclassified to profit or loss					
(Losses)/gains on remeasurements of defined benefit plans		(716,601)	(281,585)	240,709	(212)
Other comprehensive income taxes not to be reclassified to profit or loss					
Taxes relating to remeasurements of defined benefit plans		179,150	70,398	(48,143)	42
Other comprehensive income to be reclassified to profit or loss					
Gains/(losses) from financial assets measured at fair value through other comprehensive income		90,162	90,162	(13,874)	66,682
Other comprehensive income/(expense) relating to cash flow hedges	23	1,078,887	2,497,897	(14,218,208)	(14,170,819)
Currency translation differences		(3,829,351)	(1,863,559)	3,759,619	5,753,818
Other comprehensive income taxes to be reclassified to profit or loss					
Taxes relating to gains/(losses) from financial assets measured at fair value through other comprehensive income		(4,508)	(4,508)	694	(3,334)
Taxes relating to cash flow hedges	19	(269,722)	(658,956)	3,554,552	3,544,144
Other comprehensive income/(loss)		(3,471,983)	(150,151)	(6,724,651)	(4,809,679)
Total comprehensive income		12,230,745	5,825,363	12,672,384	5,745,900

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

FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ

STATEMENTS OF CONDENSED CONSOLIDATED CHANGES IN EQUITY FOR THE PERIODS ENDED 30 JUNE 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

				Other comprehensive income not to be reclassified in profit or loss		Other comprehensive income to be reclassified			Accumulated profit		
	Paid in capital	Inflation adjustments on capital	Share premium	Gains/(losses) on remeasurements defined benefit plans	Gain/(losses) from financial assets measured at fair value through other comprehensive income	Cash flow hedge reserves	Foreign Exchange risk differences	Restricted reserves	Retained earnings	Net profit	Total equity
Balances at 1 January 2023	350,910	7,347,525	8	(1,770,275)	124,866	(12,451,543)	55,552	6,691,055	28,854,471	34,588,924	63,791,493
Profit for the period	-	-	-	-	-	-	-	-	-	19,397,035	19,397,035
Other comprehensive income/(loss)	-	-	-	192,566	(13,180)	(10,663,656)	3,759,619	-	-	-	(6,724,651)
Total comprehensive income	-	-	-	192,566	(13,180)	(10,663,656)	3,759,619	-	-	19,397,035	12,672,384
Transfers	-	-	-	-	-	-	-	-	34,588,924	(34,588,924)	-
Dividends	-	-	-	-	-	-	-	910,166	(10,043,873)	-	(9,133,707)
Balances at 30 June 2023	350,910	7,347,525	8	(1,577,709)	111,686	(23,115,199)	3,815,171	7,601,221	53,399,522	19,397,035	67,330,170
Balances at 1 January 2024	350,910	7,347,525	8	(1,666,049)	140,671	(23,326,037)	(770,366)	7,337,457	40,462,255	61,189,589	91,065,963
Profit for the period	-	-	-	-	-	-	-	-	-	15,702,728	15,702,728
Other comprehensive income/(loss)	-	-	-	(537,451)	85,654	809,165	(3,829,351)	-	-	-	(3,471,983)
Total comprehensive income	-	-	-	(537,451)	85,654	809,165	(3,829,351)	-	-	15,702,728	12,230,745
Transfers	-	-	-	-	-	-	-	-	61,189,589	(61,189,589)	-
Dividends	-	-	-	-	-	-	-	1,594,543	(17,558,405)	-	(15,963,862)
Balances at 30 June 2024	350,910	7,347,525	8	(2,203,500)	226,325	(22,516,872)	(4,599,717)	8,932,000	84,093,439	15,702,728	87,332,846

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

FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ

STATEMENT OF CONDENSED CONSOLIDATED CASH FLOWS FOR THE PERIODS ENDED 30 JUNE 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

	Notes	Current period reviewed 30 June 2024	Previous period reviewed 30 June 2023
Cash flows generated from/(used in) operating		3,724,924	37,197,328
Net profit for the period		15,702,728	19,397,035
Adjustments to reconcile profit or loss		3,766,656	17,412,212
Adjustments for depreciation and amortisation expense		4,429,333	4,375,797
Adjustments for impairment loss of inventories	7	507,186	(26,408)
Adjustments for provisions related with employee		(884,595)	1,821,634
Adjustments for lawsuit and/or penalty provisions	11	86,641	41,297
Adjustments for warranty provisions	11	1,255,317	1,822,357
Adjustments for other provisions		181,340	234,692
Adjustments for interest income	17	(1,315,020)	(1,638,831)
Adjustments for interest expense	18	4,993,786	3,367,847
Adjustments for tax expenses	19	(166,051)	5,341,096
Adjustments for unearned financing income	16	(3,250,711)	(1,822,487)
Adjustments for deferred financing expense	16	4,622,393	2,725,839
Adjustments for loss on sales of property, plant and equipment		-	2,450
Unrealized foreign currency translation differences		2,251,670	(696,303)
Other adjustments for which cash effects are			
investing or financing cash flow		6,494,303	8,804,175
Monetary (gain)/loss adjustments		(15,438,936)	(6,940,943)
Changes in working capital		(12,860,764)	4,330,681
Increase/(decrease) in trade receivables		2,436,803	1,350,405
Increase/(decrease) in inventories		(15,028,362)	(6,549,541)
Increase/(decrease) in prepaid expenses		(557,745)	(860,133)
Increase/(decrease) in trade payable		(7,418,780)	9,716,281
Increase/(decrease) in other assets		8,041,323	187,982
Increase/(decrease) in other liabilities		(334,003)	485,687
Cash flows generated from operations		6,608,620	41,139,928
Interest paid		(4,773,454)	(2,518,647)
Interest received		3,343,892	1,477,465
Payments related with provisions for employee benefits		(75,022)	(531,771)
Payments related with other provisions	11	(1,120,935)	(878,513)
Taxes paid	19	(258,177)	(1,491,134)
Cash flows used in investing activities		(13,224,009)	(12,300,157)
Proceeds from sales of property, plant and equipment		100,580	121,705
Purchase of property, plant and equipment	8	(13,651,635)	(6,531,806)
Purchase of intangible assets	9	(1,028,283)	(1,808,789)
Cash advances given and payables		1,429,092	(4,026,470)
Cash outflows from capital increase/share purchase of subsidiaries		(73,763)	(54,797)
Cash flows (used in)/generated from financing activities		13,036,991	2,627,655
Proceeds from borrowings	5	51,518,215	24,555,005
Cash outflows related to borrowings	5	(18,654,788)	(11,571,190)
Dividends paid		(15,963,862)	(9,133,707)
Interest paid		(4,975,837)	(2,592,419)
Interest received		1,331,052	1,479,997
Cash outflows on debt payments from leasing agreements	5	(217,789)	(110,031)
Net (decrease) / increase in cash and cash equivalents before the effect of currency translation differences		3,537,906	27,524,826
Monetary (loss) on cash and cash equivalents		(4,683,220)	(4,199,255)
Effect of foreign currency translation differences on cash and cash equivalents		25,933	322,301
Net (decrease)/increase in cash and cash equivalents		(1,119,381)	23,647,872
Cash and cash equivalents at the beginning of the period		18,951,973	20,778,266
Cash and cash equivalents at the end of the period		17,832,592	44,426,138

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

FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024 AND 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

1. ORGANIZATION AND NATURE OF THE OPERATIONS

Ford Otomotiv Sanayi A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is incorporated and manufactures, assembles and sells motor vehicles, primarily commercial vehicles, imports and sells passenger cars and manufactures and imports and sells spare parts of those vehicles. The company was established in 1959 and currently operates under the joint management and control of Koç Group and Ford Group companies. The Company is listed on the Borsa İstanbul (“BIST”) where 17.89% of its shares are currently quoted. The registered office address of the Company is Akpınar Mahallesi, Hasan Basri Cad. No: 2 Sancaktepe, İstanbul.

In its Kocaeli compound, the Company has a Gölcük plant in which the Transit and Transit Custom vehicles are manufactured and a Yeniköy plant in which the Transit Courier vehicle is manufactured and in its Eskişehir İnönü compound; a Ford Trucks truck and engines and powertrain plant which manufactures for trucks and Transit vehicles and Romania Craiova factory in which produces Puma and Ecosport model vehicles and Ecoboost engines. Holding activities related to foreign structuring are carried out in the partnership of the Company with Ford Otosan Netherlands BV in the Netherlands.

Additionally, the Group has a spare part distribution warehouse, sales and marketing departments and a research and development (R&D) centre located in Sancaktepe, İstanbul.

The number of the personnel employed with respect to categories by the Group as of period ends are as follows:

	Average		Period End	
	2024 June	2023 June	2024 June	2023 December
Hourly	18,974	16,633	19,156	18,363
Salaried	5,115	4,783	5,159	5,338
	24,089	21,416	24,315	23,701

As of 30 June 2024, research and development operations which are also subject to service export is conducted with 2,356 employees (31 December 2024: 2,298).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

The Group maintain its legal books of account and prepare their statutory financial statements (“Statutory Financial Statements”) in accordance with accounting principles set by the CMB issued by the Turkish Commercial Code (“TCC”) and tax legislation.

The financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, (“TFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) in line with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) on June 13, 2013 which is published on Official Gazette numbered 28676.

FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024 AND 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

Subsidiaries operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations applicable in the countries in which they operate. The condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluations arising from the differences between the book value and the fair value of the derivative instruments and financial investments that are expressed at fair value.

