

**TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023  
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR’S REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH  
REPORT ON REVIEW OF INTERIM CONDENSED  
FINANCIAL INFORMATION**

To the General Assembly of Türk Traktör ve Ziraat Makineleri A.Ş.

*Introduction*

We have reviewed the accompanying condensed statement of financial position of Türk Traktör ve Ziraat Makineleri A.Ş. (the “Company”) as at 30 June 2023 and the related condensed statement of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Company is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with Turkish Accounting Standard 34 (“TAS 34”) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed financial information 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 condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim condensed financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim condensed financial information of Türk Traktör ve Ziraat Makineleri A.Ş. is not prepared, in all material respects, in accordance with TAS 34.



*Additional explanation for convenience translation into English*

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 30 June 2023. Accordingly, the accompanying financial statements are not intended to present fairly the financial position and results of operations of the Company in accordance with IFRS.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

**ORIGINALLY ISSUED IN TURKISH**

Aysun Gul Kılıç, SMMM  
Partner

İstanbul, 27 July 2023

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

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# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	Reviewed 30 June 2023	Audited 31 December 2022
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	6,458,362,514	4,416,872,941
Financial investments	5	7,507,228	420,033,225
Trade receivables			
- Trade receivables from related parties	7, 23	797,505,684	1,274,066,993
- Trade receivables from third parties	7	1,546,898,060	827,840,777
Inventories	8	3,589,227,083	3,614,962,987
Prepaid expenses	13	27,785,895	15,168,023
Current income tax assets	21	-	3,069
Other current assets	12	875,167,137	1,008,138,837
<b>TOTAL CURRENT ASSETS</b>		<b>13,302,453,601</b>	<b>11,577,086,852</b>
<b>NON - CURRENT ASSETS</b>			
Trade receivables			
- Trade receivables from third parties	7	109,458	109,458
Other receivables			
- Other receivables from third parties		412,390	393,753
Property, plant and equipment	9	1,126,149,136	931,097,842
Right of use assets	10	111,355,923	93,425,351
Intangible assets	11	711,498,069	621,820,738
Prepaid expenses	13	164,478,830	90,815,165
Deferred tax assets	21	792,014,157	481,193,003
<b>TOTAL NON - CURRENT ASSETS</b>		<b>2,906,017,963</b>	<b>2,218,855,310</b>
<b>TOTAL ASSETS</b>		<b>16,208,471,564</b>	<b>13,795,942,162</b>

The financial statements prepared as at and for the period ended 30 June 2023 have been approved by the Board of Directors on 27 July 2023.

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

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Reviewed 30 June 2023	Audited 31 December 2022
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Short-term financial liabilities			
Short-term financial liabilities to other parties			
- Bank borrowings	6	2,407,410,617	2,432,320,224
- Other financial liabilities	6	80,513,687	-
Short-term portion of long-term financial liabilities			
Short-term portion of long-term financial liabilities from related parties			
- Lease liabilities			
Short-term portion of long-term financial liabilities from third parties			
- Bank borrowings	6	55,287,503	24,918,517
- Lease liabilities	6	391,514,095	848,288,136
		16,511,575	7,441,898
Trade payables			
- Trade payables to related parties	7, 23	187,640,305	271,784,705
- Trade payables to third parties	7	5,368,467,192	4,653,430,244
Payables related to employee benefits	15	220,518,768	149,120,886
Other payables			
- Other payables to third parties		171,598,544	124,654,842
Government incentives and aids	12	3,121,626	3,321,575
Deferred income	13	736,505,181	566,700,564
Tax liability for the period	21	499,963,021	-
Short - term provision			
- Short term provision for employee benefits	14	32,046,145	13,328,665
- Other short term provisions	14	141,341,447	120,401,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,312,439,706</b>	<b>9,215,711,256</b>
<b>NON - CURRENT LIABILITIES</b>			
Long-term financial liabilities			
Long-term financial liabilities from related parties			
- Lease liabilities	6	49,392,575	68,144,904
Long-term financial liabilities from third parties			
- Bank borrowings	6	345,374,747	507,427,245
- Lease liabilities	6	1,197,844	1,652,616
Long - term provisions			
- Long term provision for employee benefits	14	293,014,508	256,458,270
- Other long term provisions	14	148,447,789	108,334,042
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>837,427,463</b>	<b>942,017,077</b>
<b>EQUITY</b>			
Paid-in share capital	16	5,058,604,395	3,638,213,829
Adjustments to share capital	16	100,066,875	53,369,000
Merger reserve		-	39,014,356
Restricted profit reserves		(5,569,000)	(5,569,000)
Other accumulated comprehensive income and expense not to be reclassified to profit or loss		448,435,448	238,702,293
- Actuarial loss arising from defined benefit plans		(225,340,607)	(194,390,177)
Other accumulated comprehensive income and expense to be reclassified to profit or loss			
- Gain/(Losses) on cash flow hedging		31,405,692	58,947,006
Retained earnings		1,130,723,677	477,121,790
Net profit for the year		3,578,882,310	2,971,018,561
<b>TOTAL LIABILITIES</b>		<b>16,208,471,564</b>	<b>13,795,942,162</b>

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

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	Reviewed 1 January - 30 June 2023	1 April - 30 June 2023	Reviewed 1 January - 30 June 2022	1 April - 30 June 2022
Revenue	17	20,328,503,283	10,804,835,336	8,880,752,502	4,892,762,725
Cost of sales (-)	17	(15,007,993,499)	(7,702,778,541)	(7,246,800,655)	(3,981,472,926)
<b>GROSS PROFIT</b>		<b>5,320,509,784</b>	<b>3,102,056,795</b>	1,633,951,847	911,289,799
Marketing expenses (-)		(551,862,392)	(282,586,515)	(239,523,075)	(128,454,572)
General administrative expenses (-)		(347,493,713)	(170,200,230)	(148,011,092)	(80,569,175)
Research and development expenses (-)		(62,384,553)	(30,869,449)	(33,149,077)	(16,181,087)
Other income from operating activities	18	1,131,449,145	681,538,401	705,087,426	306,735,915
Other expenses from operating activities (-)	18	(1,340,531,956)	(770,785,580)	(857,077,436)	(394,755,760)
<b>OPERATING PROFIT</b>		<b>4,149,686,315</b>	<b>2,529,153,422</b>	1,061,278,593	598,065,120
Income from investment activities		3,252,822	1,280,688	973,357	973,357
<b>OPERATING INCOME BEFORE FINANCIAL INCOME</b>		<b>4,152,939,137</b>	<b>2,530,434,110</b>	1,062,251,950	599,038,477
Financial income	19	960,469,484	626,670,855	328,502,701	165,453,333
Financial expenses	20	(818,062,695)	(511,740,279)	(327,506,010)	(238,182,849)
<b>PROFIT BEFORE TAXATION ON INCOME</b>		<b>4,295,345,926</b>	<b>2,645,364,686</b>	1,063,248,641	526,308,961
Taxes on income (-)	21	(1,012,661,834)	(490,710,845)	(225,388,119)	(95,773,240)
Deferred tax income/(expense)	21	296,198,218	26,173,060	121,461,821	52,191,471
<b>NET PROFIT FOR THE PERIOD</b>		<b>3,578,882,310</b>	<b>2,180,826,901</b>	959,322,343	482,727,192
Earnings per share (TRY)	22	0,5983	0,3294	0,1798	0,0905
<b>Other comprehensive income/(expense) Not to be reclassified to profit or loss:</b>					
Actuarial loss arising from defined benefits plans	14	(38,688,038)	(50,690,849)	(31,772,627)	(31,901,749)
<b>Other comprehensive expense not to be reclassified to profit or loss, tax effect</b>					
Actuarial gain/ loss arising from defined benefit plans, tax effect	21	7,737,608	10,138,170	6,354,525	6,380,349
<b>To be reclassified to profit or loss :</b>					
<b>Profit/(Losses) on cash flow hedging</b>					
<b>Other comprehensive expense to be reclassified to profit or loss, tax effect</b>		(34,426,642)	(47,496,856)	(57,313,199)	(28,263,118)
Losses on cash flow hedging, tax effect	21	6,885,328	9,499,371	13,182,036	6,500,517
<b>Other comprehensive income/(expense)</b>		<b>(58,491,744)</b>	<b>(78,550,164)</b>	(69,549,265)	(47,284,001)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>3,520,390,566</b>	<b>2,102,276,737</b>	889,773,078	435,443,191

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

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

				Other accumulated income or expense items not be reclassified to profit or loss	Other accumulated income or expense items to be reclassified to profit or loss				
	Paid in share capital	Adjustment to share capital	Merger reserve	Actuarial loss arising from defined benefit plans	Losses on cash flow hedges	Restricted profit reserves	Retained earnings	Net profit for the period	Equity
<b>1 January 2023</b>	<b>53,369,000</b>	<b>39,014,356</b>	<b>(5,569,000)</b>	<b>(194,390,177)</b>	<b>58,947,006</b>	<b>238,702,293</b>	<b>477,121,790</b>	<b>2,971,018,561</b>	<b>3,638,213,829</b>
Transfers	-	-	-	-	-	209,733,155	2,761,285,406	(2,971,018,561)	-
Dividends	-	-	-	-	-	-	(2,100,000,000)	-	(2,100,000,000)
<b>Comprehensive income</b>	<b>46,697,875</b>	<b>(39,014,356)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,683,519)</b>	<b>-</b>	<b>-</b>
Net profit for the period	-	-	-	-	-	-	-	3,578,882,310	3,578,882,310
<b>Other comprehensive income</b>									
Actuarial loss arising from defined benefits plans	-	-	-	(30,950,430)	-	-	-	-	(30,950,430)
Losses on cash flow hedging	-	-	-	-	(27,541,314)	-	-	-	(27,541,314)
<b>Total other comprehensive Income/(expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,950,430)</b>	<b>(27,541,314)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(58,491,744)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,950,430)</b>	<b>(27,541,314)</b>	<b>-</b>	<b>-</b>	<b>3,578,882,310</b>	<b>3,520,390,566</b>
<b>30 June 2023</b>	<b>100,066,875</b>	<b>-</b>	<b>(5,569,000)</b>	<b>(225,340,607)</b>	<b>31,405,692</b>	<b>448,435,448</b>	<b>1,130,723,677</b>	<b>3,578,882,310</b>	<b>5,058,604,395</b>

