

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2022**

**(ORIGINALLY ISSUED IN TURKISH)**

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

<b>CONTENTS</b>	<b>PAGE</b>
<b>CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION .....</b>	<b>1 - 2</b>
<b>CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....</b>	<b>3</b>
<b>CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY .....</b>	<b>4 - 5</b>
<b>CONDENSED INTERIM STATEMENTS OF CASH FLOWS.....</b>	<b>6</b>
<b>NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS .....</b>	<b>7 - 50</b>
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS OF THE COMPANY .....	7
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS .....	7 - 12
NOTE 3 CASH AND CASH EQUIVALENTS .....	13
NOTE 4 FINANCIAL LIABILITIES.....	13 - 16
NOTE 5 TRADE RECEIVABLES AND PAYABLES .....	16 - 17
NOTE 6 INVENTORIES .....	17 - 18
NOTE 7 PROPERTY, PLANT AND EQUIPMENT .....	18 - 19
NOTE 8 RIGHT OF USE ASSETS.....	20
NOTE 9 INTANGIBLE ASSETS .....	21 - 22
NOTE 10 OTHER ASSETS AND LIABILITIES .....	22
NOTE 11 PREPAID EXPENSES AND DEFERRED INCOME .....	22 - 23
NOTE 12 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	23 - 27
NOTE 13 EMPLOYEE BENEFITS .....	28
NOTE 14 EQUITY .....	29 - 30
NOTE 15 REVENUE AND COST OF SALES .....	30
NOTE 16 OTHER INCOME/EXPENSE FROM OPERATING ACTIVITIES .....	31
NOTE 17 FINANCIAL INCOME.....	31
NOTE 18 FINANCIAL EXPENSE.....	31
NOTE 19 TAX ASSETS AND LIABILITIES .....	32 - 34
NOTE 20 EARNINGS PER SHARE .....	34
NOTE 21 RELATED PARTY EXPLANATIONS.....	35 - 39
NOTE 22 FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS.....	40 - 49
NOTE 23 SUBSEQUENT EVENTS.....	49

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

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

	Notes	Current Period Unaudited 30 September 2022	Audited 31 December 2021
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,777,892,613	1,566,586,803
Trade receivables			
- Trade receivables from related parties	5, 21	974,964,539	635,170,444
- Trade receivables from third parties	5	920,370,439	629,307,137
Inventories	6	2,712,913,215	1,739,360,491
Prepaid expenses	11	4,098,094	2,657,912
Other current assets	10	609,904,308	366,839,583
<b>TOTAL CURRENT ASSETS</b>		<b>8,000,143,208</b>	<b>4,939,922,370</b>
<b>NON - CURRENT ASSETS</b>			
Financial investments		2,850,000	-
Trade receivables			
- Trade receivables from third parties	5	2,291,058	109,458
Other receivables			
- Other receivables from third parties		393,761	956,197
Property, plant and equipment	7	807,252,476	629,264,236
Right of use assets	8	20,504,700	23,215,525
Intangible assets	9	549,395,868	438,576,994
Prepaid expenses	11	73,639,486	44,979,811
Deferred tax assets	19	232,517,719	33,622,002
<b>TOTAL NON - CURRENT ASSETS</b>		<b>1,688,845,068</b>	<b>1,170,724,223</b>
<b>TOTAL ASSETS</b>		<b>9,688,988,276</b>	<b>6,110,646,593</b>

The financial statements prepared as at and for the period ended 30 September 2022 have been approved by the Board of Directors on 26 October 2022.