Financial reporting in hyperinflationary economy

In accordance with the decision numbered 81/1820 dated December 28, 2023 by the Capital Markets Board of Turkey (CMB), it has been decided to apply inflation accounting by applying the provisions of TAS 29 starting from the annual financial reports of issuers subject to the financial reporting regulations applying Turkish Accounting/Financial Reporting Standards and capital market institutions for the fiscal periods ending December 31, 2023. TAS 29 is applied to the financial statements, including the interim condensed consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

Financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish lira and, as a result, are expressed in terms of purchasing power of Turkish lira as of June 30, 2024 as per TAS 29.

The adjustments made in accordance with TAS 29 were made using the adjustment coefficients derived from the Consumer Price Index ("CPI") published by the Turkish Statistical Institute ("TSI"). As of June 30, 2024, the indices and correction coefficients used in the correction of interim condensed consolidated financial statements are as follows:

Date	Index	Correction Coefficient	Three Year Compound Inflation Rate
30 June 2024	2,319.29	1.00000	324%
31 December 2023	1,859.38	1.24735	268%
30 June 2023	1,351.59	1.71597	190%

The main elements of the adjustment process carried out by the Group for financial reporting in hyperinflation economies are as follows:

- Consolidated financial statements for the current period prepared in Turkish Lira (TRY) are stated in terms of the purchasing power at the balance sheet date, and the amounts for previous reporting periods are also adjusted to reflect the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already stated in terms of the current purchasing power at the balance sheet date. When the inflation-adjusted values of non-monetary items exceed their recoverable amounts or net realizable values, the provisions of TAS 36 and TAS 2 are applied accordingly.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation (Continued)

- Non-monetary assets and liabilities, as well as equity items not stated in terms of the current purchasing power at the balance sheet date, are adjusted using the respective adjustment coefficients.
- All items in the comprehensive income statement, excluding those affecting non-monetary items in the balance sheet, have been indexed using coefficients calculated based on the periods in which income and expense accounts were initially recognized in the financial statements.

The impact of inflation on the Group's net monetary asset position for the current period is recorded in the consolidated income statement under the account of net monetary position gain/loss.

Functional Currency and Financial Statement Presentation Currency

Each item in the financial statements of the companies within the group is accounted for using the currency that is functional in the basic economic environment in which the companies operate ("functional currency"). Consolidated financial statements are represented in Ford Otomotiv San. A.Ş.'s current financial statement presentation currency of the Group, Turkish Lira.

Financial Statements of Subsidiaries Operating in Foreign Countries

Financial statements of Subsidiaries operating in foreign countries have been prepared in accordance with TAS/TFRS published by POA, reflecting the necessary adjustments and classifications in order to make the correct presentation. The assets and liabilities of the related foreign partnerships are translated into Turkish Lira using the foreign exchange rate, income and expense average exchange rate at the balance sheet date. Currency differences resulting from the use of closing and average exchange rates are accounted for under the foreign currency translation differences item in shareholders' equity. Indexation was made to bring income and expenses to the purchasing power of the end of the current period.

Consolidation Principles

- (a) Condensed consolidated financial statements are prepared by the parent company Ford Otomotiv San. A.Ş. and its Subsidiaries, prepared according to the principles set forth in items (b) to (d) below. During the preparation of the financial statements of the companies included in the consolidation, necessary adjustments and classifications were made in terms of compliance with the TAS/TFRS, which was put into effect by the POA in accordance with the provisions of the Communiqué Serial II, No. 14.1, and compliance with the accounting policies and presentation formats applied by the Group.
- (b) Subsidiaries, Ford Otomotiv San. A.Ş. means companies in which it is exposed to or has rights to variable returns due to its relationship with the investee, and over which it has control because it has the ability to affect these returns through its power over the investee.
- (c) Subsidiaries are included in the scope of consolidation from the date on which control over their operations is transferred to the Group and are excluded from the scope of consolidation on the date that control ceases.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

Financial position statements and profit or loss statements of Subsidiaries are consolidated using the full consolidation method and Ford Otomotiv San. A.Ş.'s registered values and shareholders' equity of the Subsidiaries are mutually offset. Intra-group transactions and balances between the Group and Subsidiaries are deducted during consolidation. The book values of the shares owned by the Group and the dividends arising from them have been netted off from the related equity and profit or loss statement accounts.

As of 30 June 2024 and 31 December 2023, Ford Otomotiv San. A.Ş.'s direct and indirect voting rights and effective shareholding ratios (%) and functional currencies according to the countries of operation are shown below:

	Functional currency	30 June 2024		31 December 2023	
		Suffrage	Effective partnership rate	Suffrage	Effective partnership rate
Ford Romania SRL	Romanian Leu	100.00	100.00	100.00	100.00
Ford Otosan Netherlands BV	EUR	100.00	100.00	100.00	100.00

- d) Financial assets at fair value through other comprehensive income for which the Group has less than 20% of the total voting rights or for which the Group has no significant influence and which have quoted market prices in active markets and whose fair value can be reliably calculated. are reflected in the consolidated financial statements at their fair values.

Going concern

The consolidated financial statements of the Group are prepared on the basis of a going concern assumption.

Comparative period's information

The interim condensed consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. The statement of financial position of the Company at 30 June 2024 has been provided with the comparative financial information of 31 December 2023 and the statement of profit or loss, the statement of other comprehensive income, the statement of cash flows and the statement of changes in equity for the interim period between 1 January - 30 June 2024 have been provided with the comparative financial information, for the period between 1 January - 30 June 2023.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes and interpretations of standards

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of June 30, 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2024 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) The new standards, amendments and interpretations which are effective as of January 1, 2024 are as follows:

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

In March 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments must be applied retrospectively in accordance with TAS 8. The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16. The amendments did not have a significant impact on the financial position or performance of the Group.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 The new standards, amendments and interpretations (continued)

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments did not have a significant impact on the financial position or performance of the Group.

b) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The amendments did not have a significant impact on the financial position or performance of the Group.

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024 AND 31 DECEMBER 2023

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 The new standards, amendments and interpretations (continued)

Amendments to TAS 21 - Lack of exchangeability

In May 2024, POA issued amendments to TAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

c) The amendments which are effective immediately upon issuance

Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. The amendments did not have a significant impact on the financial position or performance of the Group.

d) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to IFRS 9 and IFRS 7 as well as IFRS 18 and IFRS 19 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 The new standards, amendments and interpretations (continued)

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

In May 2024, IASB issued amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7). The amendment clarifies that a financial liability is derecognised on the ‘settlement date’. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendment also clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features as well as the treatment of non-recourse assets and contractually linked instruments. Additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income are added with the amendment. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

In May 2024, IASB issued IFRS 19, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. An entity that is a subsidiary, does not have public accountability and has a parent (either ultimate or intermediate) which prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards may elect to apply IFRS 19. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies

Condensed consolidated financial statements for the interim period ended 30 June 2024 have been prepared in accordance with TAS 34 for the preparation of interim financial statements. Significant accounting policies used in the preparation of the condensed consolidated financial statements are consistent with the accounting policies detailed in the solo financial statements as of 31 December 2023, excluding business combinations and goodwill. Therefore, the interim consolidated financial statements should be evaluated together with the financial statements for the year ended 31 December 2023.

2.4 Significant accounting estimates and decisions

The preparation of financial statements require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

- (a) In calculation of the employee benefit provision actuarial assumptions relating to turnover ratio, discount rate and salary increase are used. The details regarding the calculation are disclosed under provision for employee benefit.
- (b) In determination of the impairment of trade receivables, the factors such as debtor credibility, historical payment performance and debt restructuring is considered. The expected credit loss of trade receivables has been measured and no significant effect has been found (Note 6).
- (c) Discounted inventory price list is used to calculate inventory impairment. Where the sales price cannot be predicted, technical personnel's opinion and inventory waiting time is considered. If expected net realizable value is less than cost, the Group should allocate provisions for inventory impairment (Note 7).
- (d) In determination of the legal case provisions, the possibilities of losing the case and the liabilities that will arise if the case is lost is evaluated by the Group's Legal Counsellor and by the Management team taking into account expert opinions. The Group management determines the amount of the provisions based on the best forecasts.
- (e) In calculation of the warranty provision, the Group considers the historical warranty expenses incurred addition to planned technical and financial improvements to estimate the possible warranty expense per vehicle. Provision calculations are realistically performed and based on vehicle quantity, warranty period and historical claims (Note 11).
- (f) Deferred tax assets are recognized when the occurrence of taxable profit is probable in the forthcoming years. Deferred tax asset is calculated over any temporary differences in cases when the occurrence of taxable profit is probable, taken into consideration of tax advantages obtained within the context of investment incentive certificates. Deferred tax asset is recorded as of 30 June 2024 and 31 December 2023 since presumptions that the Group will have taxable profit in the forthcoming periods are found to be sufficient (Note 19).
- (g) The Group recognizes depreciation and amortization for its property, plant and equipment and intangibles by taking into account their useful lives that are stated in Note 2 (Notes 8 and 9).
- (h) The Group capitalizes ongoing development expenditures and evaluates whether there is an annual depreciation of these capitalized assets. As of 30 June 2024 and 31 December 2023, there is no impairment of capitalized development expenses (Note 9).

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3. SEGMENT REPORTING

The Group, has primary operation of manufacturing, assembling, importing and selling motor vehicles and spare parts. The Group's operating segments, nature and economic characteristics of products, nature of production processes, classification of customers in terms of risk for their products and services and methods used to distribute their products are similar. Furthermore, the Group structure has been organized to operate in one segment rather than separate business segments. Consequently, the business activities of the Group are considered to be in one operating segment and the operating results, resources to be allocated to the segment and assessment of performance are managed in this respect.