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



# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

				Other accumulated income or expense items not be reclassified to profit or loss	Other accumulated income or expense items to be reclassified to profit or loss				
	Paid in share capital	Adjustment to share capital	Merger reserve	Actuarial loss arising from defined benefit plans	Losses on cash flow hedges	Restricted profit reserves	Retained earnings	Net profit for the period	Equity
<b>1 January 2022</b>	<b>53,369,000</b>	<b>39,014,356</b>	<b>(5,569,000)</b>	<b>(62,365,129)</b>	<b>110,720,788</b>	<b>118,969,138</b>	<b>474,667,368</b>	<b>1,322,187,577</b>	<b>2,050,994,098</b>
Transfers	-	-	-	-	-	119,733,155	1,202,454,422	(1,322,187,577)	-
Dividends	-	-	-	-	-	-	(1,200,000,000)	-	(1,200,000,000)
Comprehensive income	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	959,322,343	959,322,343
Other comprehensive income									
Actuarial loss arising from defined benefits plans	-	-	-	(25,418,102)	-	-	-	-	(25,418,102)
Losses on cash flow hedging	-	-	-	-	(44,131,163)	-	-	-	(44,131,163)
Total other comprehensive Income/(expense)	-	-	-	(25,418,102)	(44,131,163)	-	-	-	(69,549,265)
Total comprehensive income	-	-	-	(25,418,102)	(44,131,163)	-	-	959,322,343	889,773,078
<b>30 June 2022</b>	<b>53,369,000</b>	<b>39,014,356</b>	<b>(5,569,000)</b>	<b>(87,783,231)</b>	<b>66,589,625</b>	<b>238,702,293</b>	<b>477,121,790</b>	<b>959,322,343</b>	<b>1,740,767,176</b>

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

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Reviewed 1 January - 30 June 2023	Reviewed 1 January - 30 June 2022
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
		4,771,916,441	(257,679,212)
<b>Net profit for the period</b>		3,578,882,310	959,322,343
<b>Adjustments to reconcile profit for the period</b>		987,015,626	424,185,405
Amortization and depreciation		148,917,096	89,725,148
Provision for impairment on inventories	8	808,268	3,302,028
Provision for employee benefits	14	45,895,238	21,182,112
Provision for doubtful receivables	7	121,207	(1,683,604)
Other provisions	14	61,054,194	17,314,832
Government incentives and aids		(199,949)	(241,448)
Interest income and expense	19, 20	(227,480,897)	105,438,069
Adjustments related to fair value losses (gains) of financial assets		139,885,500	-
Tax income/expense	21	716,463,616	103,926,298
(Gain)/loss from sales of property plant and equipment		(3,252,822)	(973,357)
Other adjustments to reconcile profit		104,804,175	86,195,327
<b>Changes in working capital</b>		748,023,800	(1,509,994,805)
Trade receivables from third parties		(719,178,490)	(533,908,787)
Trade receivables from related parties		476,561,309	(40,111,942)
Inventories		24,927,636	(1,390,407,906)
Other current assets		132,974,769	(248,826,460)
Other receivables		(18,633)	562,441
Prepaid expenses		(86,281,537)	(18,417,723)
Trade payables to related parties		(84,144,400)	(65,037,422)
Trade payables to third parties		715,036,948	826,804,842
Deferred income		169,804,617	(44,306,848)
Other liabilities		46,943,706	14,716,631
Debt for employee termination benefits		71,397,882	(11,061,631)
<b>Net cash provided by operating activities</b>		5,313,921,743	(126,487,057)
Employee termination benefits paid		(29,309,558)	(7,499,464)
Taxes paid		(512,695,744)	(123,692,691)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		(111,167,576)	(299,952,090)
Proceeds from sales of property, plant and equipment and intangible assets		4,348,326	980,021
Payments for purchases of property, plant and equipment and intangible assets		(417,959,129)	(298,108,210)
Proceeds from government grants		-	26,099
Cash inflows from the sale of shares or debt instruments of other enterprises or funds		306,643,227	-
Cash outflows from the sale of shares or debt instruments of other enterprises or funds		(4,200,000)	(2,850,000)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		(2,991,471,173)	539,281,803
Proceeds from bank borrowings	6	1,310,000,000	2,383,963,849
Repayment of bank borrowings	6	(2,433,125,967)	(573,333,011)
Dividends paid	16	(2,100,000,000)	(1,200,000,000)
Interest paid		(249,069,810)	(101,133,573)
Interest received		511,633,984	40,478,377
Repayment of lease liabilities	6	(30,909,380)	(10,693,839)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b>		1,669,277,692	(18,349,499)
<b>D. EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		320,827,827	(5,190,845)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		1,990,105,519	(23,540,344)
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4	4,366,412,147	1,559,799,196
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	4	6,356,517,666	1,536,258,852

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

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

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### NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS OF THE COMPANY

Türk Traktör ve Ziraat Makineleri A.Ş. (the “Company”) was established in 1954 in Ankara, as Minneapolis Moline Türk Traktör ve Ziraat Makineleri A.Ş. to undertake the manufacturing and trade of farm tractors, harvesters and other agricultural machinery and equipment. The name of the Company was changed as Türk Traktör Ziraat Makineleri A.Ş. in 1968 upon the purchase of 25% of the shares held by Ege Makina ve Ticaret A.Ş., a group company of the Koç Holding A.Ş. (“Koç Holding”). As of 30 June 2023, major shareholders of the Company are Koç Holding and CNHI Österreich GmbH (“CNHI Österreich”) (Note 16). The number of personnel working within the Company as of 30 June 2023 is 2,887 (Permanent: 2,652 , temporary: 235) (31 December 2022: 2,881 (Permanent 2,782, temporary: 99, average: 2,837). The average number of personnel working within the Company for the period ended 30 June 2023 is 2,856.

The Company conducts marketing and selling activities in the domestic market, through its 130 tractor sales dealers, 156 spare part dealers and 33 construction equipment dealers (31 December 2022 : 131 tractor sales dealers, 150 spare part dealers, 33 construction equipment dealers).

The Company signed an import and distribution agreement providing after-sales services for activities such as domestic oriented sales and marketing for CNHI International SA, New Holland and Case branded imported construction equipment.

The Company is registered in Turkey in the following address:

Gazi Mahallesi Anadolu Bulvarı No: 52-52A  
06560 Yenimahalle Ankara

As of 30 June 2023, 25% of the shares of the Company are quoted on Borsa Istanbul (“BIST”) (31 December 2022: 25%) (Note 16).

### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1 Basis of presentation

The main accounting policies used for preparing the Company’s financial statements are stated below:

#### Basis of presentation

The financial statements of the Company 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 13 June 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by the POA.

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

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.1 Basis of presentation (Continued)

The condensed interim financial statements are prepared in accordance with the Communiqué and TAS 34 - “Interim Financial Reporting”. In accordance with the TAS 34, entities are allowed to prepare a complete or condensed set of interim financial statements. In this framework, the Company has preferred to prepare condensed financial statements in the interim periods. These interim financial statements should be read in conjunction with the financial statements prepared for the year ended 31 December 2022.

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira (TRY) in accordance with regulations on accounting and reporting framework and the Uniform Chart of Accounts issued by the Ministry of Finance.

The condensed interim financial statements have been prepared under historical cost conventions except for the financial assets and liabilities carried at fair value and in functional and presentation currency, Turkish Lira, of the Company. The financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

POA made a statement on 20 January 2022, in order to eliminate the hesitations about whether the companies applying TFRS will apply TAS 29 Financial Reporting in High Inflation Economies in the 2021 financial reporting period. Accordingly, it has been stated that the enterprises applying TFRS do not need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies (“TAS 29”), and no new explanation has been made by the POA on the application of TAS 29. Considering that no new disclosure has been made as of the date these financial statements were prepared, while preparing the financial statements as of 30 June 2023, no inflation adjustment was made according to TAS 29.

#### Functional and presentation currency

Functional and presentation currency of the Company is TRY.

#### 2.2 Changes in accounting estimates

If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively. The accounting policies except the situation stated below used in the preparation of these financial statements for the period ended 30 June 2023 are consistent with those used in the preparation of financial statements for the period ended 31 December 2022.

#### 2.3 Comparative Information and Restatement of Prior Year Financial Statements

The Company, as of June 30, 2023, has prepared the balance sheet in comparative form with the financial statements prepared as of December 31, 2022. The income statement, statement of comprehensive income, statement of cash flows, and statement of changes in equity for the period January 1 - June 30, 2023, have been prepared in comparative form with the period January 1 - June 30, 2022. If deemed necessary, comparative information is reorganized to ensure compatibility with the presentation of the current period financial statements.

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

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### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Changes in TFRS

The Company changes accounting policies when it is believed that the change will lead to better presentation of transactions and events in the financial statements. When the intentional change can affect the prior period results, the change is applied retrospectively as though it was already applied before. Accounting policy changes arising from the application of a new standard are applied considering the transition principles of the related standard, if any, retrospectively or forward. If no transition principle for the standard exists, the changes are applied retrospectively.

The accounting policies adopted in preparation of the financial statements as at 30 June 2023 are consistent with those of the previous financial year, except for the new and amended TFRS standards which are valid as of 1 January 2023 and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations summarised below.

#### a) *Standards, amendments, and interpretations applicable as of 30 June 2023:*

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The amendment did not have a significant impact over financial position or performance of the Company.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The amendment did not have a significant impact over financial position or performance of the Company.
- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. The amendment did not have a significant impact over financial position or performance of the Company.

#### b) *Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:*

- **Amendment to IAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Changes in TFRS (Continued)

*b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:  
(Continued)*

- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements; ;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.
- **IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.
- **IFRS S2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

#### 2.5 Summary of significant accounting policies

The accounting policies used in the preparation of these interim condensed financial statements for the period ended 30 June 2023 are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2022 except for the following:

These interim condensed financial statements for the period 1 January- 30 June 2023 should be read in conjunction with the annual financial statements for the year 1 January - 31 December 2022.

The expenses that are not evenly distributed throughout the financial year are recognised in the interim financial statements in the case that those expenses can be estimated properly at year ends.

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

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### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.6 Significant accounting estimates and judgments

The preparation of financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Company makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### Warranty expense provisions

The Company accounts for warranty provisions for the expenses incurred as a result of repair and maintenance activities for products produced and sold, authorised services' labour and material costs for products under the scope of the warranty terms based on statistical information for possible future warranty services and returns of products with respect to the products sold during the period (Note 14). The Company estimates ratio based on statistical information for possible future warranty services and returns of products, and calculates provision amount with respect to the products sold during the period. The Company gives guarantee services for each tractor sold during two years. The Company reflects estimated cost incurred in one year to short-term. Based on the sensitivity analysis performed, it is concluded that 10% increase/decrease in possible returns of products with respect to the products sold and cost estimations does not have any effect on the calculation of warranty expense provisions.

#### Deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available. If it is probable that future taxable profit will be available, deferred tax assets are accounted for over the deductible temporary differences and tax advantages resulted from investment incentives that enables the Company pay lower corporate tax (Note 21).