The accompanying notes form an integral part of these financial statement

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

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

	Notes	Current Period Unaudited 30 September 2022	Audited 31 December 2021
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Short-term financial liabilities			
Short-term financial liabilities to other parties			
- Bank borrowings	4	1,877,441,837	-
Short-term portion of long-term financial liabilities			
Short-term portion of long-term financial liabilities from related parties			
- Lease liabilities	4, 21	10,167,871	8,085,198
Short-term portion of long-term financial liabilities from third parties			
- Bank borrowings	4	989,869,504	569,077,930
- Lease liabilities	4	3,036,627	2,414,639
Trade payables			
- Trade payables to related parties	5, 21	141,768,986	180,945,657
- Trade payables to third parties	5	2,949,144,730	2,228,517,987
Payables related to employee benefits	13	89,617,433	77,664,295
Other payables			
- Other payables to third parties		70,101,654	61,519,026
Government incentives and aids	10	3,356,129	3,692,202
Deferred income	11	314,273,977	173,947,802
Tax liability for the period	19	142,276,804	17,838
Short - term provision			
- Short term provision for employee benefits	12	13,594,779	6,501,091
- Other short term provisions	12	71,825,831	54,374,044
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,676,476,162</b>	<b>3,366,757,709</b>
<b>NON - CURRENT LIABILITIES</b>			
Long-term financial liabilities			
Long-term financial liabilities from related parties			
- Lease liabilities	4,21	12,111,331	17,605,800
Long-term financial liabilities from third parties			
- Bank borrowings	4	439,615,393	537,231,153
- Lease liabilities	4	293,718	426,967
Long - term provisions			
- Long term provision for employee benefits	12	117,161,828	76,294,116
- Other long term provisions	12	66,596,694	61,336,750
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>635,778,964</b>	<b>692,894,786</b>
<b>EQUITY</b>			
Paid-in share capital	14	2,376,733,150	2,050,994,098
Adjustments to share capital	14	53,369,000	53,369,000
Merger reserve		39,014,356	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		238,702,293	118,969,138
- Actuarial loss arising from defined benefit plans		(86,506,607)	(62,365,129)
Other accumulated comprehensive income and expense to be reclassified to profit or loss			
- Gain/(Losses) on cash flow hedging		48,548,649	110,720,788
Retained earnings		477,121,790	474,667,368
Net profit for the year		1,612,052,669	1,322,187,577
<b>TOTAL LIABILITIES</b>		<b>9,688,988,276</b>	<b>6,110,646,593</b>

The accompanying notes form an integral part of these 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 SEPTEMBER 2022

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

	Notes	Current Period Unaudited 1 January – 30 September 2022	Current Period Unaudited 1 July – 30 September 2022	Prior Period Unaudited 1 January – 30 September 2021	Prior Period Unaudited 1 July – 30 September 2022
Revenue	15	14,616,448,422	5,735,695,920	8,043,340,383	2,466,920,402
Cost of sales (-)	15	(11,856,013,855)	(4,609,213,200)	(6,600,229,241)	(2,058,538,382)
<b>GROSS PROFIT</b>		<b>2,760,434,567</b>	<b>1,126,482,720</b>	1,443,111,142	408,382,020
Marketing expenses (-)		(395,282,227)	(155,759,152)	(203,451,910)	(62,769,396)
General administrative expenses (-)		(241,540,030)	(93,528,938)	(122,893,758)	(41,419,906)
Research and development expenses (-)		(49,920,258)	(16,771,181)	(39,799,699)	(12,921,634)
Other income from operating activities	16	939,291,963	234,204,537	1,055,304,659	339,804,547
Other expenses from operating activities (-)	16	(1,143,800,135)	(286,722,699)	(1,155,366,261)	(388,695,790)
<b>OPERATING PROFIT</b>		<b>1,869,183,880</b>	<b>807,905,287</b>	976,904,173	242,379,841
Income from investment activities		972,621	(736)	2,086,041	1,589,426
<b>OPERATING INCOME BEFORE FINANCIAL INCOME/(EXPENSES)</b>		<b>1,870,156,501</b>	<b>807,904,551</b>	978,990,214	243,969,267
Financial income	17	422,389,087	93,886,386	240,741,044	56,945,245
Financial expenses	18	(520,294,894)	(192,788,884)	(174,572,206)	(54,222,471)
<b>PROFIT BEFORE TAXATION ON INCOME</b>		<b>1,772,250,694</b>	<b>709,002,053</b>	1,045,159,052	246,692,041
Taxes on income (-)	19	(334,487,474)	(109,099,355)	(281,967,004)	(6,465,107)
Deferred tax income/(expense)	19	174,289,449	52,827,628	67,046,710	(18,449,076)
<b>NET PROFIT FOR THE PERIOD</b>		<b>1,612,052,669</b>	<b>652,730,326</b>	830,238,758	221,777,858
Earnings per share (TRY)	20	0,3021	0,1223	0,1556	0,0416
<b>Other comprehensive income/(expense) Not to be reclassified to profit or loss:</b>					
Actuarial loss arising from defined benefits plans	12	(30,176,847)	1,595,780	(3,385,266)	(756,234)
<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	19	6,035,369	(319,156)	677,053	151,247
<b>To be reclassified to profit or loss :</b>					
<b>Profit/(Losses) on cash flow hedging</b>		(80,743,038)	(23,429,839)	15,174,005	(6,209,624)
<b>Other comprehensive expense to be reclassified to profit or loss, tax effect</b>					
Losses on cash flow hedging, tax effect	19	18,570,899	5,388,863	(3,793,501)	1,552,406
<b>Other comprehensive income/(expense)</b>		<b>(86,313,617)</b>	<b>(16,764,352)</b>	8,672,291	(5,262,205)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,525,739,052</b>	<b>635,965,974</b>	<b>838,911,049</b>	<b>216,515,653</b>