4. FINANCIAL INVESTMENTS

	30 June 2024		31 December 2023	
	Ownership rate (%)	TRY Amount	Ownership rate (%)	TRY Amount
Financial assets at fair value through other comprehensive income				
Otokar Otomotiv ve Savunma Sanayi A.Ş. (Otokar) (*)	0.59	463,274	0.59	373,114
Assets recorded at fair value through profit or loss				
Venture capital investment funds		104,150		60,994
		567,424		434,108

(*) The Group's shareholding in Otokar was stated at market value on 30 June 2024 and 31 December 2023 which is assumed to approximate its fair value.

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5. FINANCIAL LIABILITIES

Short-term financial liabilities

Bank borrowings

	30 June 2024		31 December 2023	
	Effective interest rate (%)	TRY Amount	Effective interest rate (%)	TRY Amount
- TRY	48.02	7,959,837	44.97	8,030,281
- EUR	6.63	11,681,528	7.03	16,471,994
		19,641,365		24,502,275

Short-term portion of long-term financial liabilities

Bank borrowings

	30 June 2024		31 December 2023	
	Effective interest rate (%)	TRY Amount	Effective interest rate (%)	TRY Amount
- TRY	46.71	2,167,602	47.35	2,690,914
- EUR	6.71	16,570,996	5.56	14,954,302
		18,738,598		17,645,216

Issued debt instruments (*)

	30 June 2024		31 December 2023	
	Effective interest rate (%)	TRY Amount	Effective interest rate (%)	TRY Amount
-USD	7.13	1,123,660	-	-
		1,123,660		-

Short-term portions of other long-term debts (**)

	30 June 2024		31 December 2023	
	Effective interest rate (%)	TRY amount	Effective interest rate (%)	TRY amount
- EUR	2.00	6,741,333	-	-
		6,741,333		-

Lease liabilities

	30 June 2024		31 December 2023	
	Effective interest rate (%)	TRY Amount	Effective interest rate (%)	TRY Amount
-TRY	42.35	77,060	39.47	116,687
-EUR	7.41	97,908	7.29	100,635
		174,968		217,322
		26,778,559		17,862,538

Total short-term financial liabilities

46,419,924

42,364,813

Long-term financial liabilities

Bank borrowings

	30 June 2024		31 December 2023	
	Effective interest rate (%)	TRY Amount	Effective interest rate (%)	TRY Amount
- EUR	6.86	45,848,512	8.92	37,970,292
		45,848,512		37,970,292

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5. FINANCIAL LIABILITIES (Continued)

Issued debt instruments (*)

	30 June 2024		31 December 2023	
	Effective interest rate (%)	TRY Amount	Effective interest rate (%)	TRY Amount
-USD	7.13	15,472,924	-	-
		15,472,924		-

Lease liabilities

	30 June 2024		31 December 2023	
	Effective interest rate (%)	TRY Amount	Effective interest rate (%)	TRY Amount
-TRY	47.61	385,726	46.73	469,317
-EUR	7.48	567,325	7.46	391,527
		953,051		860,844

Other long-term borrowings (**)

	30 June 2024		31 December 2023	
	Effective interest rate (%)	TRY Amount	Effective interest rate (%)	TRY Amount
-EUR	2.00	4,867,742	2.00	13,297,092
		4,867,742		13,297,092
Total long-term financial liabilities		67,142,229		52,128,228

(*) The short-term portion of long-term financial borrowings and the amount of issued debt instruments included in long-term financial borrowings consist of the bond issuance of USD 500,000,000 by the Group on April 25, 2024.

(**) The amount classified under the short-term portion of other long-term payables and other long-term payables consists of the contingent and deferred acquisition costs that the Group has to pay in 2025 and 2028 when it acquired Ford Romania SRL's shares on 1 July 2022. This amount has been determined according to the best estimation of the Group management as of 30 June 2024.

The payment schedules of long-term bank borrowings as of 30 June 2024 and 31 December 2023 are as follows:

Payment Period	30 June 2024	31 December 2023
2025	7,958,550	16,788,516
2026	20,696,443	11,987,147
2027	8,115,484	4,185,492
2028	6,327,761	3,677,507
2029	14,843,793	709,262
2030	2,605,132	622,368
2031	774,273	-
	61,321,436	37,970,292

The letters of bank guarantee given to financial institutions in connection with borrowings amounts to TRY 4,382,237 (31 December 2023: TRY 2,454,485) (Note 11).

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5. FINANCIAL LIABILITIES (Continued)

The payment schedules of other long-term bank borrowings as of 30 June 2024 and 31 December 2023 are as follows:

Payment Period	30 June 2024	31 December 2023
2025	-	7,721,556
2028	4,867,742	5,575,536
	4,867,742	13,297,092

The movement of financial liabilities in the six - months periods ending on 30 June 2024 and 2023 are as follows:

	2024	2023
1 January	81,195,949	64,764,969
Cash inflows from borrowing	51,518,215	24,555,005
Cash outflows from borrowing	(18,654,788)	(11,571,190)
Cash outflows related to debt payments arising from lease agreements	(217,789)	(110,031)
Unrealised foreign exchange differences	6,914,573	21,265,888
Change in accrual of interest	289,811	1,006,575
New lease agreements/impact of contract changes	384,953	155,212
Monetary gain/(loss)	(19,477,846)	(11,477,058)
30 June	101,953,078	88,589,370

6. TRADE RECEIVABLES AND PAYABLES

	30 June 2024	31 December 2023
Short-term trade receivables		
Trade receivables	14,866,214	26,039,007
Doubtful receivables (*)	520,602	649,358
Less: provision for doubtful receivables	(520,602)	(649,358)
Less: unearned credit finance income	(529,463)	(677,927)
	14,336,751	25,361,080

(*) As of June 30, 2024, the portion of TRY 225,139 of the doubtful receivables amount is related to the dealers involved in the fraud process.

The average turnover of receivables related to vehicle sales to domestic distributors is 30 days (31 December 2023: 30 days), domestic sales of spare parts turnover is 70 days (31 December 2023: 70 days) and discounted by 4.28% monthly effective interest rate (31 December 2023: 3.18%).

The collection of receivables from export sales other than Ford Motor Company kept under guarantee with letter of credit, letter of guarantee, export credit insurance, Ford credit limit or upfront cash collection.

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6. TRADE RECEIVABLES AND PAYABLES (Continued)

	30 June 2024	31 December 2023
Long-term trade receivables		
Deposits and guarantees given	701	20,820
	701	20,820

	30 June 2024	31 December 2023
Trade payables		
Trade payables	49,968,618	53,994,006
Less: unearned credit finance expense	(613,015)	(712,395)
	49,355,603	53,281,611

The Group's average turnover of trade payables is 60 days (31 December 2023: 60 days) and discounted by 4.28 % monthly effective interest rate (31 December 2023: 3.18%).

The aging schedule of receivables that are overdue but not impaired is as follows:

30 June 2024	Trade Receivables	
	Related Party	Other
1- 30 days overdue	175,717	187,153
1- 3 months overdue	228,315	12,497
3- 12 months overdue	96,371	40,708
1- 5 years overdue	3,498	45,111
	503,901	285,469

Risk covered by guarantees	-	285,469
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Group's overdue receivables from related parties result from long-term engineering service invoices and parts export receivables from Ford Motor Company.

31 December 2023	Trade Receivables	
	Related party	Other
1- 30 days overdue	267,049	278,674
1- 3 months overdue	93,867	11,721
3- 12 months overdue	214,418	44,068
1- 5 years overdue	2,591	17,203
	577,925	351,666

Risk covered by guarantees	-	351,666
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024 AND 31 DECEMBER 2023

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6. TRADE RECEIVABLES AND PAYABLES (Continued)

The maximum exposure of the Group to credit risk as of 30 June 2024 and 31 December 2023 is as follows:

30 June 2024	Trade receivables		Other receivables		Deposit in bank
	Related party	Other	Related party	Other	
The maximum of credit risk exposed at the reporting date (Notes 6 and 21)	40,263,923	14,337,452	14,162,186	470,086	17,832,592
- The maximum of credit risk covered by guarantees	4,826,147	14,337,452	-	-	-
Net book value of the financial assets that are neither overdue not impaired	39,760,022	14,051,983	14,162,186	470,086	17,832,592
Net book value of financial assets that are overdue but not impaired	503,901	285,469	-	-	-
- Amount of risk covered by guarantees	-	285,469	-	-	-
Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	520,602	-	-	-
- Impairment (-)	-	(520,602)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

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(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

6. TRADE RECEIVABLES AND PAYABLES (Continued)

31 December 2023	Trade receivables		Other receivables		Deposit in bank
	Related party	Other	Related party	Other	
The maximum of credit risk exposed at the reporting date (Notes 6 and 21)	31,505,217	25,381,900	13,807,876	253,495	18,951,973
- The maximum of credit risk covered by guarantees	6,403,657	25,381,900	-	-	-
Net book value of the financial assets that are neither overdue not impaired	30,927,292	25,030,234	13,807,876	253,495	18,951,973
Net book value of financial assets that are overdue but not impaired	577,925	351,666	-	-	-
- Amount of risk covered by guarantees	-	351,666	-	-	-
Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	649,358	-	-	-
- Impairment (-)	-	(649,358)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

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(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

7. INVENTORIES

	30 June 2024	31 December 2023
Raw materials	20,448,139	17,796,440
Finished goods	19,571,306	7,062,045
Import vehicles	4,243,022	4,666,165
Goods in transit	3,427,281	2,943,226
Vehicle spare parts	2,191,788	2,348,629
Spare parts	679,780	623,549
Other	1,146,528	1,239,428
	51,707,844	36,679,482
Less: provision for impairment of finished goods and vehicle spare parts	(573,973)	(66,904)
	51,133,871	36,612,578

Fixed production costs on the product are allocated according to the normal capacity of the production facilities.