The Company assess the recoverability of deferred tax assets based on business models that contain management estimations related to taxable profit for future periods. The models include key management estimations such as sales quantities, sales prices and foreign exchange rates. Based on the sensitivity analysis performed, it is concluded that 10% increase/decrease in related estimations does not have any effect on the assessment of recoverability of deferred tax assets

#### Cash flow hedge transactions

The Company applies cash flow hedge accounting to hedge the currency risk arising from the production costs of tractors in Euro and the orders received with sales commitments in TRY.

#### The useful life of tangible and intangible assets

The Company's management has made significant assumptions in determining the useful life of tangible and intangible assets.

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.6 Significant accounting estimates and judgments (Continued)

##### Provision for employment termination benefits

Provisions for retirement payments, discount rate, future salary increases and employee turnover rates are determined by actuarial calculations based on certain assumptions. Due to the long term nature of these plans, such estimates are subject to significant uncertainty (Note 14).

##### Provision for impairment of inventories

Inventory is evaluated at each period in order to determine whether there is a need to have provision for potential impairment costs at the date of statement of financial position (Note 8).

### NOTE 3 - SEGMENT REPORTING

The Company, which is incorporated and domiciled in Turkey, has primary operation of manufacturing agricultural tractors, combines, construction equipment, and other agricultural machinery and tools. The Company’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 Company structure has been organized to operate in one segment rather than separate business segments. Consequently, the business activities of the Company 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. The activities of the Company are followed in detail by the authority authorized to take decisions regarding the activities of the Company.

### NOTE 4 - CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
Banks:		
- TRY denominated time deposits	5,058,744,848	3,611,460,793
- TRY denominated demand deposits	204,889,248	103,887,727
- Foreign currency denominated demand deposits	194,810,274	10,745,899
- Foreign currency denominated time deposits	999,918,144	690,778,522
	<b>6,458,362,514</b>	<b>4,416,872,941</b>

As of 30 June 2023, the weighted average effective annual interest rates for TRY and EUR time deposits are 40.20% and 2.25% (31 December 2022: TRY: 25.11%, EUR: 1.53%, USD: 1.50%).

30 June 2023 and 2022 remaining time to maturity of time deposits is less than three months.

The Company has no blocked deposits as of 30 June 2023 (31 December 2022: None).



## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

#### NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

The cash and cash equivalents included in the statement of cash flows at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Banks	6,458,362,514	4,416,872,941
Less: Interest accruals	(101,844,848)	(50,460,794)
<b>Cash and cash equivalents</b>	<b>6,356,517,666</b>	<b>4,366,412,147</b>

The credit risks of the banks where the Company has deposits are evaluated by taking into account independent data, and no significant credit risk is expected. The market values of cash and cash equivalents approximate their carrying values including the accrued interest income at the balance sheet date.

#### NOTE 5 – FINANCIAL INVESTMENTS

	30 June 2023	31 December 2022
Paid dividend advances fund	-	306,261,048
Currency protected deposit accounts	-	110,551,603
Investment funds	7,507,228	3,220,574
	<b>7,507,228</b>	<b>420,033,225</b>

Currency protected deposit accounts expired on 26 June 2023; private fund expired on 5 January 2023. An investment fund of TRY4,200,000 was received on 5 May 2023.

#### NOTE 6 - FINANCIAL LIABILITIES

	30 June 2023	31 December 2022
<b>Short-term financial liabilities</b>		
Short-term bank borrowings	2,407,410,617	2,432,320,224
Short-term portions of long-term financial liabilities	391,514,095	848,288,136
Other short-term borrowings	80,513,687	-
Short-term lease liabilities	71,799,078	32,360,415
	<b>2,951,237,477</b>	<b>3,312,968,775</b>
<b>Long-term financial liabilities</b>		
Long-term bank borrowings	345,374,747	507,427,245
Long-term lease liabilities	50,590,419	69,797,520
	<b>395,965,166</b>	<b>577,224,765</b>

**TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.**

**CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 6 - FINANCIAL LIABILITIES (Continued)**

**a) Short - term financial liabilities**

**Short - term bank borrowings**

	Original currency		Weighted average effective interest rate p.a.(%)		TRY Equivalent	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
EUR borrowings	16,462,680	20,064,882	5.33	4.38	463,490,293	399,991,416
TRY bonds	603,837,027	523,243,108	32.50	32.50	603,837,027	523,243,108
TRY borrowings	1,340,083,297	1,509,085,700	14.21	21.83	1,340,083,297	1,509,085,700
					<b>2,407,410,617</b>	<b>2,432,320,224</b>

**Short - term portions of long term borrowings**

	Original currency		Weighted average effective interest rate p.a.(%)		TRY Equivalent	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
EUR borrowings	13,906,162	14,409,496	3.81	4.38	391,514,095	287,251,862
TRY borrowings	-	561,036,274	-	21.38	-	561,036,274
					<b>391,514,095</b>	<b>848,288,136</b>

**Other Short -term financial liabilities**

	Original Currency		Weighted average effective interest rate p.a.(%)		TRY Equivalent	
	30 June 2023	31 December 2022	30 June 2023	December 2022	30 June 2023	31 December 2022
EUR borrowings	2,859,760	-	9	-	80,513,687	-
					<b>80,513,687</b>	<b>-</b>

**b) Long - term financial liabilities**

**Long - term bank borrowings**

	Original currency		Weighted average effective interest rate p.a.(%)		TRY Equivalent	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
EUR borrowings	12,267,342	24,993,486	3.87	3.85	345,374,747	498,242,644
TRY borrowings	-	9,184,601	-	5.91	-	9,184,601
					<b>345,374,747</b>	<b>507,427,245</b>

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

### NOTE 6 - FINANCIAL LIABILITIES (Continued)

#### b) Long - term financial liabilities (Continued)

Redemption schedule of the long-term bank borrowings as of 30 June 2023 and 2022 are as follows:

Yıl	2023	2022
2024	183,970,385	275,744,114
2025	161,404,362	231,683,131
	<b>345,374,747</b>	<b>507,427,245</b>

As of 30 June 2023; the Company has an operating loan with fixed interest rate amounting to EUR42,034,812. The EUR1,200,000 loan's maturity is 5 years (maturity date of 29 March 2024), with an interest and principal payment of every 6 months and with an interest rate of 3.50%, EUR22,426,478 loan's maturity is 3 years (maturity date of 17 February 2025), with principal and interest payment of every 6 months and with an interest rate of 3.95%, EUR3,409,291 loan's maturity is 3 years (maturity date of 21 February 2025), with principal and interest payment of every months and with an interest rate of 3.25%, EUR9,999,660 loan's maturity is 1 years (maturity date of 3 July 2023), with principal and interest payment of every 6 months and with an interest rate of 4.25%, EUR4,999,382 loan's maturity is 1 years (maturity date of 22 December 2023), with principal and interest payment of every 6 months and with an interest rate of 7.50%. There is no guarantees or mortgages given for the financial liabilities obtained.

Carrying values and fair values of the bank borrowings are as shown below:

	<u>Carrying values</u>		<u>Fair value</u>	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Bank borrowing	3,144,299,459	3,788,035,605	3,154,169,985	3,846,254,783

As of 30 June 2023, fair values of the loans are determined by using the discounted cash flow method over annual average effective discount rates which is %3.60 for EUR loans and %17.62 for TRY denominated bank borrowings respectively (31 December 2022: EUR %2.78 TRY: %11.95).

The movement of the borrowings for the years 2023 and 2022 are as follows:

	2023	2022
<b>1 January</b>	<b>3,890,193,540</b>	1,134,841,687
Borrowing received during the period	1,310,000,000	2,383,963,849
Repayment of lease liabilities	(30,909,380)	(10,693,839)
Effect of new lease contracts	34,712,668	6,018,458
Principal payments	(2,433,125,967)	(573,333,011)
Change of interest accruals	86,467,331	38,106,858
Change of exchange rates	409,350,764	138,317,680
<b>30 June</b>	<b>3,266,688,956</b>	3,117,221,682

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	30 June 2023	31 December 2022
<b>Short-term trade receivables:</b>		
Trade receivables	1,611,531,485	862,338,190
Notes receivables	7,136,651	21,124,239
	<b>1,618,668,136</b>	883,462,429
Less: Provision for doubtful receivables	(48,908,190)	(48,786,983)
Unearned financial income	(22,861,886)	(6,834,669)
<b>Short-term trade receivables</b>	<b>1,546,898,060</b>	827,840,777
Due from related parties (Note 23)	797,505,684	1,274,066,993
<b>Total short-term trade receivables</b>	<b>2,344,403,744</b>	2,101,907,770

Movements of the provisions for doubtful receivables for the 2023 and 2022 are as shown below:

	2023	2022
<b>1 January</b>	(48,786,983)	(50,907,510)
Cancelled during the year (Note 18)	196,018	4,954,545
Charge during the year (Note 18)	(317,225)	(3,270,941)
<b>30 June</b>	(48,908,190)	(49,223,906)

	30 June 2023	31 December 2022
<b>Long - term trade receivables:</b>		
Notes receivables	109,458	109,458
	<b>109,458</b>	109,458
	<b>30 June 2023</b>	31 December 2022
<b>Trade payables:</b>		
Trade payables	5,456,399,429	4,727,364,172
Less: Unincurred financial expense	(87,932,237)	(73,933,928)
<b>Trade payables</b>	<b>5,368,467,192</b>	4,653,430,244
<b>Trade payables (Note 23)</b>	<b>187,640,305</b>	271,784,705
<b>Total trade payables</b>	<b>5,556,107,497</b>	4,925,214,949

As of 30 June 2023, the average maturity of trade receivables and payables are not longer than one year (31 December 2022 not longer than one year) and weighted average effective annual interest rates for discount of TRY, USD and EUR are 10.76%, 5.22% and 3.40% (31 December 2022: 9.54%, 4.39% and 1.88%).

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

### NOTE 8 – INVENTORIES

	30 June 2023	31 December 2022
Raw materials	1,756,158,369	1,522,340,014
Goods in transit (*)	630,210,627	672,022,661
Work in progress	494,258,598	416,895,433
Spare parts	425,666,332	354,071,158
Commercial goods	314,456,190	375,453,767
Finished goods	37,466,103	342,360,822
Less: Provision for impairment of inventory (-)	(68,989,136)	(68,180,868)
<b>Inventories</b>	<b>3,589,227,083</b>	<b>3,614,962,987</b>

The cost of inventories recognised as expense in the current period is amounting to TRY 13,973,778,724 (31 December 2022: TRY 16,671,981,903).

(\*) Goods in transit comprised of commercial goods and spare parts are not arrived, but invoices are received as of period end.