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

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

(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)	-
<b>Comprehensive income</b>	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	1,612,052,669	1,612,052,669	-
<b>Other comprehensive income</b>										
Actuarial loss arising from defined benefits plans	-	-	-	(24,141,478)	-	-	-	-	(24,141,478)	-
Losses on cash flow hedging	-	-	-	-	(62,172,139)	-	-	-	(62,172,139)	-
<b>Total other comprehensive Income/(expense)</b>	-	-	-	(24,141,478)	(62,172,139)	-	-	-	(86,313,617)	-
<b>Total comprehensive income</b>	-	-	-	(24,141,478)	(62,172,139)	-	-	1,612,052,669	1,525,739,052	-
<b>30 September 2022</b>	<b>53,369,000</b>	<b>39,014,356</b>	<b>(5,569,000)</b>	<b>(86,506,607)</b>	<b>48,548,649</b>	<b>238,702,293</b>	<b>477,121,790</b>	<b>1,612,052,669</b>	<b>2,376,733,150</b>	

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

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

	Paid in share capital	Adjustment to share capital	Merger reserve	Actuarial loss arising from defined benefit plans	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	Losses on cash flow hedges	Restricted profit reserves	Retained earnings	Net profit for the period	Equity
<b>1 January 2021</b>	53,369,000	39,014,356	(5,569,000)	(46,432,579)			(42,851,846)	145,353,605	521,839,858	776,443,043	1,441,166,437
<b>Transfers</b>	-	-	-	-	-	-	-	74,631,552	701,811,491	(776,443,043)	-
<b>Dividends</b>	-	-	-	-	-	-	-	(101,016,019)	(748,983,981)	-	(850,000,000)
Comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	-	830,238,758	830,238,758
<b>Other comprehensive income</b>											
Actuarial loss arising from defined benefits plans	-	-	-	(2,708,213)				-	-	-	(2,708,213)
Losses on cash flow hedging	-	-	-	-			11,380,504	-	-	-	11,380,504
<b>Total other comprehensive Income/(expense)</b>	-	-	-	(2,708,213)			11,380,504	-	-	-	8,672,291
<b>Total comprehensive income income/(expense)</b>	-	-	-	(2,708,213)			11,380,504	-	-	830,238,758	838,911,049
<b>30 September 2021</b>	53,369,000	39,014,356	(5,569,000)	(49,140,792)			(31,471,342)	118,969,138	474,667,368	830,238,758	1,430,077,486