The Group classifies the expenses arising from the impairment of inventory under cost of sales. The movement in the balance of this account within the year is as follows:

	2024	2023
1 January	66,904	50,277
Change within the period	507,186	(26,408)
Foreign currency translation difference	(117)	(3,516)
30 June	573,973	20,353

The Group has provided a provision for impairment on the inventories when their net realizable values are lower than their costs or when they are classified as slow-moving inventories. The reversal of provisions has been accounted under cost of sales (Note 14).

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8. PROPERTY, PLANT AND EQUIPMENT

	2024	2023
As of 1 January		
Cost	152,194,697	136,588,271
Accumulated depreciation	(80,849,435)	(76,821,162)
Net book value	71,345,262	59,767,109
Net book value beginning of the period	71,345,262	59,767,109
Additions	13,651,635	6,531,806
Disposals	(5,936,103)	(905,443)
Transfers (*)	1,832,417	(62,883)
Exchange differences on translation	(3,032,804)	3,182,621
Current period depreciation	(3,238,151)	(3,525,494)
Disposals from accumulated depreciation	1,532,857	781,288
Closing net book value	76,155,113	65,769,004
As of 30 June		
Cost	158,709,842	145,334,372
Accumulated depreciation	(82,554,729)	(79,565,368)
Net book value	76,155,113	65,769,004

(*) The Group has leased certain fixed assets at its Craiova factory to Ford Motor Company using finance lease method in accordance with TFRS 16 and reclassified this amount from its tangible fixed assets to other receivables from related parties.

The Group has compared the borrowing costs related to the foreign currency investment loans it has received with the TRY denominated market loan interest rates.

According to the cumulative method within the scope of TAS 23, there is no interest expense capitalized for the period ending as of 30 June 2024 (31 December 2023: None).

There is no collateral, pledge or mortgage on tangible assets as of 30 June 2024 and 2023.

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9. INTANGIBLE ASSETS

	2024	2023
As of 1 January		
Cost	33,217,903	26,223,775
Accumulated depreciation	(10,816,676)	(9,342,780)
Net book value	22,401,227	16,880,995
Net book value beginning of the period	22,401,227	16,880,995
Additions	1,028,283	1,808,789
Transfers	(1,832,417)	62,883
Exchange differences on translation	(2,930,156)	763,559
Current period depreciation	(1,023,319)	(752,875)
Closing net book value	17,643,618	18,763,351
As of 30 June		
Cost	29,483,613	28,859,006
Accumulated depreciation	(11,839,995)	(10,095,655)
Net book value	17,643,618	18,763,351

There are no fully depreciated intangible assets as of 30 June 2024. As of 30 June 2024, there is no capitalized interest cost and foreign exchange difference in accordance with TAS 23 (31 December 2023: None).

10. PREPAID EXPENSES

	30 June 2024	31 December 2023
Short-term prepaid expenses		
Advances given for inventories	2,614,235	1,967,087
Other prepaid expenses	395,296	431,863
	3,009,531	2,398,950
Long-term prepaid expenses	30 June 2024	31 December 2023
Advances given for investments (*)	15,126,966	16,556,058
Other prepaid expenses	106,278	159,114
	15,233,244	16,715,172

(*) Advances given for investments are related to the Group's new vehicle investments. TRY 3,396,094 (31 December 2023: TRY 8,176,511) is given to domestic vendors as advance payment on mould purchases and TRY 11,730,871 (31 December 2023: TRY 8,379,493) is the advance given for the new project investments.

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11. PROVISION, CONTINGENT ASSETS AND LIABILITIES

The Group recognizes 2, 3 and 4 years of warranty provision for the vehicles sold by dealers for malfunctions described in the sales agreements. Warranty expense provision is estimated by considering vehicles under warranty as of the balance sheet date and warranty claims of vehicles sold in previous years on a model basis.

Short-term provisions

	30 June 2024	31 December 2023
Warranty expense provision	877,837	1,109,161
Provisions for sales premium (*)	606,906	425,566
Provisions for lawsuits	-	20,766
Other short-term provisions	20,196	33,343
	1,504,939	1,588,836

(*) Provisions for sales premium is composed of expense accruals related with dealer vehicle stock at the reporting date (Note 2).

Long-term provisions

	30 June 2024	31 December 2023
Warranty expense provision	1,276,482	1,387,716
Provisions for lawsuits	245,789	219,213
Other long-term provisions	93,435	108,105
	1,615,706	1,715,034

The movement of provisions for lawsuits during the period is as follows:

	2024	2023
1 January	239,979	260,118
Paid during the period	(29,341)	(13,406)
Additions during the period	86,641	41,297
Currency translation differences	1,316	4,161
Monetary gain/(loss)	(52,806)	(48,665)
30 June	245,789	243,505

A movement in the warranty expense provision during the period is as follows:

	2024	2023
1 January	2,496,877	2,316,193
Paid during the period	(1,091,594)	(865,107)
Additions during the period	1,255,317	1,822,357
Monetary gain/(loss)	(506,281)	(435,896)
30 June	2,154,319	2,837,547

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11. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)

Letters of guarantee and letters of credit	30 June 2024	31 December 2023
Letters of guarantee given to financial institutions due to bank loans	4,382,237	2,454,485
Letters of guarantee given to customs	355,805	411,947
Letters of guarantees given to other parties	388,799	408,243
	5,126,841	3,274,675

Letters of guarantee given	30 June 2024		31 December 2023	
	Original currency	TRY amount	Original currency	TRY amount
TRY	204,412	204,412	402,259	402,259
EUR	133,392	4,685,856	68,996	2,803,380
Romanian Leu	33,710	236,573	8,500	69,036
		5,126,841		3,274,675

The allocation of collaterals, pledges and mortgages as of 30 June 2024 and 31 December 2023 as follows:

Collaterals, pledges and mortgages given by the Group	30 June 2024	31 December 2023
A. Total amount of collaterals/pledges/mortgages given for its own legal entity	5,109,580	3,264,993
B. Total amount of collaterals/pledges/mortgages given for participations included in entire consolidation	-	-
C. Total amount of collaterals/pledges/mortgages given to assure debts of third parties, for the purpose of conducting the business activities (*)	17,261	9,682
D. Total amount of other collaterals/pledges/mortgages given		
i. Total amount of collaterals/pledges/mortgages	-	-
ii. Total amount of collaterals/pledges/mortgages given for other related companies that do not fall into B and C sections	-	-
iii. Total amount of collaterals/pledges/mortgages given for third parties that do not fall into C section	-	-
	5,126,841	3,274,675

(*) Relevant amounts are related to CPCs (non-cash loans) given by the Group in favor of its domestic dealers within the scope of warranty obligations.

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11. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)

As of 30 June 2024 and 31 December 2023, total amount of the collaterals, pledges and mortgages obtained by the Group are as follows:

Letters of guarantee taken

	30 June 2024		31 December 2023	
	Original currency	TRY amount	Original amount	TRY amount
TRY	4,015,802	4,015,802	7,307,030	7,307,030
EUR	209,235	7,281,862	212,029	8,614,961
USD	1,579	50,973	1,469	53,942
		11,348,637		15,975,933

Other

The long-term bank borrowing agreements related to the investments require the Group to comply with certain financial ratios. Such financial ratios are met by the Group as of 30 June 2024 and 31 December 2023.

12. COMMITMENTS

None.

13. EQUITY

The composition of the Group's paid-in capital as of 30 June 2024 and 31 December 2023 is as follows:

Shareholders	Share group	30 June 2024	Shareholders percentage (%)	31 December 2023	Shareholders percentage (%)
Koç Holding A.Ş.	B	135,631	38.65	135,631	38.65
Temel Ticaret ve Yatırım A.Ş.	B	2,356	0.67	2,356	0.67
Ford Deutschland Holding GmbH	C	143,997	41.04	143,997	41.04
Vehbi Koç Vakfı	A	2,881	0.82	2,881	0.82
Koç Holding Emekli ve Yardım Sandığı Vakfı	A	3,259	0.93	3,259	0.93
Other (Public)	A	62,786	17.89	62,786	17.89
Paid in capital		350,910	100	350,910	100
Inflation adjustment to share capital		7,347,525		7,347,525	
Inflation adjusted paid in capital		7,698,435		7,698,435	

According to the articles of association, half of the members to be elected to the Board of Directors are selected from among the candidates nominated by the B group and the other half by the C group shareholders. The General Assembly is authorized to determine the number of the members of the Board of Directors and to elect the members. One of the candidates nominated by the B and C group shareholders must have the independent qualifications defined in the CMB regulations.

Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share.

There are 35,091,000,000 unit of shares (31 December 2023: 35,091,000,000 unit) with a nominal value of Kr 1 each.

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13. EQUITY (Continued)

The legal reserves consist of primary and secondary reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the primary legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in capital. The secondary legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC; the legal reserves can be used only to offset losses, unless legal reserve does not exceed at the rate of 50% of the paid-in capital.