Movement of provision for impairment of inventory for the years 2023 and 2022 are as follows

	2023	2022
<b>1 January</b>	<b>68,180,868</b>	<b>(29,679,765)</b>
Cancelled due to sales of inventory during the year	808,268	(3,302,028)
<b>30 June</b>	<b>68,989,136</b>	<b>(32,981,793)</b>

Allocation of the provision for impairment on inventories in terms of inventory type is as follows:

	30 June 2023	30 June 2022
Raw materials	62,281,658	(28,972,164)
Commercial goods	6,020,157	(2,884,737)
Spare parts	687,321	(1,124,892)
<b>30 June</b>	<b>68,989,136</b>	<b>(32,981,793)</b>

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Disposals	30 June 2023
<b><u>Cost</u></b>				
Land	52,418,380	190,000	-	52,608,380
Land improvements	46,115,735	8,587,419	-	54,703,154
Buildings	273,133,709	5,833,189	-	278,966,898
Machinery and equipment	1,235,857,531	148,227,016	(2,067,086)	1,382,017,461
Special costs	6,664,109	-	-	6,664,109
Motor vehicles	20,251,363	12,321,591	(2,343,214)	30,229,740
Furniture and fixtures	160,614,654	18,373,941	-	178,988,595
Construction in progress	-	79,801,080	-	79,801,080
	<b>1,795,055,481</b>	<b>273,334,236</b>	<b>(4,410,300)</b>	<b>2,063,979,417</b>
<b><u>Accumulated depreciation</u></b>				
Land improvements	8,008,527	984,982	-	8,993,509
Buildings	82,610,952	3,054,591	-	85,665,543
Machinery and equipment	655,367,806	61,050,438	(2,067,086)	714,351,158
Special costs	6,349,908	98,293	-	6,448,201
Motor vehicles	8,012,026	2,098,558	(1,247,710)	8,862,874
Furniture and fixtures	103,608,420	9,900,576	-	113,508,996
	<b>863,957,639</b>	<b>77,187,438</b>	<b>(3,314,796)</b>	<b>937,830,281</b>
<b>Net book value</b>	<b>931,097,842</b>			<b>1,126,149,136</b>
	1 January 2022	Additions	Disposals	30 June 2022
<b><u>Cost</u></b>				
Land	52,418,380	-	-	52,418,380
Land improvements	20,016,761	6,463,672	-	26,480,433
Buildings	264,255,222	2,875,510	-	267,130,732
Machinery and equipment	891,765,332	158,759,985	(2,237,768)	1,048,287,549
Special costs	6,664,109	-	-	6,664,109
Motor vehicles	17,726,224	5,495,070	(193,129)	23,028,165
Furniture and fixtures	128,991,314	14,122,385	(3,349)	143,110,350
Construction in progress	95,242	3,510,708	-	3,605,950
	<b>1,381,932,584</b>	<b>191,227,330</b>	<b>(2,434,246)</b>	<b>1,570,725,668</b>
<b><u>Accumulated depreciation</u></b>				
Land improvements	7,105,108	346,582	-	7,451,690
Buildings	77,152,880	2,674,914	-	79,827,794
Machinery and equipment	564,607,841	41,752,412	(2,237,694)	604,122,559
Special costs	6,038,882	157,273	-	6,196,155
Motor vehicles	5,609,951	2,153,070	(186,539)	7,576,482
Furniture and fixtures	92,153,686	6,638,125	(3,349)	98,788,462
	<b>752,668,348</b>	<b>53,722,376</b>	<b>(2,427,582)</b>	<b>803,963,142</b>
<b>Net book value</b>	<b>629,264,236</b>			<b>766,762,526</b>

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

#### NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Allocation of the depreciation expenses of property, plant and equipment for the years ended at 30 June 2023 and 2022 is as follows:

	30 June 2023	30 June 2022
Cost of sales	55,149,430	38,273,692
General administrative expenses	14,558,721	10,697,856
Marketing, selling and distribution expenses	4,081,004	2,847,481
Research and development expenses	3,398,283	1,903,347
	<b>77,187,438</b>	<b>53,722,376</b>

The Company have no financial costs in the current period arising from foreign exchange denominated borrowings capitalized on construction in progress as of 30 June 2023 (31 December 2022: None).

There is no mortgage on property, plant and equipment as of 30 June 2023 (31 December 2022: None).

#### NOTE 10 -RIGHT OF USE ASSETS

	1 January 2023	Additions	30 June 2023
<b>Cost</b>			
Land and buildings	32,074,403	14,777,764	46,852,167
Machinery and equipment	41,559,985	3,034,967	44,594,952
Motor vehicles	77,418,381	16,899,937	94,318,318
	<b>151,052,769</b>	<b>34,712,668</b>	<b>185,765,437</b>
<b>Accumulated depreciation</b>			
Land and buildings	16,903,132	5,320,611	22,223,743
Machinery and equipment	16,751,478	2,474,270	19,225,748
Motor vehicles	23,972,808	8,987,215	32,960,023
	<b>57,627,418</b>	<b>16,782,096</b>	<b>74,409,514</b>
<b>Net book value</b>	<b>93,425,351</b>		<b>111,355,923</b>

  

	1 January 2022	Additions	30 June 2022
<b>Cost</b>			
Land and buildings	15,820,355	301,665	16,122,020
Machinery and equipment	18,800,737	461,424	19,262,161
Motor vehicles	26,597,337	5,255,368	31,852,705
	<b>61,218,429</b>	<b>6,018,457</b>	<b>67,236,886</b>
<b>Accumulated depreciation</b>			
Land and buildings	11,010,273	1,355,765	12,366,038
Machinery and equipment	11,269,084	1,282,678	12,551,762
Motor vehicles	15,723,547	3,219,779	18,943,326
	<b>38,002,904</b>	<b>5,858,222</b>	<b>43,861,126</b>
<b>Net book value</b>	<b>23,215,525</b>		<b>23,375,760</b>

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### NOTE 10 - RIGHT OF USE ASSETS (Continued)

Depreciation expenses are stated below for the right of use for the periods ending on 30 June 2023 and 2022:

	30 June 2023	30 June 2022
Marketing, selling and distribution expenses	9,677,898	859,069
Cost of sales	4,212,129	2,320,927
General administrative expenses	1,602,560	2,122,923
Research and development expenses	1,289,509	555,303
	<b>16,782,096</b>	<b>5,858,222</b>

#### NOTE 11 - INTANGIBLE ASSETS

	1 January 2023	Additions	Transfers	30 June 2023
<b><u>Cost</u></b>				
Rights	218,171,728	27,575,123	-	245,746,851
Development costs	580,485,179	-	33,062,547	613,547,726
Development costs in progress	181,047,473	122,573,252	(33,062,547)	270,558,178
	<b>979,704,380</b>	<b>150,148,375</b>	<b>-</b>	<b>1,129,852,755</b>
<b><u>Accumulated amortisation</u></b>				
Rights	112,505,900	18,352,366	-	130,858,266
Development costs	245,377,742	42,118,678	-	287,496,420
	<b>357,883,642</b>	<b>60,471,044</b>	<b>-</b>	<b>418,354,686</b>
<b>Net book value</b>	<b>621,820,738</b>			<b>711,498,069</b>

	1 January 2022	Additions	Transfers	30 June 2022
<b><u>Cost</u></b>				
Rights	157,506,465	18,363,641	-	175,870,106
Development costs	365,465,848	-	44,676,442	410,142,290
Development costs in progress	190,261,147	91,838,261	(44,676,442)	237,422,966
	<b>713,233,460</b>	<b>110,201,902</b>	<b>-</b>	<b>823,435,362</b>
<b><u>Accumulated amortisation</u></b>				
Rights	84,108,573	12,789,316	-	96,897,889
Development costs	190,547,893	20,676,256	-	211,224,149
	<b>274,656,466</b>	<b>33,465,572</b>	<b>-</b>	<b>308,122,038</b>
<b>Net book value</b>	<b>438,576,994</b>			<b>515,313,324</b>



## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

#### NOTE 11 - INTANGIBLE ASSETS (Continued)

Development costs includes intangible assets generated by the Company. Capitalized development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

The amortisation is not calculated for the development costs in progress as the development process has not yet been completed.

Allocation of the amortization expenses of intangible assets for the years ended at 30 June 2023 and 2022 is as follows:

	30 June 2023	30 June 2022
Research and development expenses	37,430,886	17,937,605
Cost of sales	13,416,531	9,349,653
Construction in progress effects	5,523,482	3,321,022
General administrative expenses	3,267,573	2,277,092
Marketing, selling and distribution expenses	832,572	580,200
	<b>60,471,044</b>	<b>33,465,572</b>

#### NOTE 12 - OTHER ASSETS AND LIABILITIES

	30 June 2023	31 December 2022
<b>a) Other current assets</b>		
Deferred value added tax ("VAT")	626,411,746	597,540,991
Reclaimed VAT	248,755,391	410,597,846
	<b>875,167,137</b>	<b>1,008,138,837</b>

	30 June 2023	31 December 2022
<b>b) Government grants and aids</b>		
Government grants and aids	3,121,626	3,321,575
	<b>3,121,626</b>	<b>3,321,575</b>

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### NOTE 13 - PREPAID EXPENSES AND DEFERRED INCOME

	30 June 2023	31 December 2022
<b>a) Prepaid expenses</b>		
Prepaid expenses for future months	27,785,895	15,168,023
	<b>27,785,895</b>	<b>15,168,023</b>

	30 June 2023	31 December 2022
<b>b) Long-term prepaid expenses</b>		
Advances given for purchases of fixed assets (*)	164,478,830	90,815,165
	<b>164,478,830</b>	<b>90,815,165</b>

(\*) It consists of advances given for machinery and equipment renewal investments.

	30 June 2023	31 December 2022
<b>c) Deferred income</b>		
Advances received (*)	729,054,462	379,877,993
Income for future periods (**)	7,450,719	186,822,571
	<b>736,505,181</b>	<b>566,700,564</b>

(\*) The balance consists of tractor order advances received.

(\*\*) Deferred income represents the sales amount of the tractors for which the invoices were issued as of 30 June 2023 and 31 December 2022, but the delivery of the risk and responsibility to the customers has not yet reached 90 days from the invoice date.

#### NOTE 14 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

##### a) Short - term provisions

##### Short - term provision for employee benefits

	30 June 2023	31 December 2022
Provision for unused vacation	32,046,145	13,328,665
	<b>32,046,145</b>	<b>13,328,665</b>

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

### NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### a) Short - term provisions (Continued)

Movements of the provision for unused vacation rights for the years are as follows:

	2023	2022
<b>1 January</b>	<b>13,328,665</b>	6,501,091
Charge/(used) for the year, net	<b>18,717,480</b>	9,026,565
<b>30 June</b>	<b>32,046,145</b>	15,527,656

#### Other short - term provisions

	30 June 2023	31 December 2022
Warranty expense provisions	<b>123,199,141</b>	105,127,470
Provisions for legal cases	<b>18,142,306</b>	15,273,530
	<b>141,341,447</b>	120,401,000

Movements of the provision for legal cases for the years are as follows:

	2023	2022
<b>1 January</b>	<b>15,273,530</b>	13,163,403
Charge for the year / Used during the year (Note 18)	<b>2,868,776</b>	(226,445)
<b>30 June</b>	<b>18,142,306</b>	12,936,958

#### b) Long-term provisions

##### Long-term provision for employee benefits

	30 June 2023	31 December 2022
Provision for employee termination benefits	<b>293,014,508</b>	256,458,270
	<b>293,014,508</b>	256,458,270

Provision for employee termination benefit is recorded in line with the regulations explained below:

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TRY19,982.83 for each year of service as of 30 June 2023 (31 December 2022 : TRY15,371.40).