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

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

	Notes	<i>Current period unaudited 1 January - 30 September 2022</i>	<i>Prior period unaudited 1 January - 30 September 2021</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net profit for the period</b>		<b>1,041,050,185</b>	369,543,885
<b>Adjustments to reconcile profit for the period</b>		<b>667,105,596</b>	345,789,130
Amortization and depreciation		149,395,298	115,610,901
Provision for impairment on inventories	6	3,302,028	(1,135,294)
Provision for employee benefits	12	25,327,008	11,002,171
Provision for doubtful receivables	5	(1,846,764)	235,542
Other provisions	12	22,711,731	26,354,611
Government incentives and aids		(362,172)	(287,946)
Interest income and expense	17, 18	203,460,720	(43,350,657)
Tax income/expense	19	160,198,025	214,920,294
(Gain)/loss from sales of property plant and equipment		(972,621)	(2,086,041)
Other adjustments to reconcile profit		105,892,343	24,525,549
<b>Changes in working capital</b>		<b>(1,038,354,955)</b>	(561,176,491)
Trade receivables from third parties		(291,398,138)	(51,700,041)
Trade receivables from related parties		(339,794,095)	(14,631,483)
Inventories		(976,854,752)	(488,675,882)
Other current assets		(243,082,563)	(98,235,659)
Other receivables		562,442	(2,828)
Prepaid expenses		(30,099,857)	(16,609,674)
Trade payables to related parties		(39,176,671)	(21,488,269)
Trade payables to third parties		720,626,743	136,787,525
Deferred income		140,326,175	12,493,544
Other liabilities		8,582,623	(16,668,848)
Debt for employee termination benefits		11,953,138	(2,444,876)
<b>Net cash provided by operating activities</b>		<b>1,240,803,310</b>	614,851,397
Employee termination benefits paid	12	(7,542,455)	(4,168,994)
Taxes paid	19	(192,210,670)	(241,138,518)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales of property, plant and equipment and intangible assets		979,285	2,730,092
Payments for purchases of property, plant and equipment and intangible assets		(429,479,794)	(171,104,459)
Proceeds from government grants		26,099	564,312
Other cash outflows		(2,850,000)	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from bank borrowings	4	3,073,963,849	50,000,000
Repayment of bank borrowings	4	(1,095,143,820)	(226,397,628)
Dividends paid	14	(1,200,000,000)	(850,000,000)
Interest paid		(201,385,494)	(87,375,265)
Interest received		58,101,160	137,075,330
Repayment of lease liabilities	4	(16,208,990)	(14,713,115)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b>		<b>1,229,052,480</b>	(789,676,848)
<b>D. EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>(11,868,073)</b>	19,787,867
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>1,217,184,407</b>	(769,888,981)
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	3	<b>1,559,799,196</b>	1,876,062,927
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	3	<b>2,776,983,603</b>	1,106,173,946

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



# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

(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 2022, major shareholders of the Company are Koç Holding and CNHI Österreich GmbH (“CNHI Österreich”) (Note 14). The number of personnel working within the Company as of 30 September 2022 is 2,797 (Permanent: 2,772, temporary: 25) (31 December 2021: 2,882 (Permanent: 2,720, temporary: 162). The average number of personnel working within the Company for the period ended 30 September 2022 is 2,838 (2021: 2,846).

The Company conducts marketing and selling activities in the domestic market, through its 131 tractor sales dealers, 150 spare part dealers and 33 construction equipment dealers (31 December 2021 : 131 tractor sales dealers, 147 spare part dealers, 35 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 September 2022, 25% of the shares of the Company are quoted on Borsa Istanbul (“BIST”) (31 December 2021: 25%) (Note 14).

### 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 15 April 2019 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 SEPTEMBER 2022

(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 2021.

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.

Public Oversight Accounting and Auditing Standards Authority ("POA") made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of this financial statements, POA did not make an additional announcement and no adjustment was made to this financial statements in accordance with 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 September 2022 are consistent with those used in the preparation of financial statements for the period ended 31 December 2021.

#### 2.3 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022**

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

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

**2.3 Changes in TFRS (Continued)**

The accounting policies adopted in preparation of the financial statements as at 30 September 2022 are consistent with those of the previous financial year, except for the new and amended TFRS standards which are valid as of 1 January 2022 and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations summarised below.