The adjusted values of the items shown above with their historical values and the equity inflation adjustment differences are as follows as of 30 June 2024 and 31 December 2023:

30 June 2024 (TFRS)	Historical values	Adjusted values	Equity inflation adjustment differences
Issued capital	350,910	7,698,435	7,347,525
Legal reserves	3,237,798	8,932,000	5,694,202
Share premium	8	1,356	1,348
	3,588,716	16,631,791	13,043,075

30 June 2024 (TPL)	Historical values	Adjusted values	Equity inflation adjustment differences
Issued capital	350,910	10,148,497	9,797,587
Legal reserves	3,237,798	5,921,292	2,683,494
Share premium	8	248	240
	3,588,716	16,070,037	12,481,321

14. REVENUE AND COST OF SALES

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Export sales (*)	187,215,007	81,425,504	186,065,689	91,841,066
Domestic sales	59,536,231	28,192,622	71,439,783	40,624,192
Other sales	1,522,787	685,426	1,588,525	798,581
Less: discounts	(6,869,676)	(3,525,023)	(5,900,456)	(3,245,959)
	241,404,349	106,778,529	253,193,541	130,017,880

(*) Foreign sales and foreign sales figures include the sales of Ford Romania SRL as well as the Group's exports.

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14. REVENUE AND COST OF SALES (Continued)

Units of vehicle sales

	1 January - 30 June 2024			1 April - 30 June 2024		
	Domestic sales	Export sales	Total sales	Domestic sales	Export sales	Total sales
Transit Custom	3,467	91,783	95,250	1,439	40,803	42,242
Puma	4,821	77,273	82,094	2,229	36,952	39,181
Transit	13,443	60,509	73,952	5,913	20,567	26,480
Transit Courier	11,821	28,572	40,393	8,424	14,501	22,925
Other Passenger vehicles	9,288	20	9,308	4,239	-	4,239
Ford Trucks (Truck)	4,103	1,665	5,768	1,742	1,184	2,926
Ranger	2,350	-	2,350	1,002	-	1,002
New Transit Connect	266	2	268	164	-	164
	49,559	259,824	309,383	25,152	114,007	139,159

	1 January - 30 June 2023			1 April - 30 June 2023		
	Domestic sales	Export sales	Total sales	Domestic sales	Export sales	Total sales
Puma	2,008	93,284	95,292	1,281	48,279	49,560
Transit	10,254	71,585	81,839	5,769	35,129	40,898
Transit Custom	3,194	70,816	74,010	1,992	30,937	32,929
Transit Courier	25,088	14,097	39,185	12,273	6,107	18,380
Other Passenger vehicles	12,526	18	12,544	8,280	18	8,298
Ford Trucks (Truck)	5,771	3,520	9,291	2,983	1,489	4,472
New Transit Connect	254	-	254	90	-	90
Ranger	215	-	215	114	-	114
Ecosport	8	17	25	1	-	1
Rakun	138	-	138	11	-	11
	59,456	253,337	312,793	32,794	121,959	154,753

As of 30 June 2024 and 30 June 2023, summaries of cost of sales are as follows:

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Cost of raw material	(191,028,641)	(83,960,848)	(190,641,119)	(94,011,685)
Production overhead costs	(17,585,757)	(5,327,488)	(13,922,178)	(6,497,120)
Amortization expenses	(4,063,762)	(1,972,347)	(3,933,897)	(1,856,639)
Changes in finished goods	14,958,156	4,790,633	6,116,554	1,922,728
Total production cost	(197,720,004)	(86,470,050)	(202,380,640)	(100,442,716)
Cost of trade goods sold	(19,045,008)	(9,996,082)	(17,473,982)	(11,457,922)
Total cost of sales	(216,765,012)	(96,466,132)	(219,854,622)	(111,900,638)

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15. EXPENSES BY NATURE

The classification of expenses by nature for the periods ended at 30 June 2024 and 2023 is as follows:

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Raw material cost	(191,028,641)	(83,960,848)	(190,641,119)	(94,011,685)
Cost of trade goods sold	(19,045,008)	(9,996,082)	(17,473,982)	(11,457,922)
Financial expenses	(14,535,718)	(7,261,322)	(19,459,091)	(13,916,402)
Personnel expenses	(12,093,064)	(4,489,204)	(9,286,916)	(3,600,625)
Other production overhead costs	(10,207,292)	(3,381,513)	(8,471,662)	(4,754,289)
Other operational expenses	(5,985,974)	(2,680,649)	(6,866,473)	(4,439,718)
Other expenses from operating activities	(5,817,389)	(2,811,225)	(5,931,875)	(3,970,396)
Depreciation and amortization expenses	(4,429,333)	(2,144,583)	(4,375,797)	(2,049,537)
Expenses from investing activities	(5,009)	(5,009)	(2,955)	-
Changes in inventories	14,958,156	4,790,633	6,116,554	1,922,728
Total expenses	(248,189,272)	(111,939,802)	(256,393,316)	(136,277,846)

16. OTHER OPERATING INCOME/EXPENSES

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Other operating income				
Financial income from forward sales	3,250,711	1,542,698	1,822,487	1,157,611
Foreign exchange gains related to trade receivables and payables	2,216,590	122,043	9,421,899	8,299,626
Rent income	74,853	31,292	64,730	32,824
Commission income	41,154	17,370	10,043	4,087
Provisions no longer required	17,532	106	1,538	1,538
Price difference and claim recovery	9,133	453	188,773	71,749
License income	606	-	22,628	9,641
Other	302,364	213,440	365,271	227,691
	5,912,943	1,927,402	11,897,369	9,804,767
Other operating expenses				
Financial income from forward sales	(4,622,393)	(2,270,722)	(2,725,839)	(1,475,979)
Foreign exchange losses related to trade receivables and payables	(388,930)	(8,568)	(2,734,729)	(2,425,304)
Other	(806,066)	(531,935)	(471,307)	(69,113)
	(5,817,389)	(2,811,225)	(5,931,875)	(3,970,396)

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17. FINANCIAL INCOME

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Foreign exchange gains	3,047,629	1,353,992	7,281,789	4,915,305
Interest income	1,315,020	414,082	1,638,831	1,017,590
Other	402,218	189,095	337,267	212,955
	4,764,867	1,957,169	9,257,887	6,145,850

18. FINANCIAL EXPENSES

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Foreign exchange gains	(9,541,932)	(4,836,972)	(16,085,964)	(11,883,317)
Interest income	(4,993,786)	(2,424,350)	(3,367,847)	(2,030,110)
Other	-	-	(5,280)	(2,975)
	(14,535,718)	(7,261,322)	(19,459,091)	(13,916,402)

19. TAX ASSETS AND LIABILITIES

Corporate Tax Law was amended by the Law No, 5520 dated 13 June 2006. Law No, 5520 came into force as of 21 June 2006, but many of the provisions came into force effective from 1 January 2006. Accordingly, the corporate tax rate for the interim period 30 June 2024 is 25% (31 December 2023: 25%). The corporate tax rate for the interim period 30 June 2024 is 16% in Romania (31 December 2023: 16%). Corporate tax is payable on the total income of the Group after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment incentive, etc.) and corporate income tax deductions (e.g. research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Dividend payments made to individuals and institutions other than these are subject to 10% withholding tax. Addition of profit to capital is not considered as profit distribution.

The temporary tax paid during the year belongs to that year and is deducted from the corporation tax that will be calculated over the tax declaration of the institutions to be given in the following year. If the temporary tax amount paid remains in spite of the indictment, this amount can be refunded or any other financial debt to the state can be deducted.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax declarations to the Tax Office within the 25th of the fourth month following the close of the financial year. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods. Romanian tax legislation similarly allows deducting financial losses shown on the declaration from corporate income for a period not exceeding 7 years.

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19. TAX ASSETS AND LIABILITIES (Continued)

There are many exceptions to the Institutions Tax Law. These exceptions to the Group are explained below:

Dividend gains from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate.

The Group capitalizes the R&D expenses made within the scope of the Code no 5746 in its legal books. According to the provisions of the same Code, the Group makes calculation within the framework of the related legislation over the R&D expenses incurred and utilizes R&D deduction exemption at the rate of 100% for the portion of expenses allowed by the Code.

In the sensitivity analysis carried out as of 30 June 2024, when the inputs (such as growth rate and profitability) in the basic macroeconomic and sectoral assumptions that make up the business plans are evaluated by increasing/decreasing 10%, the amount of deferred tax assets related to investment incentives and the recovery periods foreseen as 10 years are significantly increased. there has been no change.

The Group's net tax position as of 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024	31 December 2023
Current year corporate tax expense	(263,447)	(2,406,830)
Prepaid tax and withholding	166,110	2,314,763
Current tax related assets/(liabilities)	(97,337)	(92,067)
Deferred tax assets	17,075,255	16,232,221
Deferred tax liabilities	(1,170,835)	(1,165,178)
Net deferred tax asset (net)	15,904,420	15,067,043

The taxation on income for the periods ended 30 June 2024 and 2023 are as follows:

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Current year corporate tax expense	(263,447)	(153,867)	(3,376,389)	(14,453)
Current year tax effect of cash flow hedge (*)	269,722	658,956	(3,554,552)	(3,544,144)
Other deferred tax	159,776	654,148	1,589,845	486,209
Deferred tax income	429,498	1,313,104	(1,964,707)	(3,057,935)
Continuing operations tax income/(expense)	166,051	1,159,237	(5,341,096)	(3,072,388)

(*) The amount represents the tax effect of the reclassification made between the statement of income and other comprehensive income relating to the cash flow hedge transactions.

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19. TAX ASSETS AND LIABILITIES (Continued)

Calculation of the tax expense reconciliation using the current period tax expense in the statement of profit or loss as at 30 June 2024 and 2023 and current tax ratio based on income before tax is as follows:

	30 June 2024	30 June 2023
Income before tax	15,536,677	24,738,131
Effective tax rate	25%	20%
Current year tax expense	(3,884,169)	(4,947,626)
Research and development deductions	786,535	505,122
Investment incentive exemption	7,325,963	7,550,750
Monetary gain / (loss)	(2,382,174)	(4,229,473)
Additional tax impact due to earthquake	-	(3,303,112)
Other	(1,680,104)	(916,757)
	166,051	(5,341,096)

The Group calculates deferred income tax assets and liabilities by taking into account the effects of temporary differences arising from the different assessments between TFRS and statutory financial statements.