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES(Continued)

##### b) Long-term provisions (Continued)

Communiqué require actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	30 June 2023	31 December 2022
Discount rate (%)	0.55	0.55
Turnover rate to estimate the probability of retirement (%)	93.29	93.29

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TRY23,489.83 (1 July 2022: TRY15,371.40) which is effective from 1 July 2023 has been taken into consideration in calculating the provision for employee termination benefits of the Company.

Movements of the provision for employee termination benefits during the years are as follows:

	2023	2022
<b>1 January</b>	<b>256,458,270</b>	76,294,116
Interest cost	13,592,288	8,392,353
Current year service cost	13,585,470	3,763,194
Paid in the year	(29,309,558)	(7,499,464)
Actuarial loss	38,688,038	31,772,627
<b>30 June</b>	<b>293,014,508</b>	112,722,826

Sensitivity analysis of key assumptions used for termination benefits calculations as at 30 July 2023 are as follows:

Sensitivity level	Net discount rate		Turnover related to the probability of retirement	
	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase
Rate	(0.045%)	(1.045%)	(92.79%)	(93.79%)
Change in employee benefits liability	25,207,527	(22,499,506)	(7,374,272)	7,746,146

##### Other long - term provisions

	30 June 2023	31 December 2022
Warranty provision	148,447,789	108,334,042
	<b>148,447,789</b>	108,334,042

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

### NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES(Continued)

#### b) Long-term provisions (Continued)

Movements of the short-term and long-term warranty provisions for the years are as follows:

	2023	2022
<b>1 January</b>	<b>213,461,512</b>	102,547,391
Used during the year	<b>171,555,415</b>	62,059,832
Charge for the year	<b>(113,369,997)</b>	(44,518,555)
<b>30 June</b>	<b>271,646,930</b>	120,088,668

#### c) Contingent liabilities

The commitments and contingent liabilities that are not expected to cause material loss or debts to the Company are summarized below:

As of 30 June 2023 and 31 December 2022 the Company's guarantee/ pledge/ mortgage positions are as follows:

	30 June 2023	31 December 2022
A. The total amount of collaterals on behalf of its own legal entity	<b>566,335,314</b>	389,471,116
B. The total amount of collaterals given in favor of the companies in the scope of full consolidation	-	-
C. The total amount of collaterals given for the purpose of providing debt to third parties in the course of ordinary business activities	-	-
D. The total amount of other collaterals given	-	-
i. The total amount of collaterals given in favor of the parent companies	-	-
ii. The total amount of collaterals given in favor of other group companies which are not	-	-
iii. The total amount of collaterals given in favor of third parties other than the parties stated in item C on behalf of its own legal entity	-	-
	<b>566,335,314</b>	389,471,116

The guarantees consist of guarantees given to the relevant institutions for customs, electricity, natural gas and similar expenses and the guarantee given to the tax office for cash tax refund.

As at 30 June 2023 , the Company has given on behalf of its own legal entity, the original collateral denominated in foreign currency amounts of EUR 2,006,350 (31 December 2022: EUR 2,006,350).

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### d) Contingent assets

	Original currency amount						TRY equivalent	
	30 June 2023			31 December 2022			30 June 2023	31 December 2022
	EUR	USD	TRY	EUR	USD	TRY		
Letters of guarantees received	-	270,000	1,073,470,672	-	270,000	848,286,172	1,080,442,909	853,334,713
Direct debit	-	-	3,316,967,029	-	-	2,421,779,155	3,316,967,029	2,421,779,155
Mortgages	-	-	438,684	-	-	438,684	438,684	438,684
Cash TRY guarantees	-	-	548,012	-	-	493,270	548,012	493,270
Guarantee bonds	-	-	4,616,197	-	-	2,445,441	4,616,197	2,445,441
							4,403,012,831	3,278,491,263

The guarantees consist of the guarantees received against the risks of dealers and suppliers.

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

### NOTE 15 - EMPLOYEE BENEFITS

#### Liabilities for employee benefits

	30 June 2023	31 December 2022
Taxes payable and liabilities (*)	106,528,249	86,922,135
Accrued premiums and liabilities to personnel	113,990,519	62,198,751
	<b>220,518,768</b>	149,120,886

(\*) The balance consists of social security and withholding payables for the employees of the Company

### NOTE 16 - EQUITY

#### Paid-in share capital

The Company's registered share capital amounts to TRY250,000,000 (31 December 2022: TRY 250,000,000).

Based on the decision numbered 10 taken by the Board of Directors on 27 February 2023, the Company's registered capital which was TRY 53,369,000 within the registered capital ceiling of TRY 250,000,000, was increased by 87.5% as fully funded from internal sources to TRY 100,066,875 on 6 June 2023. Of the capital increase amounting to TRY 46,697,875 made from internal resources, TRY 30,921,766 is from Legal Reserves Inflation Adjustment Differences, TRY 15,079,648 is from Extraordinary Reserves Inflation Adjustment Differences, TRY 696,461 is from Other Reserves Inflation Adjustment Differences are covered according to the financial statements prepared in accordance with Tax Procedure Law, according to the financial statements prepared in accordance with TFRS, TRY 39,014,356 of the increase was covered from Capital Inflation Adjustment Differences, TRY 7,683,519 was covered from Retained Earnings.

The Company's share capital is composed of 10,006,687,500 units of shares each Kr 1 nominal value. The nominal value of share capital is TRY 100,006,875.

The composition of the Company's statutory share capital at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023		31 December 2022	
	Share (%)	Share amount (TRY)	Share (%)	Share amount (TRY)
Koç Holding	37.50	37,525,078	37.50	20,013,375
CNH Industrial Osterreich	37.50	37,525,078	37.50	20,013,375
Public quotation in BİST	25.00	25,016,719	25.00	13,342,250
	<b>100.00</b>	<b>100,066,875</b>	100.00	53,369,000
<b>Adjustments to share capital</b>		-		39,014,356
		<b>100,066,875</b>		92,383,356

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

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### NOTE 16 - EQUITY (Continued)

#### Paid-in share capital (Continued)

The Company's shares were organized as A, B and C Groups. A and B Group shares are privilege shares, and five Board members are selected from Group A's and five Board members are selected from Group B's nominated candidates.

As of 11 June 2004, the Company has been quoted to BIST and its shares started to be traded in the stock exchange market from that date. As of 30 June 2023, 25% of the Company shares are quoted at BIST (31 December 2022: 25%)

#### Dividend distribution

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation.

In accordance with the Turkish Commercial Code, unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

In dividend distribution, the Company follows a balanced and consistent policy between the benefits of the shareholders and the benefits of the Company in accordance with the Corporate Management Principles. The Board of Directors of the Company has decided; that at least 60% of the distributable net profit for the period calculated in accordance with the TCC, CMB regulations and the main agreement should be distributed to the shareholders as dividends, taking into consideration the economic conditions, long-term investment financing and business plans as well as profitability; that the dividend to be distributed may be realized in cash or by capital increase through bonus shares or partly in cash and partly through bonus shares.

The part of the of accumulated losses of the Company exceeding the total of retained earnings, general legal reserves including premiums related to shares and costs arising from the adjustment of equity items except for capital stock in accordance with inflation accounting is accounted for as discount items in the calculation of net distributable profit for the period.

The proposal for the distribution dividends from the profit amount of TRY2,100,000,000 was accepted at the 69<sup>th</sup> Ordinary General Assembly Meeting held on 2 March 2023. Dividend paid in cash to shareholders as of 10 March 2023 and distributed per share is 39.35 Kr.



# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

### NOTE 17 - REVENUE AND COST OF SALES

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Domestic sales	17,505,220,348	9,204,839,092	6,961,199,662	3,846,938,187
Export sales	5,570,643,642	2,910,310,939	3,156,062,656	1,595,985,141
<b>Sales income (gross)</b>	<b>23,075,863,990</b>	<b>12,115,150,031</b>	10,117,262,318	5,442,923,328
Less: Discounts and returns	(2,747,360,707)	(1,310,314,695)	(1,236,509,816)	(550,160,603)
<b>Sales income (net)</b>	<b>20,328,503,283</b>	<b>10,804,835,336</b>	8,880,752,502	4,892,762,725
Cost of sales	(15,007,993,499)	(7,702,778,541)	(7,246,800,655)	(3,981,472,926)
<b>Gross profit</b>	<b>5,320,509,784</b>	<b>3,102,056,795</b>	1,633,951,847	911,289,799

### Sales quantities:

	1 January - 30 June 2023			1 January - 30 June 2022		
	Domestic sales	Export sales	Total sales	Domestic sales	Export sales	Total sales
Tractor	17,287	9,851	27,138	13,474	8,254	21,728
Combine	276	-	276	167	-	167
	<b>17,563</b>	<b>9,851</b>	<b>27,414</b>	13,641	8,254	21,895

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### NOTE 18 - OTHER INCOME/EXPENSE FROM OPERATING ACTIVITIES

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Foreign exchange gain from trade receivables and payables	703,245,461	447,045,869	439,546,097	164,150,362
Interest income from sales	373,203,992	206,391,433	237,269,914	125,149,217
Termination of provision for doubtful receivables (Note 5)	196,018	145,004	4,954,545	2,263,405
Reversal of provision for litigation expenses (Note 12)	2,686,971	11,197	1,781,309	891,557
Other income	52,116,703	27,944,898	21,535,561	14,281,374
<b>Other operating income</b>	<b>1,131,449,145</b>	<b>681,538,401</b>	<b>705,087,426</b>	<b>306,735,915</b>
Foreign exchange gain from trade receivables and payables	(654,545,166)	(424,352,117)	(476,265,786)	(189,854,159)
Interest income from sales	(645,592,642)	(325,537,085)	(374,712,365)	(201,604,060)
Reversal of provision for litigation expenses (Note 12)	(5,555,747)	(2,299,597)	(1,554,864)	(633,155)
Termination of provision for doubtful receivables (Note 5)	(317,225)	(215,667)	(3,270,941)	(1,962,598)
Other expenses	(34,521,176)	(18,381,114)	(1,273,480)	(701,788)
<b>Other operating expenses</b>	<b>(1,340,531,956)</b>	<b>(770,785,580)</b>	<b>(857,077,436)</b>	<b>(394,755,760)</b>

#### NOTE 19 - FINANCIAL INCOME

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Foreign exchange gain	397,451,446	307,354,279	294,700,339	155,867,361
Interest income	563,018,038	319,316,576	33,802,362	9,585,972
<b>Financial income</b>	<b>960,469,484</b>	<b>626,670,855</b>	<b>328,502,701</b>	<b>165,453,333</b>

#### NOTE 20 - FINANCIAL EXPENSE

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Foreign exchange losses	(474,487,752)	(358,921,694)	(182,430,890)	(144,613,907)
Interest expenses of bank borrowings	(335,537,141)	(149,958,817)	(139,240,431)	(90,354,173)
Other	(8,037,802)	(2,859,768)	(5,834,689)	(3,214,769)
<b>Financial expenses</b>	<b>(818,062,695)</b>	<b>(511,740,279)</b>	<b>(327,506,010)</b>	<b>(238,182,849)</b>

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

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### NOTE 21 - TAX ASSETS AND LIABILITIES

The Company is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey.