**a. Standards, amendments, and interpretations applicable as of 30 September 2022:**

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 (effective from annual periods beginning on or after 1 January 2021);** The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective from annual periods beginning on or after 1 January 2021);** These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.
- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from annual periods beginning on or after 1 January 2022.
  - **Amendments to IFRS 3, ‘Business combinations’** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **Amendments to IAS 16, ‘Property, plant and equipment’** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial Instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

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

#### 2.3 Changes in TFRS (Continued)

*b. Standards, amendments, and interpretations that are issued but not effective as of 30 September 2022 (Continued):*

- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.
- **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.
- **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.
- **IFRS 17, ‘Insurance Contracts’, as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

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

#### 2.4 Summary of significant accounting policies

The accounting policies used in the preparation of these interim condensed financial statements for the period ended 30 September 2022 are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2021 except for the following:

These interim condensed financial statements for the period 1 January- 30 September 2022 should be read in conjunction with the annual financial statements for the year 1 January - 31 December 2021.

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.

#### 2.5 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 12). 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 19).

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

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

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

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.

#### Cash flow hedge transactions

As explained in Note 22, the Company used its loans amounting to EUR2,000,000 as a hedging instrument against the Euro spot exchange rate risk the Company is exposed to due to highly probable export sales income, and applies cash flow hedge accounting as a result of the effectiveness tests performed until 30 September 2022. The estimations in budgets for export income used for effectiveness test include estimations such as sales quantities and sales prices. The Company also 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.

#### 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 12).

#### 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 6).

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 3 - CASH AND CASH EQUIVALENTS

	30 September 2022	31 December 2021
Banks:		
- TRY denominated demand deposits	123,978,121	28,481,505
- TRY denominated time deposits	1,234,049,010	797,872,607
- Foreign currency denominated demand deposits	76,739,331	46,393,184
- Foreign currency denominated time deposits	1,343,126,151	693,839,507
	<b>2,777,892,613</b>	<b>1,566,586,803</b>

As of 30 September 2022, the weighted average effective annual interest rates for TRY, EUR and USD time deposits are 16.63%, 1.60% and 0.76% (31 December 2021: TRY: 18.76%, EUR: 0.58%, USD: 0.85%).

30 September 2022 and 2021 remaining time to maturity of time deposits is less than three months.

The Company has no blocked deposits as of 30 September 2022 (31 December 2021: None).

The cash and cash equivalents included in the statement of cash flows at 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
Banks	2,777,892,613	1,566,586,803
Less: Interest accruals	(909,010)	(6,787,607)
<b>Cash and cash equivalents</b>	<b>2,776,983,603</b>	<b>1,559,799,196</b>

### NOTE 4 - FINANCIAL LIABILITIES

	30 September 2022	31 December 2021
<b>Short-term financial liabilities</b>		
Short-term bank borrowings	1,877,441,837	-
Short-term portions of long-term financial liabilities	989,869,504	569,077,930
Short-term lease liabilities	13,204,498	10,499,837
	<b>2,880,515,839</b>	<b>579,577,767</b>
<b>Long-term financial liabilities</b>		
Long-term bank borrowings	439,615,393	537,231,153
Long-term lease liabilities	12,405,049	18,032,767
	<b>452,020,442</b>	<b>555,263,920</b>

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 4 - FINANCIAL LIABILITIES (Continued)

#### a) Short - term financial liabilities

##### Short - term bank borrowings

	Original currency		Weighted average effective interest rate p.a.(%)		TRY Equivalent	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
EUR borrowings	23,196,738	-	3.86	-	415,759,773	-
TRY borrowings	1,461,682,064	-	23.14	-	1,461,682,064	-
					1,877,441,837	-

##### Short - term portions of long term borrowings

	Original currency		Weighted average effective interest rate p.a.(%)		TRY Equivalent	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
EUR borrowings	21,201,699	11,146,218	3.65	1.83	380,002,290	168,462,824
TRY borrowings	609,867,214	400,615,106	9.33	8.32	609,867,214	400,615,106
					989,869,504	569,077,930