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities as at 30 June 2024 and 31 December 2023 using the current enacted tax rates is as follows:

	Cumulative Temporary differences		Deferred tax assets/(liabilities)	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Deferred tax assets				
Investment incentive tax asset	(76,504,572)	(34,073,973)	15,691,983	15,019,431
Expense accruals and other provisions	(8,534,627)	(6,007,029)	2,087,871	1,648,241
Warranty expense provision	(2,154,319)	(2,496,877)	538,580	624,219
Employee benefits provision	(2,466,143)	(1,903,129)	608,393	469,954
Inventories	1,127,251	(702,287)	(281,813)	178,033
Carryforward tax losses	(681,859)	(1,841,583)	109,097	304,600
	(89,214,269)	(47,024,878)	18,754,111	18,244,478
Deferred tax liabilities				
Tangible and intangible assets	1,573,546	3,923,798	364,384	(114,128)
Income accruals and other	12,920,775	12,991,608	(3,214,075)	(3,063,307)
	14,494,321	16,915,406	(2,849,691)	(3,177,435)
Net deferred tax asset			15,904,420	15,067,043

The movements of deferred tax assets/(liabilities) for the six-months interim periods ended 30 June are as follows:

	2024	2023
1 January	15,067,043	4,928,393
Charged to statement of profit or loss as income/(expense)	429,498	(1,964,707)
Charged to comprehensive income statement as income	(95,080)	3,507,103
Exchange differences on translation	502,959	(399,902)
30 June	15,904,420	6,070,887

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20. EARNINGS PER SHARE

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Net profit for the year (TRY)	15,702,728	5,975,514	19,397,035	10,555,579
Weighted average number of shares with nominal	35,091,000,000	35,091,000,000	35,091,000,000	35,091,000,000
Earnings per share with nominal value of Kr 1 each	44.75 Kr	17.03 Kr	55.28 Kr	30.08 Kr

21. RELATED PARTY DISCLOSURES

Related party can be defined according to whether one of the companies has control over the others or has significant effect on its financial and administrative decisions. The Group is controlled by Koç Holding A.Ş. and Ford Deutschland Holding GmbH, a subsidiary of Ford Motor Company. In the financial statements, shareholder companies, shareholders and financial fixed assets and other group companies' assets are shown as related parties.

The related party balances on 30 June 2024 and 31 December 2023 and the transactions with related parties during the year are as follows:

a) Receivables from related parties

i) Trade receivable from related parties

	30 June 2024	31 December 2023
Due from shareholders		
Ford Motor Company and subsidiaries	35,765,340	26,046,862
	35,765,340	26,046,862
Due from group companies (*)		
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	4,606,962	5,579,862
Other	55,972	45,441
	4,662,934	5,625,303
Less: unrealized finance income from credit sales	(164,351)	(166,948)
	40,263,923	31,505,217

(*) The Group's shareholders' subsidiaries and affiliate.

Export sales mainly consist of sales to Ford Motor Company. Payments terms and conditions are specified in the business agreements with Ford Motor Company. Group's export vehicle receivables from the Ford Motor Company sales made from Turkey are due in 14 days and sales made from Romania are 30 days, these receivables are collected regularly.

Per the domestic dealership agreement between Ford Otomotiv Sanayi A.Ş. and Otokoç Otomotiv Ticaret ve Sanayi A.Ş., the Companies have a vehicle and spare parts trade connection. As mentioned in Note 5, the Group's vehicle sales receivables from Otokoç Otomotiv Ticaret ve Sanayi A.Ş. is due in 30 days on average and sales of spare parts is due in 70 days on average.

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21. RELATED PARTY DISCLOSURES (Continued)

ii) Other receivables from related parties (*)

	30 June 2024	31 December 2023
Due from shareholders		
Ford Motor Company and subsidiaries	1,771,611	1,489,549
	1,771,611	1,489,549

iii) Long-term other receivables from related parties (*)

	30 June 2024	31 December 2023
Due from shareholders		
Ford Motor Company and subsidiaries	12,390,575	12,318,327
	12,390,575	12,318,327

(*) All of the amounts shown in other receivables from related parties consist of receivables arising from the Group's accounting by leasing certain fixed assets in Craiova and Kocaeli factory to Ford Motor Company in accordance with TFRS 16.

b) Payables to related parties

i) Trade payables to related parties

	30 June 2024	31 December 2023
Due to shareholders		
Ford Motor Company and subsidiaries	6,558,039	9,349,471
	6,558,039	9,349,471

Due to group companies (*)

Ram Dış Ticaret A.Ş.	908,176	682,088
Zer Merkezi Hizmetler ve Ticaret A.Ş.	894,484	1,273,226
Ram Sigorta Aracılık Hizmetleri A.Ş.	186,404	73,466
Ark İnşaat A.Ş.	131,931	245,167
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	55,860	90,021
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	43,636	97,828
Divan Turizm İşletmeleri A.Ş.	37,544	37,983
Opet Petrolcülük A.Ş.	33,558	43,779
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	33,208	77,630
Setur Servis Turistik A.Ş.	29,240	170,521
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	10,060	12,774
INGAGE Dijital Pazarlama Hizmetleri	9,275	48,244
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	5,339	-
Other	18,070	146,018

	2,396,785	2,998,745
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Less: unaccrued finance expense arising from forward purchases	(69,022)	(62,823)
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	8,885,802	12,285,393
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(*) The Group's shareholders' subsidiaries and affiliate.

ii) Other payables to related parties

	30 June 2024	31 December 2023
Yapı ve Kredi Bankası A.Ş.	4,055	430,598
Koç Holding A.Ş.	-	193,695
Koç Finansman A.Ş.	-	156,070
	4,055	780,363

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21. RELATED PARTY DISCLOSURES (Continued)

c) Sales to related parties

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Ford Motor Company (*)	182,965,693	77,974,658	174,615,655	85,898,928
Otokoç Otomotiv Tic. ve San. A.Ş. (**)	13,002,176	6,186,371	16,679,786	9,958,238
Other	-	-	97	4
	195,967,869	84,161,029	191,295,538	95,857,170
Less: Financing income from forward sales	(803,102)	(387,319)	(447,833)	(289,236)
	195,164,767	83,773,710	190,847,705	95,567,934

(*) The Group, exports vehicle, spare parts and engineering service to Ford Motor Company.

(**) The Group has a vehicle and spare parts trade in accordance with domestic dealer agreement with Otokoç Otomotiv Ticaret ve Sanayi A.Ş.

d) Material, service and fixed asset purchases from related parties

	1 January - 30 June 2024			
	Material	Service	Fixed assets	Total
Domestic purchases				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	296,793	3,178,432	-	3,475,225
Ark İnşaat Sanayi ve Ticaret A.Ş.	-	-	495,390	495,390
Eltek Elektrik Enerjisi İth. İhr. ve Toptan Tic. A.Ş.	-	388,287	-	388,287
Ram Dış Ticaret A.Ş.	558,257	-	-	558,257
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	-	469,968	-	469,968
Setur Servis Turistik A.Ş.	-	113,325	-	113,325
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	142,129	53,082	195,211
Koç Holding A.Ş. (**)	-	81,481	-	81,481
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	21,730	75,627	97,357
Opet Petrolcülük A.Ş.	154,544	-	-	154,544
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	88,278	-	-	88,278
Ingage Dijital Pazarlama A.Ş.	-	75,668	-	75,668
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	29,396	-	-	29,396
Tam Pazarlama İlet. Hiz. A.Ş.	-	12,255	-	12,255
Koçtaş Yapı Marketleri Ticaret A.Ş.	19,831	-	13	19,844
Entek	-	7,646	-	7,646
Other	320	106,690	28,237	135,247
	1,147,419	4,597,611	652,349	6,397,379
Less: Financial expense from credit purchases	(81,825)	-	-	(81,825)
	1,065,594	4,597,611	652,349	6,315,554

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21. RELATED PARTY DISCLOSURES (Continued)

	1 April - 30 June 2024			Total
	Material	Service	Fixed assets	
Domestic purchases				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	165,657	1,594,009	-	1,759,666
Ark İnşaat Sanayi ve Ticaret A.Ş.	-	-	227,273	227,273
Eltek Elektrik Enerjisi İth. İhr. ve Toptan Tic. A.Ş.	-	229,466	-	229,466
Ram Dış Ticaret A.Ş.	409,400	-	-	409,400
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	73,902	-	73,902
Setur Servis Turistik A.Ş.	-	64,814	-	64,814
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	85,178	48,657	133,835
Koç Holding A.Ş.	-	40,220	-	40,220
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	1,799	75,627	77,426
Opet Petrolcülük A.Ş.	67,120	-	-	67,120
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	37,810	-	-	37,810
Ingage Dijital Pazarlama A.Ş.	-	59,803	-	59,803
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	15,944	-	-	15,944
Tanı Pazarlama İlet. Hiz. A.Ş.	-	12,255	-	12,255
Koçtaş Yapı Marketleri Ticaret A.Ş.	10,155	-	13	10,168
Entek	-	7,646	-	7,646
Other	153	53,911	3,762	57,826
	706,239	2,223,003	355,332	3,284,574
Less: Financial expense from credit purchases	(53,295)	-	-	(53,295)
	652,944	2,223,003	355,332	3,231,279
	1 January - 30 June 2023			Total
	Material	Service	Fixed assets	
Domestic purchases				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	200,664	2,894,782	204	3,095,650
Ram Dış Ticaret A.Ş.	576,867	-	-	576,867
Ark İnşaat Sanayi ve Ticaret A.Ş.	-	-	1,126,565	1,126,565
Eltek Elektrik Enerjisi İth. İhr. ve Toptan Tic. A.Ş.	-	724,677	-	724,677
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	118,458	89,979	208,437
Opet Petrolcülük A.Ş.	150,205	-	-	150,205
Koç Holding A.Ş. (**)	-	89,620	-	89,620
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	151,312	-	-	151,312
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	89,718	45,309	135,027
Setur Servis Turistik A.Ş.	-	123,871	-	123,871
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	-	154,948	-	154,948
Koçtaş Yapı Marketleri Ticaret A.Ş.	22,852	-	66	22,918
Ingage Dijital Pazarlama A.Ş.	-	52,431	-	52,431
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	24,790	-	-	24,790
Tanı Pazarlama İlet. Hiz. A.Ş.	-	3,966	-	3,966
Other	2,596	73,738	-	76,334
	1,129,286	4,326,209	1,262,123	6,717,618
Less: Financial expense from credit purchases	(79,957)	-	-	(79,957)
	1,049,329	4,326,209	1,262,123	6,637,661