As of 30 June 2023, the corporate tax rate is 20% in Turkey (December 31, 2022: 23%). Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

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

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

The aforementioned law has been enacted as of April 1, 2008. Accordingly, income tax-payers can deduct 100% of the expenditures made as of then, which are related to research and development related to new technology and information developments. Research and development incentives shall be calculated over the total expenditures made in 2023 and 2022.

In accordance with the Law No 7440 on the “Restructuring of Certain Receivables and Amendments to Certain Laws” published in the Official Gazette on 12 March 2023, an additional tax of 10% is to be calculated over the exemptions and deductions subject to corporate income deduction in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022 and without being associated with the period’s income; and an additional tax of 5% is to be calculated over the exempted earnings. As of 30 June 2023, related tax amounts were calculated and accrued in the financial statements of the Company. The impacts of the additional tax on the current income tax expense is TRY 139,942,428. The first installment of the payments related to the tax of TRY 69,971,214 was realized on May 2023 and the second installment will be paid in August 2023.

#### **Tax advantages obtained under the investment incentive system:**

Earnings of the Company that are derived from investments linked to an investment incentive certificate are subject to corporate tax at discounted rates for a certain period, which starts when the investment starts to partly or fully operate, and ends when the maximum investment contribution amount is reached. Within this scope, the Company has accounted for TRY 104,738,862 (31 December 2022: TRY 55,381,013) of tax advantages as deferred tax assets which are expected to be recovered in the foreseeable future in the financial statements as of 30 June 2023. TRY 49,357,849 of deferred tax income is recognized in the profit or loss statement for the period between 1 January – 30 June 2023 from accounting of such deferred tax assets.

Deferred tax assets are recognized for deductible temporary differences, carry forward tax losses and indefinite-life investment incentives which allows payment of corporate tax at discounted rates, as long as it is probable that sufficient taxable income will be generated in the future. In this context, the Company recognizes deferred tax assets from investment incentives based on long-term plans, including taxable profit projections derived from business models, which are re-evaluated at each balance sheet date to assess recoverability of such deferred tax assets. The Company expects to recover such deferred tax assets within 2 years from the balance sheet date.

In the sensitivity analysis performed as of 30 June 2023, when the inputs of the key macroeconomic and sectoral assumptions that form the business plans are increased/decreased by 10%, there is no change in the projected 2 years recovery periods of deferred tax assets related to investment incentives.

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

#### NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)

As of 30 June 2023 and 31 December 2022, income tax payables are presented net of prepaid taxes in the balance sheet as follows:

	<b>30 June 2023</b>	31 December 2022
Corporate tax expense	<b>1,012,661,834</b>	288,595,540
Less: Prepaid taxes	<b>(512,698,813)</b>	(288,598,609)
<b>Tax liability</b>	<b>499,963,021</b>	(3,069)

The breakdown of total tax expense for the years ended 30 June 2023 and 30 June 2022 are as follows:

	<b>1 January - 30 June 2023</b>	<b>1 April - 30 June 2023</b>	1 January - 30 June 2022	1 April - 30 June 2022
Corporate tax expense	<b>1,012,661,834</b>	<b>490,710,845</b>	225,388,119	95,773,240
Deferred tax income/(expense)	<b>(296,198,218)</b>	<b>(26,173,060)</b>	(121,461,821)	(52,191,471)
<b>Total tax expense</b>	<b>716,463,616</b>	<b>464,537,785</b>	103,926,298	43,581,769

#### Deferred taxes

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements prepared in accordance with the Turkish Financial Reporting Standards and their statutory financial statements, using the currently enacted tax rates. These temporary differences result in the recognition of revenue and expenses in different reporting periods for Turkish Financial Reporting Standards and tax purposes.

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

### NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets/(liabilities) at 30 June 2023 and 31 December 2022 are as follows:

	Temporary differences		Deferred tax assets/ (liabilities)	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Property, plant and equipment and intangible assets, restatement and useful life differences	(1,092,163,452)	(1,287,591,976)	218.432.690	257.518.395
Employee termination benefits	(293,014,508)	(256,458,270)	58.602.902	51.291.654
Warranty provision	(271,646,930)	(213,461,512)	54.329.386	42.692.302
Provision for lawsuits	(18,142,306)	(15,273,530)	3.628.461	3.054.706
Unearned finance income/ expenses on trade receivables, payables and due provision for doubtful receivables from related parties	(354,479,789)	(92,797,808)	70.895,958	18,559,562
Provision for impairment of inventory	(68,989,136)	(68,180,868)	13,797,827	13,636,174
Sales premium accrued	(1,135,297,582)	(32,547,420)	227,059,516	6,509,484
Other expense provisions	(122,497,270)	(34,340,239)	24,499,454	6,868,048
Investment incentive tax assets	-	-	104,738,862	55,381,013
Deferred income	(7,450,719)	(186,822,571)	1,490,144	37,364,514
Other	(72,694,775)	58,414,257	14,538,957	(11,682,849)
<b>Deferred tax assets</b>			<b>792,014,157</b>	<b>481,193,003</b>

Movements of deferred tax assets during the periods are as follows:

	2023	2022
<b>1 January</b>	<b>481,193,003</b>	33,622,002
Reflected to profit for the year	296,198,218	121,461,821
Reflected to other comprehensive income/(expense)	14,622,936	19,536,561
<b>30 June</b>	<b>792,014,157</b>	174,620,384

### NOTE 22 - EARNINGS PER SHARE

Earnings per share stated in the income statement are calculated by dividing the net income to the weighted average number of ordinary shares outstanding during the period.

Companies can increase their share capital by making a pro-rata distribution of shares (“Bonus shares”) to existing shareholders from statutory retained earnings and statutory revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares in existence during the year has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

Basic earnings per share are calculated by dividing the net income attributable to shareholders by the weighted average number of ordinary shares in issue. Nominal value of one share of company is 1 Kr.

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

#### NOTE 22 - EARNINGS PER SHARE (Continued)

	1 January - 30 June 2023	1 January - 30 June 2022
Net profit for the year	3,578,882,310	959,322,343
Weighted average number of the ordinary shares	5,981,898,273	5,336,900,000
Earnings per share (TRY)	0,5983	0,1798

There is no difference for any period between basic and relative earnings per share.

#### NOTE 23 - RELATED PARTY EXPLANATIONS

The Company is jointly controlled by Koç Holding and CNHI Österreich. Related party balances and transaction disclosure are grouped by joint venture companies and group companies of joint venture companies.

Summary of the intercompany balances as of 30 June 2023 and 31 December 2022 significant intercompany transactions were as follows:

##### i) Balances with related parties as of 30 June 2023 and 31 December 2022:

##### a) Due from related parties

	30 June 2023	31 December 2022
<b>Due from group companies</b>		
CNHI International SA (“CNHI International”) (*)	616,808,919	1,142,159,369
CNH Industrial Argentina SA	85,993,942	64,981,335
CNHI Italia SPA (“CNHI Italia”)	48,618,705	25,858,502
CNH Industrial (India) Pvt. Ltd.	31,079,172	35,946,440
CNH Industrial Brasil Ltda	11,613,675	2,548,514
Other	3,391,271	2,572,833
	<b>797,505,684</b>	<b>1,274,066,993</b>

(\*) Due from related parties is arising from export sales of the Company realized via CNHI. These receivables are collected on a regular basis in specified maturities within the business deals.

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

#### NOTE 23 - RELATED PARTY EXPLANATIONS (Continued)

i) Balances with related parties as of 30 June 2023 and 31 December 2022 (Continued):

b) Due to related parties

	30 June 2023	31 December 2022
Koç Holding	-	19,773,781
<b>Due to shareholders</b>	-	19,773,781
Zer Merkezi Hizmetler ve Ticaret A.Ş. (“Zer”)	90,266,217	139,537,130
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş. (“Opet Fuchs”)	56,572,437	39,181,009
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. (“Koç Sistem”)	16,194,614	35,482,633
Ram Sigorta Aracılık Hizmetleri A.Ş. (“Ram Sigorta”)	9,347,647	419,777
Otokoç Otomotiv San. ve Tic. A.Ş. (“Otokoç”)	6,135,387	3,772,218
CNH Argentina S.A	2,258,757	1,635,548
Opet Petrolcülük A.Ş. (“Opet”)	1,926,915	2,329,113
CNH America LLC	1,652,169	176,569
Setur Servis Turistik A.Ş. (“Setur”)	1,519,483	3,543,647
Fpt Industrial Powertrain Technology	760,783	14,221,454
Ingage Dijital Pazarlama Hizmetleri	315,291	396,273
Koç Digital Çözümler A.Ş.	113,151	6,674,967
Divan Turizm İşletmeleri (“Divan”)	66,553	3,780,769
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Paz. A.Ş. (“Akpa”)	20,767	1,473,352
Other	2,150,644	1,182,335
<b>Due to group companies</b>	189,300,815	253,806,794
Less: Unearned financial expenses	(1,660,510)	(1,795,870)
	187,640,305	271,784,705

c) Lease liabilities to related parties

	30 June 2023	31 December 2022
Otokoç	74,514,063	57,054,225
Zer	28,308,012	28,450,518
Other	1,858,002	7,558,678
	104,680,077	93,063,421

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### NOTE 23 - RELATED PARTY EXPLANATIONS (Continued)

#### ii) Significant sales and purchases transactions with related parties for the periods between 1 January - 30 June 2023 and 2022:

##### a) Product sales to related parties

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
<b>Product sales to group companies</b>				
CNHI International (*)	5,373,257,768	2,807,455,165	2,998,555,930	1,500,688,877
CNH Industrial Argentina SA	60,461,172	34,418,254	95,908,720	59,250,682
CNH Italia SPA	51,396,929	25,266,157	49,754,672	27,091,669
Yapı Kredi Finansal Kiralama A.O.	23,689,019	9,600,300	18,165,418	15,524,580
CNH Industrial (India) Pvt. Ltd.	43,842,699	28,157,036	7,362,965	7,362,965
CNH Industrial Brasil Ltda	24,027,771	8,488,579	4,480,369	1,590,949
Other	10,302,615	1,770,171	7,552,564	1,846,936
	<b>5,586,977,973</b>	<b>2,915,155,662</b>	<b>3,181,780,638</b>	<b>1,613,356,658</b>

(\*) The Company realizes export sales mainly through CNHI.