#### b) Long - term financial liabilities

##### Long - term bank borrowings

	Original currency		Weighted average effective interest rate p.a.(%)		TRY Equivalent	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
EUR borrowings	24,352,819	1,754,187	3.82	3.50	436,480,438	26,512,607
TRY borrowings	3,145,971	510,745,899	5.91	9.33	3,145,971	510,745,899
Prepaid borrowing commissions for debt (*)					(11,016)	(27,353)
<b>Total long-term financial liabilities</b>					<b>439,615,393</b>	<b>537,231,153</b>

(\*) Prepaid commission for debt consists of unrealized commission expenses paid to bank related to borrowings.



# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 4 - FINANCIAL LIABILITIES (Continued)

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

Redemption schedule of the long-term bank borrowings as of 30 September 2022 and 2021 are as follows:

Yıl	2022	2021
2023	9,022,456	-
2024	307,983,474	528,696,931
2025	122,609,463	8,534,222
	<b>439,615,393</b>	<b>537,231,153</b>

As of 30 September 2022; the Company has an operating loan with fixed interest rate amounting to EUR68.303.507,61. The remaining EUR2,000,000 loan's maturity is 5 years (maturity date of 14 November 2022), with principal and interest payment of every 6 months and with an interest rate of 2.60%, EUR1,800,000 loan's maturity is 5 years (maturity date of 29 March 2024), with principal and interest payment of every 6 months and with an interest rate of 3.50%, EUR27,764,283.95 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%, EUR4,880,997.15 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%, EUR5,295,953.99 loan's maturity is 2 years (maturity date of 16 February 2024), with principal and interest payment of every 6 months and with an interest rate of 3.50%, EUR3,365,534.57 loan's maturity is 3 years (maturity date of 16 February 2025), with principal and interest payment of every 6 months and with an interest rate of 3.90%, EUR3,200,000 loan's maturity is 1 years (maturity date of 16 February 2023), with interest payment of every 3 months, principal payment at the end of the maturity and with an interest rate of 2.95%, EUR9,997,077.56 loan's maturity is 1 years (maturity date of 9 June 2023), with interest payment of every 6 months, principal payment at the end of the maturity and with an interest rate of 3.75%, EUR9,999,660.37 loan's maturity is 1 years (maturity date of 3 July 2023), with interest payment of every 6 months, principal payment at the end of the maturity and with an interest rate of 4.25%. There is no guarantees or mortgages given for the financial liabilities obtained.

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 4 - FINANCIAL LIABILITIES (Continued)

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

The movement of the borrowings for the years 2022 and 2021 are as follows:

	2022	2021
<b>1 January</b>	<b>1,134,841,687</b>	1,294,290,367
Borrowing received during the period	<b>3,073,963,849</b>	50,000,000
Repayment of lease liabilities	<b>(16,208,990)</b>	(14,713,115)
Effect of new lease contracts	<b>6,018,458</b>	2,957,438
Principal payments	<b>(1,095,143,820)</b>	(226,397,628)
Change of interest accruals	<b>54,297,789</b>	(135,501)
Change of exchange rates	<b>174,767,308</b>	29,139,410
<b>30 September</b>	<b>3,332,536,281</b>	1,135,140,971

### NOTE 5 - TRADE RECEIVABLES AND PAYABLES

	30 September 2022	31 December 2021
<b>Short-term trade receivables:</b>		
Trade receivables	<b>974,431,787</b>	681,006,167
Notes receivables	<b>11,002,393</b>	2,852,777
	<b>985,434,180</b>	683,858,944
Less: Provision for doubtful receivables	<b>(49,060,746)</b>	(50,907,510)
Unearned financial income	<b>(16,002,995)</b>	(3,644,297)
<b>Short-term trade receivables</b>	<b>920,370,439</b>	629,307,137
Due from related parties (Note 21)	<b>974,964,539</b>	635,170,444
<b>Total short-term trade receivables</b>	<b>1,895,334,978</b>	1,264,477,581

As of 30 September 2022, the average maturity of trade receivables and payables are not longer than one year (31 December 2021 not longer than one year) and weighted average effective annual interest rates for discount of TRY, USD and EUR are 13.38%, 3.14% and 0.68% (31 December 2021: 14.50% 0.15% and 0.59%).