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21. RELATED PARTY DISCLOSURES (Continued)

d) Material, service and fixed asset purchases from related parties (Continued)

	1 April - 30 June 2023			
	Material	Service	Fixed assets	Total
Domestic purchases				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	122,805	1,458,399	204	1,581,408
Ark İnşaat Sanayi ve Ticaret A.Ş.	-	-	463,225	463,225
Ram Dış Ticaret A.Ş.	391,441	-	-	391,441
Eltek Elektrik Enerjisi İth. İhr. ve Toptan Tic. A.Ş.	-	385,440	-	385,440
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	28,622	47,107	75,729
Koç Holding A.Ş.	-	68,756	-	68,756
Opet Petrolcülük A.Ş.	55,858	-	-	55,858
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	71,877	-	-	71,877
Setur Servis Turistik A.Ş.	-	88,714	-	88,714
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	54,019	32,222	86,241
Koçtaş Yapı Marketleri Ticaret A.Ş.	10,277	-	-	10,277
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	105,436	-	105,436
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	10,199	-	-	10,199
Tanı Pazarlama İlet. Hiz. A.Ş.	-	225	-	225
Ingage Dijital Pazarlama A.Ş.	-	29,898	-	29,898
Other	379	50,375	-	50,754
	662,836	2,269,884	542,758	3,475,478
Less: Financial expense from credit purchases	(64,375)	-	-	(64,375)
	598,461	2,269,884	542,758	3,411,103

- (*) The Group mainly purchases services from Zer Merkezi Hizmetleri ve Ticaret A.Ş. within the scope of the central purchasing function.
- (**) The Group's purchases from Ark İnşaat are related to mechanical, construction and electrical works related to new project investments in Kocaeli Factories.
- (***) It includes the amount of premiums paid and accrued under the policies signed between insurance companies that are third parties through Ram Sigorta Aracılık Hizmetleri A.Ş., which operates as an insurance agency.
- (****) Koç Holding A.Ş., including personnel and senior management expenses, in return for the services provided by Koç Holding A.Ş., includes the service fee invoiced to our Group as a result of the distribution of the expenses incurred in connection with the companies rendered services within the framework of the "11- Intra-Group Services" regulation of the General Communiqué No.1 on Disguised Profit Distribution via Transfer Pricing.

Material, vehicle and service purchases from abroad

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Ford Motor Company and subsidiaries	75,875,811	36,110,643	72,194,369	18,958,263

e) License fees paid to Ford Motor Company included in cost of sales

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
	1,126,504	480,503	1,063,774	594,827

f) License fee received from Jiangling Motors Corporation, a subsidiary of Ford Motor Company included in other income

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
	606	-	22,733	9,746

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21. RELATED PARTY DISCLOSURES (Continued)

g) Donations to establishments and foundations, included in general administrative expenses

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
	271,160	-	242,251	155,066

h) The details of deposits in related banks

Deposits in related banks	30 June 2024	31 December 2023
Yapı ve Kredi Bankası A.Ş.		
- Foreign currency time deposits	2,496,317	4,061,453
- TRY demand deposits	705,081	276,097
- TRY time deposits	597,433	1,248,239
- Foreign currency demand deposits	79,722	54,355
	3,878,553	5,640,144

i) Other long-term payables

	30 June 2024	31 December 2023
Ford Motor Company and its subsidiaries (Note 5)	11,609,075	13,297,092
	11,609,075	13,297,092

i) Commission income

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Yapı ve Kredi Bankası A.Ş.	19,770	9,310	9,697	6,706
Koç Finansman A.Ş.	19,371	8,213	33	7
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	8	3	-	-
	39,149	17,526	9,730	6,713

j) Commission expense

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Koç Finansman A.Ş.	481,858	295,865	16,357	16,357
Yapı ve Kredi Bankası A.Ş.	378,980	271,152	69,839	7,574
	860,838	567,017	86,196	23,931

Commissions paid to Koç Finansman A.Ş. and Yapı ve Kredi Bankası A.Ş. are credit commissions related to sales to end user customers by dealers and are recorded as sales discounts in the statement of profit or loss.

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21. RELATED PARTY DISCLOSURES (Continued)

k) Interest income

	1 January - 30 June 2024	1 April - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2023
Yapı ve Kredi Bankası A.Ş.	203,512	185,919	178,557	52,151

l) Compensation of key management personnel

The Group defines its key management personnel as board of directors' members, general manager, assistant general managers and directors reporting directly to the general manager.

Compensation of key management personnel includes salaries, premiums, Social Security Institution employer's contribution, employer's contribution of unemployment insurance and the attendance fees.

The total amount of compensation given to key management personnel of the Group as of in the first six months of 2024 is TRY 153,604 (31 December 2023: TRY 461,158).

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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The table below summarizes the Group's exposure to foreign currency exchange rate risk at 30 June 2024 and 31 December 2023. The carrying amount of the Group's foreign currency denominated assets and liabilities, categorized by currency have been presented below:

30 June 2024	TRY equivalent (Functional currency)	USD	EUR	Other
1. Trade receivables	39,012,937	14,313	1,097,071	114
2. Monetary financials assets (including cash and cash equivalents)	11,020,346	2,187	309,992	6,213
3. Other	6,724,354	-	191,371	44
4. Current assets (1 + 2 + 3)	56,757,637	16,500	1,598,434	6,371
5. Monetary financial assets	2,986,024	-	85,003	-
6. Non-current assets (5)	2,986,024	-	85,003	-
7. Total assets (4 + 6)	59,743,661	16,500	1,683,437	6,371
8. Trade payables	19,465,608	121,121	406,012	31,458
9. Financial liabilities (*)	29,474,092	34,231	808,110	-
10. Other monetary liabilities	9,966,599	-	283,719	-
11. Short-term liabilities (8 + 9 + 10)	58,906,299	155,352	1,497,841	31,458
12. Financial liabilities (*)	61,888,761	471,359	1,319,407	-
13. Other monetary liabilities	5,872,730	-	167,179	-
14. Long-term liabilities (12+13)	67,761,491	471,359	1,486,586	-
15. Total liabilities (11 + 14)	126,667,790	626,711	2,984,427	31,458
16. Net foreign currency (liabilities)/assets position (7 - 15)	(66,924,129)	(610,211)	(1,300,990)	(25,087)
17. Net monetary foreign currency (liabilities)/assets (1 + 2 + 5 - 8 - 9 - 10 - 12-13)	(73,648,483)	(610,211)	(1,492,361)	(25,131)

(*) The Group's net foreign exchange position is mainly due to long-term EUR denominated loans obtained to fund its investments. The Group is hedging for the foreign currency exchange risk arising from its EUR denominated long-term loans with export agreements signed with Ford Motor Company. The TRY equivalent of such loans amount to TRY 43,974,128 as of 30 June 2024 (31 December 2023: TRY 36,341,915). As of 30 June 2024, the Group has a total of TRY 26,045,108 (31 December 2023: TRY 19,197,361) of the raw material and finished goods to be issued.

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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2023	TRY equivalent (Functional currency)	USD	EUR	Other
1. Trade receivables	35,069,442	12,119	1,065,656	2
2. Monetary financials assets (including cash and cash equivalents)	11,473,193	1,930	349,071	5,851
3. Other	5,534,355	-	169,872	25
4. Current assets (1 + 2 + 3)	52,076,990	14,049	1,584,599	5,878
5. Monetary financial assets	2,188,837	-	67,196	-
6. Non-current assets (5)	2,188,837	-	67,196	-
7. Total assets (4 + 6)	54,265,827	14,049	1,651,795	5,878
8. Trade payables	24,339,477	103,726	615,757	33,595
9. Financial liabilities	31,526,931	-	967,859	-
10. Other monetary liabilities	451,440	157	13,716	-
11. Short-term liabilities (8 + 9 + 10)	56,317,848	103,883	1,597,332	33,595
12. Financial liabilities	38,361,819	-	1,177,686	-
13. Other monetary liabilities	16,781,133	256	514,940	-
14. Long-term liabilities (12+13)	55,142,952	256	1,692,626	-
15. Total liabilities (11 + 14)	111,460,800	104,139	3,289,958	33,595
16. Net foreign currency (liabilities)/assets position (7 - 15)	(57,194,973)	(90,090)	(1,638,163)	(27,717)
17. Net monetary foreign currency (liabilities)/assets (1 + 2 + 5 - 8 - 9 - 10 - 12-13)	(62,729,328)	(90,090)	(1,808,035)	(27,742)

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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign exchange risk

The Group is exposed to foreign exchange risk primarily against EUR and partly against USD. The foreign exchange risk of the Group arises from long-term EUR investments.