##### b) Service sales to related companies

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
<b>Service sales to group companies</b>				
CNHI Italy (1)	21,039,549	21,039,549	6,588,933	1,344,234
CNHI International (2)	2,021,809	1,516,756	1,391,686	-
CNH Industrial (India) PRI	-	-	930,562	-
	<b>23,061,358</b>	<b>22,556,305</b>	<b>8,911,181</b>	<b>1,344,234</b>

(1) Services sold to CNHI Italia is related to engineering and various services.

(2) Services sold to CNHI International is related to engineering, consultancy and various services.



# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

### NOTE 23 - RELATED PARTY EXPLANATIONS (Continued)

ii) **Significant sales and purchases transactions with related parties for the periods between 1 January - 30 June 2023 and 2022 (Continued):**

c) **Product purchases from related parties**

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
<b>Product purchases from group companies</b>				
CNHI International (1)	2,821,949,123	2,012,276,150	1,794,046,697	942,080,790
Opet Fuchs (2)	177,512,760	93,119,293	97,118,835	42,024,939
CNH Italia S.p.A (3)	33.806.700	20.012.393	12,054,895	6,317,120
Zer (4)	27.335.052	15.584.288	26,932,654	22,670,256
Koç Sistem (5)	21.217.596	12.242.818	15,083,104	12,608,180
Opet	9,921,047	5,571,287	10,854,153	8,064,079
Akpa	9,218,945	4,672,629	11,559,784	4,786,190
CNHI India	2,104,690	231,819	364,148	168,237
Other	9,050,942	4,940,253	3,021,765	1,961,976
	<b>3,112,116,855</b>	<b>2,168,650,930</b>	1,971,036,035	1,040,681,767

- (1) The Company purchases tractors, agricultural machines and equipments and spare parts.  
(2) The Company makes various oil purchases for use in production and fuel purchases for use.  
(3) The Company purchases tractor parts from CNH Italia SPA.  
(4) The Company purchases direct and indirect materials and services from Zer.  
(5) The Company purchases hardware and software from Koç Sistem.

d) **Service purchases from related parties**

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
<b>Service purchases from shareholders</b>				
Koç Holding (1)	12,446,077	9,631,077	16,465,834	14,900,836
	<b>12,446,077</b>	<b>9,631,077</b>	16,465,834	14,900,836

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

#### NOTE 23 - RELATED PARTY EXPLANATIONS (Continued)

ii) **Significant sales and purchases transactions with related parties for the periods between 1 January - 30 June 2023 and 2022 (Continued):**

d) **Service purchases from related parties (Continued)**

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
<b>Service purchase from group companies</b>				
Zer (2)	320,905,586	158,508,558	207,708,347	118,337,889
Eltek (3)	54,225,261	27,574,439	40,310,714	29,670,720
Ram Sigorta (4)	22,294,959	20,050,357	8,338,677	324,819
Otokoç (5)	14,290,155	7,344,614	6,464,783	3,460,348
CNHI International (6)	13,211,273	13,211,273	16,898,118	16,898,118
Koç Sistem (7)	13,104,783	12,105,455	4,505,307	3,912,198
Setur (8)	9,989,348	5,734,567	5,706,596	3,137,767
Token Finansal Teknolojiler A.Ş. (9)	2,425,426	1,031,065	-	-
Ingage Dijital Pazarlama Hizmetleri	1,125,012	341,882	-	-
CNHI Industrial Italia SpA (wmf) (10)	904,465	904,465	2,941,687	919,821
Other	9,608,523	8,764,172	2,544,522	2,275,871
	<b>462,084,791</b>	<b>255,570,847</b>	295,418,751	178,937,551
	<b>474,530,868</b>	<b>265,201,924</b>	311,884,585	193,838,387

- (1) The amount contains finance, legal consultancy, planning, tax consultancy, senior management service costs invoiced by Koç Holding regarding their related services according to the concealed gain distribution described in Regulation No:11 Intra-Group Services of Transfer Pricing General Communiqué No:1
- (2) Services purchased from Zer are related with security, cleaning, transportation and other services.
- (3) Service purchased from Eltek is related with electricity expenses.
- (4) Insurance service purchased from Ram Sigorta Aracılık Hizmetleri A.Ş. includes premium amounts paid and accrued for the year ended on 30 June 2023.
- (5) Service purchased from Otokoç is related with motor vehicles leasing services.
- (6) Services purchased from CNHI International is related with engineering services, strategy development, consulting and brokerage.
- (7) Services received from Koç Sistem mainly includes support services related to repair and maintenance of computers and licences.
- (8) Services purchased from Setur are generally arising from plane tickets, accommodation and associated with various organizations within the sales and marketing activities.
- (9) Services received from Token Financial Technologies Inc. is related to the company's digital meal card.
- (10) Services received from CNH Italia SPA are related to engineering service, strategy development, brokerage and consultancy.

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

#### NOTE 23 - RELATED PARTY EXPLANATIONS (Continued)

##### iii) Financial income and expenses arising from transactions with related parties for the periods between 1 January – 30 June 2023 and 2022:

###### Financial income and expense from group companies

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
<b>Interest income</b>				
Yapı Kredi	10,430,674	1,361,987	7,504,576	-
	10,430,674	1,361,987	7,504,576	-

##### iv) Dividends paid to related parties:

	1 January - 30 June 2023	1 January - 30 June 2022
Koç Holding	787,500,000	450,000,000
CNHI Osterreich	787,500,000	450,000,000
	1,575,000,000	900,000,000

##### v) Other transactions with related parties for the periods between 1 January – 30 June 2023 and 2022:

Key management personnel are identified as members of the Board of Directors, General Manager, Directors and Vice General Managers.

As of 30 June 2023, the Company paid TRY 31,508,140 benefits to the key management personnel (30 June 2022: TRY 11,776,262). All amount consists of short-term benefits.

#### NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks. These risks are market risk, currency risk, fair value interest rate risk, price risk and cash flow interest rate risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Risk management is carried out in accordance with the program set by the Board of Directors of the Company.

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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#### NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS (Continued)

a) Market risk

*Foreign currency risk*

The Company is exposed to foreign exchange risks resulting from the foreign currency denominated commercial activities with the foreign companies and loans obtained from banks. Currency risk arises due to foreign currency denominated recorded and prospective transactions resulting as assets and liabilities. These risks are monitored regularly and limited by analyses of the foreign currency position.

*Cash flow hedge accounting*

Cash flow hedge accounting is imported tractor orders and the exchange rate effect of the amount kept in the bank based on these orders. Türk Traktör imports and sells tractors in Euro. With the application put into use in 2021, the TRY price list for imported tractors was introduced. In this case, hedging started to be applied as of 1 January 2021 in order to eliminate the exchange rate risk at the time of payment on the date of sale of the Euro amount put in the cash register at the date of order. The total amount of foreign exchange losses recognized after tax in equity is TRY31,405,692 (31 December 2022: TRY58,947,006).

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

### NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS (Continued)

The amounts of foreign currency assets, liabilities and TRY equivalents of the Company as of 30 June 2023 and 31 December 2022 are as follows:  
**30 June 2023**

	TRY Equivalentı	USD	EUR	GBP	CHF	YEN
1. Trade receivables	874,139,156	1,454,065	29,714,807	-	-	-
2. Monetary financial assets (including banks accounts) (Note 3)	1,194,728,417	432,678	41,657,836	101,605	10,711	39,358,021
3. Other	-	-	-	-	-	-
<b>4. Current assets (1+2+3)</b>	<b>2,068,867,573</b>	<b>1,886,743</b>	<b>71,372,643</b>	<b>101,605</b>	<b>10,711</b>	<b>39,358,021</b>
5. Trade receivables	-	-	-	-	-	-
6. Other	-	-	-	-	-	-
<b>7. Current assets (5+6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8. Total assets (4+7)</b>	<b>2,068,867,573</b>	<b>1,886,743</b>	<b>71,372,643</b>	<b>101,605</b>	<b>10,711</b>	<b>39,358,021</b>
9. Trade payables	701,487,101	2,888,521	19,706,116	22,222	-	396,778,911
10. Financial liabilities	855,926,653	-	30,401,600	-	-	-
11. Other monetary liabilities	9,732,009	-	345,671	-	-	-
<b>12 Current liabilities (9+10+11)</b>	<b>1,567,145,763</b>	<b>2,888,521</b>	<b>50,453,387</b>	<b>22,222</b>	<b>-</b>	<b>396,778,911</b>
13. Financial liabilities	444,089,574	-	15,773,587	-	-	-
<b>14. Non-current liabilities (13)</b>	<b>444,089,574</b>	<b>-</b>	<b>15,773,587</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>15. Total liabilities (12+14)</b>	<b>2,011,235,337</b>	<b>2,888,521</b>	<b>66,226,974</b>	<b>22,222</b>	<b>-</b>	<b>396,778,911</b>
16. Cash flow hedge accounting amounts	-	-	-	-	-	-
<b>17. Fair value of hedged funds of foreign currency (16+18)</b>	<b>57,632,236</b>	<b>(1,001,778)</b>	<b>5,145,669</b>	<b>79,383</b>	<b>10,711</b>	<b>(357,420,890)</b>
18. Net monetary foreign currency asset/ (liability) position (8-15)	57,632,236	(1,001,778)	5,145,669	79,383	10,711	(357,420,890)

**TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

**NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS  
(Continued)**

	31 December 2022					
	TRY Equivalentı	USD	EUR	GBP	CHF	YEN
1. Trade receivables	1,326,837,883	2,103,196	64,585,811	-	-	-
2. Monetary financial assets (including banks accounts) (Note 3)	701,524,421	3,300,202	31,807,103	185,954	5,920	10,214,290
3. Other	-	-	-	-	-	-
<b>4. Current assets (1+2+3)</b>	<b>2,028,362,304</b>	<b>5,403,398</b>	<b>96,392,914</b>	<b>185,954</b>	<b>5,920</b>	<b>10,214,290</b>
5. Trade receivables	-	-	-	-	-	-
6. Other	-	-	-	-	-	-
<b>7. Current assets (5+6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8. Total assets (4+7)</b>	<b>2,028,362,303</b>	<b>5,403,398</b>	<b>96,392,914</b>	<b>185,954</b>	<b>5,920</b>	<b>10,214,290</b>
9. Trade payables	521,212,820	4,247,117	21,364,042	(23,511)	30,032	112,037,227
10. Financial liabilities	693,347,138	-	34,780,568	-	-	-
11. Other monetary liabilities	6,890,908	-	345,671	-	-	-
<b>12. Current liabilities (9+10+11)</b>	<b>1,221,450,866</b>	<b>4,247,117</b>	<b>56,490,281</b>	<b>(23,511)</b>	<b>30,032</b>	<b>112,037,227</b>
13. Financial liabilities	511,407,930	-	25,653,900	-	-	-
<b>14. Non-current liabilities (13)</b>	<b>511,407,930</b>	<b>-</b>	<b>25,653,900</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>15. Total liabilities (12+14)</b>	<b>1,732,858,796</b>	<b>4,247,117</b>	<b>82,144,181</b>	<b>(23,511)</b>	<b>30,032</b>	<b>112,037,227</b>
16. Cash flow hedge accounting amounts	(634,071,411)	-	(31,807,103)	-	-	-
<b>17. Fair value of hedged funds of foreign currency (16+18)</b>	<b>(338,567,904)</b>	<b>1,156,281</b>	<b>(17,558,370)</b>	<b>209,465</b>	<b>(24,112)</b>	<b>(101,822,937)</b>
18. Net monetary foreign currency asset/ (liability) position (8-15)	295,503,507	1,156,281	14,248,733	209,465	(24,112)	(101,822,937)

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

### NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS (Continued)

The import and export amounts of the Company for the years ended 30 June 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Total export amount	5,570,643,642	2,910,310,939	3,156,062,656	1,595,985,141
Total import amount	5,212,066,820	2,933,668,120	3,480,419,062	1,788,787,403

The Company is exposed to foreign exchange risk primarily with respect to EUR and USD. The effect of the Company's EUR and USD foreign currency position as of 30 June 2023 and 31 December 2022 under the assumption of the appreciation and depreciation of TRY against other currencies by 10% with all other variables held constant, is as follows:

	30 June 2023			
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>Had TRY appreciate/ (depreciate) by 10% against USD</b>				
Profit/(loss) from USD net asset position	(2,586,901)	2,586,901	-	-
Hedged amount against USD risk (-)	-	-	-	-
<b>Net effect of USD</b>	(2,586,901)	2,586,901	-	-
<b>Had TRY appreciate/ (depreciate) by 10% against EUR</b>				
Profit/ (loss) from EUR net liability position	14,487,117	(14,487,117)	-	-
Hedged amount against EUR risk (-)	-	-	-	-
<b>Net Effect of EUR</b>	14,487,117	(14,487,117)	-	-
<b>Had TRY appreciate/ (depreciate) by 10% against other</b>				
Profit/ (loss) from other net liability position	(6,136,993)	6,136,993	-	-
Hedged amount against other (-)	-	-	-	-
<b>Net effect of other</b>	(6,136,993)	6,136,993	-	-
<b>Total net effect</b>	5,763,223	(5,763,223)	-	-

**TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

**NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING  
FROM INANCIAL INSTRUMENTS (Continued)**

	31 December 2022			
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>Had TRY appreciate/ (depreciate) by 10% against USD</b>				
Profit/(loss) from USD net asset position	2,162,049	(2,162,049)	-	-
Hedged amount against USD risk (-)	-	-	-	-
<b>Net effect of USD</b>	2,162,049	(2,162,049)	-	-
<b>Had TRY appreciate/ (depreciate) by 10% against EUR</b>				
Profit/ (loss) from EUR net liability position	28,404,709	(28,404,709)	(63,407,142)	63,407,142
Hedged amount against EUR risk (-) (-)	-	-	-	-
<b>Net Effect of EUR</b>	28,404,709	(28,404,709)	(63,407,142)	63,407,142
<b>Had TRY appreciate/ (depreciate) by 10% against other</b>				
Profit/ (loss) from other net liability position	(1,118,050)	1,118,050	-	-
Hedged amount against other (-)	-	-	-	-
<b>Net effect of other</b>	(1,118,050)	1,118,050	-	-
<b>Total net effect</b>	29,448,708	(29,448,708)	(63,407,142)	63,407,142

*Price risk*

The company does not have any financial assets that will expose it to price risk.

*Interest rate risk*

The table of the financial instruments that have interest rate sensitivity are shown below:

**Financial instruments with fixed interest rate**

	30 June 2023	31 December 2022
Time deposits (Note 4)	<b>6,058,662,992</b>	4,302,239,315
Financial liabilities (Note 6)	<b>3,224,813,146</b>	3,788,035,605
Lease liabilities (Note 6)	<b>122,389,497</b>	102,157,935



## **TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

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#### **NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS (Continued)**

b) Credit risk

Financial assets are in hand carrying the risk of the inability of fulfilling the requirements of the agreements by the counter parties. The Company management manages these risks by limiting the average risk to any individual counterparty, by obtaining guarantees where necessary. The Company limits these risks that may arise from its dealers, by restricting the credit limits determined for the dealers according to the amount of the guarantees received, by updating the guarantee amounts regularly and by receiving the pledge of ownership of the tractors sold. Credit limits are regularly monitored by the Company and the customers' credit quality are regularly evaluated by considering the customers' financial position, past experiences and other factors (Note 7).

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

#### NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS (Continued)

The Company's maximum exposure to credit risk as of 30 June 2023 and 31 December 2022 is as follows:

	30 June 2023					
	Trade Receivables		Other Receivables		Bank deposits	Derivative Instruments
	Related party	Third party	Related party	Third party		
Net book value of financial assets which are undue and not impaired	797,505,684	1,543,812,555	-	412,390	6,458,362,514	-
Net book value of due dated but not impaired assets		3,194,963				
Net book value of impaired assets	-	-	-	-	-	-
- Due dated (gross book value)	-	48,908,190	-	-	-	-
- Provision (-)	-	(48,908,190)	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-
- Provision (-)	-	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-
Net book value of due dated but not impaired assets	-	-	-	-	-	-
<b>Amount exposed to maximum credit risk (*)</b>	<b>797,505,684</b>	<b>1,547,007,518</b>	<b>-</b>	<b>412,390</b>	<b>6,458,362,514</b>	<b>-</b>

(\*) The factors, increasing the credit reliability and the guarantees received are not taken into consideration in calculation of the amount..

As of 30 June 2023, the guarantee amount of the maximum exposure to credit risk is TRY4,372,763,323. Furthermore, all assets which are due but not impaired are guaranteed.

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

#### NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS (Continued)

	31 December 2022					
	Trade Receivables		Other Receivables			
	Related party	Third party	Related party	Third party	Bank deposits	Derivative Instruments
Net book value of financial assets which are undue and not impaired	1,274,066,993	826,917,877	-	393,753	4,416,872,941	-
Net book value of due dated but not impaired assets	-	1,032,358	-	-	-	-
Net book value of impaired assets	-	-	-	-	-	-
- Due dated (gross book value)	-	48,786,983	-	-	-	-
- Provision (-)	-	(48,786,983)	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-
- Provision (-)	-	-	-	-	-	-
Off-balance sheet items exposed to credit risk	-	-	-	-	-	-
Net book value of due dated but not impaired assets	-	-	-	-	-	-
<b>Amount exposed to maximum credit risk (*)</b>	<b>1,274,066,993</b>	<b>827,950,235</b>	<b>-</b>	<b>393,753</b>	<b>4,416,872,941</b>	<b>-</b>

(\*) The factors, increasing the credit reliability and the guarantees received are not taken into consideration in calculation of the amount..

As of 31 December 2022, the guarantee amount of the maximum exposure to credit risk is TRY3,036,812,026. Furthermore, all assets which are due but not impaired are guaranteed.

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

### NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS (Continued)

#### c) Liquidity risk

Liquidity risk is managed by maintaining cash and marketable securities, the availability of funding through an adequate amount of committed credit lines and the ability to close out market positions.

Funding risk of the current and future liabilities is managed by providing sustainability of the access to sufficient high quality creditors and the sustainability of the sufficient cash flows obtained from operating activities. The Company management, in order to ensure continuous liquidity, closely follows up the timely collection of receivables, allocates high intensity focus to prevent any financial burden sourcing from late collections and determines cash and non-cash credit limits to be activated in case of need by the Company.

#### Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the net financial debt/shareholder's equity ratio. Net financial debt calculated as total financial liabilities (including short and long - term bank borrowings) less cash and cash equivalents. This ratio is calculated as net financial debt divided by total shareholders' equity.

	30 June 2023	31 December 2022
Total Financial liabilities	3,347,202,643	3,890,193,540
Less: Cash and cash equivalents (Note 3)	(6,458,362,514)	(4,416,872,941)
Financial Investments	7,507,228	(420,033,225)
<b>Net financial debt</b>	<b>(3,103,652,643)</b>	<b>(946,712,626)</b>
Total shareholders' equity	5,058,604,395	3,638,213,829
Total liabilities	1,954,951,752	2,691,501,203
<b>Net financial debt/ total liabilities (%)</b>	<b>%(158.76)</b>	<b>%(35.17)</b>

#### Fair value of financial assets

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practical to estimate fair value.

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (TRY), unless otherwise indicated)

### NOTE 24 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS (Continued)

#### *Financial assets*

The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates, are considered to approximate carrying value.

The fair values of cash and cash equivalent are considered to approximate their respective carrying values due to their short-term nature.

The discounted carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

#### *Financial liabilities*

Trade payables, which are measured at amortised cost, are considered to approximate their carrying value.

#### **Fair value hierarchy table**

The Company classifies the fair value measurement of each class of financial instruments according to the source, 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 includes direct or indirect observable inputs. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: Valuation techniques does not contain observable market inputs

Fair value hierarchy table as of 30 June 2023 is as follows:

#### **Financial assets carried at fair value in statement of financial position**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial investments (Note 5)	-	7,507,228	-

### NOTE 25 - SUBSEQUENT EVENT

According to “A Law on the Establishment of an Additional Motor Vehicle Tax to Compensate for the Economic Losses Caused by the Earthquakes Occurred” published in the Official Gazette on 15 July 2023, The Corporate Tax Rate Law increased from 20% to 25% (from 25% to 30% for Financial Institutions). The new rate is effective for declarations that must be submitted as of July 2023. The Company continues to assess the potential impact of the law on its financial statements as of the date of publication of these financial statements.

An agreement was made with the European Bank for Reconstruction and Development (EBRD) for using a loan up to 70,000,000 Euros, and the loan agreement was signed on 25 July 2023.

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