Movements of the provisions for doubtful receivables for the 2022 and 2021 are as shown below:

	2022	2021
<b>1 January</b>	<b>(50,907,510)</b>	(50,870,754)
Cancelled during the year (Note 16)	<b>6,220,155</b>	992,351
Charge during the year (Note 16)	<b>(4,373,391)</b>	(1,227,893)
<b>30 September</b>	<b>(49,060,746)</b>	(51,106,296)

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 5 - TRADE RECEIVABLES AND PAYABLES (Continued)

	30 September 2022	31 December 2021
<b>Long - term trade receivables:</b>		
Notes receivables	2,291,058	109,458
	<b>2,291,058</b>	<b>109,458</b>
	30 September 2022	31 December 2021
<b>Trade payables:</b>		
Trade payables	3,006,995,142	2,271,295,826
Less: Unincurred financial expense	(57,850,412)	(42,777,839)
<b>Trade payables</b>	<b>2,949,144,730</b>	<b>2,228,517,987</b>
Due to related parties (Note 21)	141,768,986	180,945,657
<b>Total trade payables</b>	<b>3,090,913,716</b>	<b>2,409,463,644</b>

### NOTE 6 – INVENTORIES

	30 September 2022	31 December 2021
Raw materials	1,415,648,074	812,333,865
Commercial goods	411,205,063	294,347,494
Work in progress	245,573,200	130,761,108
Goods in transit (*)	251,024,769	344,331,158
Spare parts	298,975,446	79,612,000
Finished goods	123,468,456	107,654,631
Less: Provision for impairment of inventory (-)	(32,981,793)	(29,679,765)
<b>Inventories</b>	<b>2,712,913,215</b>	<b>1,739,360,491</b>

The cost of inventories recognised as expense in the current period is amounting to TRY 11,022,806,113 (30 September 2021: TRY 6.136.082.822).

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

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 6 – INVENTORIES (Continued)

Movement of provision for impairment of inventory for the years 2022 and 2021 are as follows

	2022	2021
<b>1 January</b>	<b>(29,679,765)</b>	<b>(29,991,790)</b>
Cancelled due to sales of inventory during the year	<b>(3,302,028)</b>	<b>1,135,294</b>
<b>30 September</b>	<b>(32,981,793)</b>	<b>(28,856,496)</b>

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

	2022	2021
Raw materials	<b>(28,972,164)</b>	(25,262,410)
Commercial goods	<b>(2,884,737)</b>	(2,393,607)
Spare parts	<b>(1,124,892)</b>	(1,200,479)
<b>30 September</b>	<b>(32,981,793)</b>	<b>(28,856,496)</b>

### NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2022	Additions	Disposals	Transfers	30 September 2022
<b><u>Cost</u></b>					
Land	52,418,380	-	-	-	52,418,380
Land improvements	20,016,761	8,240,238	-	-	28,256,999
Buildings	264,255,222	6,146,280	-	-	270,401,502
Machinery and equipment	891,765,332	216,289,270	(2,237,768)	-	1,105,816,834
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	24,228,885	(2,235,044)	-	150,985,155
Construction in progress	95,242	2,503,954	-	-	2,599,196
	<b>1,381,932,584</b>	<b>262,903,697</b>	<b>(4,665,941)</b>	<b>-</b>	<b>1,640,170,340</b>
<b><u>Accumulated depreciation</u></b>					
Land improvements	7,105,108	574,361	-	-	7,679,469
Buildings	77,152,880	4,058,659	-	-	81,211,539
Machinery and equipment	564,607,841	66,306,913	(2,237,694)	-	628,677,060
Special costs	6,038,882	235,904	-	-	6,274,786
Motor vehicles	5,609,951	3,240,986	(186,539)	-	8,664,398
Furniture and fixtures	92,153,686	10,491,970	(2,235,044)	-	100,410,612
	<b>752,668,348</b>	<b>84,908,793</b>	<b>(4,659,277)</b>	<b>-</b>	<b>832,917,864</b>
<b>Net book value</b>	<b>629,264,236</b>				<b>807,252,476</b>