30 June 2024

Appreciation/depreciation in foreign currency	Profit/(loss) before taxation	
	<u>Increase by 10 (%)</u>	<u>Decrease by 10 (%)</u>
Change in USD against TRY		
USD net assets/(liabilities)	(2,003,089)	2,003,089
USD net hedged amount	-	-
USD net- gain/(loss)	(2,003,089)	2,003,089
Change in EUR against TRY		
EUR net assets/(liabilities)	(4,570,164)	4,570,164
EUR net hedged amount	4,397,413	(4,397,413)
EUR net- gain/(loss)	(172,751)	172,751
Change in other foreign currency against TRY		
Other foreign currency denominated net (liabilities)/assets	(116,157)	116,157
Other foreign currency denominated- hedged amount	-	-
Other foreign currency denominated net - (loss)/gain	(116,157)	116,157

31 December 2023

Appreciation/depreciation in foreign currency	Profit/(loss) before taxation	
	<u>Increase by 10 (%)</u>	<u>Decrease by 10 (%)</u>
Change in USD against TRY		
USD net assets/(liabilities)	(265,208)	265,208
USD net hedged amount	-	-
USD net- gain/(loss)	(265,208)	265,208
Change in EUR against TRY		
EUR net assets/(liabilities)	(5,336,133)	5,336,133
EUR net hedged amount	4,533,108	(4,533,108)
EUR net- gain/(loss)	(803,025)	803,025
Change in other foreign currency against TRY		
Other foreign currency denominated net (liabilities)/assets	(118,154)	118,154
Other foreign currency denominated- hedged amount	-	-
Other foreign currency denominated net - (loss)/gain	(118,154)	118,154

The comparative amounts for total export and import amounts for the year ended 30 June 2024 and 2023 are as follows:

	30 June 2024	30 June 2023
Total export amount	130,893,187	134,760,235
Total import amount	94,993,737	88,551,614

The Group's net assets are exposed to foreign exchange risk which arises from export sales. To minimize its foreign currency risk, the Group follows a balanced foreign currency position policy. The Group manages the currency exposure arising from foreign currency denominated borrowings and trade payables with its foreign currency assets.

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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk

The Group's interest rate sensitive financial instruments are as follows:

	30 June 2024	31 December 2023
Fixed interest rate financial instruments		
Financial assets	12,614,756	17,720,045
Financial liabilities	80,898,237	50,688,879
Floating interest rate financial instruments		
Financial liabilities	32,663,916	43,804,162

If the interest rates of floating interest-bearing EUR denominated borrowings were 100 basis points higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TRY 95,014 at 30 June 2024 (31 December 2023: TRY 106,878) due to higher/lower interest expense.

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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

The table below shows the liquidity risk arising from financial liabilities of the Group:

30 June 2024	Book value	Total contractual cash outflow	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial instruments						
Financial liabilities	100,825,059	119,302,698	5,480,055	37,721,022	70,111,501	5,990,120
Other long-term debts	11,609,075	12,167,966	-	-	12,167,966	-
Lease liabilities	1,128,019	5,545,201	286,626	859,879	4,398,696	-
Trade payables						
- Related party	8,885,802	8,946,794	8,946,794	-	-	-
-Other	49,355,603	49,968,618	49,968,618	-	-	-
Other liabilities						
- Related party	4,055	4,055	4,055	-	-	-
-Other	1,622,264	1,622,264	1,622,264	-	-	-
Derivative financial liabilities						
Derivative financial instruments	288,094	288,094	76,955	72,199	138,940	-

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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2023	Book value	Total contractual cash outflow	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial instruments						
Financial liabilities	80,117,783	91,267,176	6,859,336	39,808,886	42,566,709	2,032,245
Other long-term debts	13,297,092	14,074,005	-	-	14,074,005	-
Lease liabilities	1,078,166	1,708,095	107,649	322,945	1,189,712	87,789
Trade payables						
- Related party	12,285,393	12,348,216	12,348,216	-	-	-
-Other	53,281,611	53,994,003	53,994,003	-	-	-
Other liabilities						
- Related party	780,363	780,363	780,363	-	-	-
-Other	1,251,808	1,251,808	1,251,808	-	-	-
Derivative financial liabilities						
Derivative financial instruments	203,559	203,559	-	203,559	-	-

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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Fair value hierarchy table

The Group classifies the fair value measurement of financial instruments reported at fair value according to their source of valuation inputs, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted).

Level 2: Other valuation techniques that includes direct or indirect observable inputs.

Level 3: Valuation techniques that does not contain observable market inputs.

As of 30 June 2024 and 31 December 2023, the Group's hierarchy table for its assets and liabilities recorded at fair value are as follows:

30 June 2024	Level 1 (*)	Level 2 (**)	Level 3
Assets at fair value			
Derivative financial assets	-	333,288	-
Financial assets at fair value through OCI - Otokar	463,274	-	-
Financial assets at fair value through OCI - Other	104,150	-	-
Total assets	567,424	333,288	-
Liabilities at fair value			
Derivative financial liabilities	-	288,094	-
Total liabilities	-	288,094	-

(*) Fair value is calculated at market prices per the Stock Exchange market at the reporting date.

(**) Fair value is calculated from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

31 December 2023	Level 1 (*)	Level 2 (**)	Level 3
Assets at fair value			
Derivative financial assets	-	481,693	-
Financial assets at fair value through OCI - Otokar	373,114	-	-
Financial assets at fair value through OCI - Other	60,994	-	-
Total assets	434,108	481,693	-
Liabilities at fair value			
Derivative financial liabilities	-	203,559	-
Total liabilities	-	203,559	-

(*) Fair value is calculated at market prices per the Stock Exchange market at the reporting date.

(**) Fair value is calculated from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

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23. CASH FLOW HEDGE OPERATIONS

The Group uses long-term floating rate foreign currency loans from international markets. The Group hedges interest rate risk by securing a portion of the floating rate loans from international markets through long-term swap transactions.

As of 30 June 2024, the Group has a forward foreign exchange purchase (forward) transaction amounting to EUR 25,000,000 with a maturity of 18 April 2024 and EUR 25,000,000 with a maturity of 29 April 2024, for the purpose of financial hedging against the exchange rate risk arising from cash flows. The fair value of these forward purchase transactions calculated as of June 30, 2024 is TRY 149,154 and is shown under short-term liabilities in the statement of financial position.

The Group has hedged the interest rate risk arising from the cash flows of its EUR 150,000,000 loan, maturing on 16 December 2030, through an interest rate swap for financial protection. As of 30 June 2024, critical terms of the swap agreement, such as maturity, payment, and interest change dates, are aligned with those of the TRY loan subject to financial protection. The fair value of the swap transaction, calculated as of 30 June 2024, amounts to TRY 39,709 and is presented in the balance sheet under short-term liabilities.

As of 30 June 2024, the Group has hedged the interest rate risk arising from the cash flows of the loan amounting to EUR 100,000,000 with a maturity of 21 August 2028, by using interest swaps. The critical conditions of the swap contract, such as maturity, payment and interest change dates, are in line with the critical conditions of the TRY loan, which is the subject of financial protection as of 30 June 2024. The fair value of the said swap transaction as of 30 June 2024 is TRY 40,608 and it is shown under long-term liabilities in the statement of financial position.

Considering that a significant portion of its sales revenues are in EUR, the Group hedges the exchange rate risk that may arise from changes in the USD - EUR parity, arising from the bond issuance of USD 500,000,000 on April 25, 2024, with USD - EUR cross currency swap (Cross Currency Swap) transactions subjected it. The critical conditions, such as maturity and payment dates, of the USD - EUR cross currency swap contracts, which are 4 in total and have a total nominal amount of 500 million USD, are compatible with the critical conditions of the bond that is the subject of financial protection as of June 30, 2024. The fair value of the swap transaction in question, calculated as of 30 June 2024, is TRY 58,623 and is shown under fixed assets in the statement of financial position.

	30 June 2024	31 December 2023
Derivative financial liabilities	288,094	203,559
	288,094	203,559

As of 30 June 2024, the Group bears the interest risk arising from the cash flows of the loans used, amounting to EUR 100,000,000 with a maturity of 5 November 2026 and EUR 100,000,000 with a maturity of 6 November 2028, has been subject to financial protection with interest ceiling (cap) options. The critical conditions of the swap contract, such as maturity, payment and interest change dates, are in line with the critical conditions of the foreign currency loan that is the subject of financial protection as of 30 June 2024. The fair value of the related swap transaction as of 30 June 2024 is TRY 333,288 and is presented under non-current assets in the financial position statement.

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23. CASH FLOW HEDGE OPERATIONS (Continued)

Derivative financial instruments (Continued)

	30 June 2024	31 December 2023
Derivative financial assets	333,288	481,693
	333,288	481,693

There is an effective foreign currency cash flow hedge relationship between foreign currency long-term financial borrowings related with investment expenditures (non-derivative hedging instrument) and highly probable forecast transaction export sales receivables (hedged item). In the frame of the manufacturing agreement signed with Ford Motor Company, the Group will associate a portion of estimated export revenue from 1 April 2013 to December 2031 with long-term financial borrowings.

	30 June 2024	31 December 2023
Cash flow hedge reserve		
Amount recognized in other comprehensive income	2,998,852	23,819,076
Amount recycled from other comprehensive income to statement of profit or (loss)	(4,077,739)	(7,787,503)
	(1,078,887)	16,031,573

24. SUBSEQUENT EVENTS

None.

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