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2021	Additions	Disposals	Transfers	30 September 2021
<b><u>Cost</u></b>					
Land	52,418,380	-	-	-	52,418,380
Land improvements	19,005,606	401,628	-	-	19,407,234
Buildings	251,573,287	9,022,514	-	3,087,167	263,682,968
Machinery and equipment	779,299,242	87,010,970	(6,166,608)	-	860,143,604
Special costs	6,664,109	-	-	-	6,664,109
Motor vehicles	13,652,760	4,836,099	(1,760,389)	-	16,728,470
Furniture and fixtures	105,024,829	8,010,667	(424,567)	-	112,610,929
Construction in progress	5,375,103	404,175	-	(3,261,134)	2,518,144
	1,233,013,316	109,686,053	(8,351,564)	(173,967)	1,334,173,838
<b><u>Accumulated depreciation</u></b>					
Land improvements	6,499,963	451,075	-	-	6,951,038
Buildings	71,432,223	4,277,926	-	-	75,710,149
Machinery and equipment	505,983,044	49,373,093	(6,095,793)	-	549,260,344
Special costs	5,685,054	271,079	-	-	5,956,133
Motor vehicles	3,902,876	2,125,894	(1,193,801)	-	4,834,969
Furniture and fixtures	85,426,355	6,419,075	(417,919)	-	91,427,511
	678,929,515	62,918,142	(7,707,513)	-	734,140,144
<b>Net book value</b>	554,083,801				600,033,694

Allocation of the depreciation expenses of property, plant and equipment for the years ended at 30 September 2022 and 2021 is as follows:

	30 September 2022	30 September 2021
Cost of sales	60,646,886	44,757,221
General administrative expenses	16,585,685	11,066,224
Marketing, selling and distribution expenses	4,311,838	3,735,121
Research and development expenses	3,364,384	3,359,576
	84,908,793	62,918,142

The Company have no financial costs in the current period arising from foreign exchange denominated borrowings capitalized on construction in progress as of 30 September 2022 (31 December 2021: None).

There is no mortgage on property, plant and equipment as of 30 September 2022 (31 December 2021: None).

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

**CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022**

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

**NOTE 8 -RIGHT OF USE ASSETS**

	1 January 2022	Additions	Disposals	30 September 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>-</b>	<b>67,236,886</b>
<b>Accumulated depreciation</b>				
Land and buildings	11,010,273	2,072,296	-	13,082,569
Machinery and equipment	11,269,084	1,885,233	-	13,154,317
Motor vehicles	15,723,547	4,771,753	-	20,495,300
	<b>38,002,904</b>	<b>8,729,282</b>	<b>-</b>	<b>46,732,186</b>
<b>Net book value</b>	<b>23,215,525</b>			<b>20,504,700</b>
	1 January 2021	Additions	Disposals	30 September 2021
<b>Cost</b>				
Land and buildings	12,851,727	1,224,199	-	14,075,926
Machinery and equipment	15,980,365	235,448	(478,128)	15,737,685
Motor vehicles	20,118,064	1,497,790	(264,117)	21,351,737
	<b>48,950,156</b>	<b>2,957,437</b>	<b>(742,245)</b>	<b>51,165,348</b>
<b>Accumulated depreciation</b>				
Land and buildings	5,554,166	3,000,023	-	8,554,189
Machinery and equipment	8,489,837	2,722,239	(478,128)	10,733,948
Motor vehicles	9,377,241	4,233,771	(264,117)	13,346,895
	<b>23,421,244</b>	<b>9,956,033</b>	<b>(742,245)</b>	<b>32,635,032</b>
<b>Net book value</b>	<b>25,528,912</b>			<b>18,530,316</b>

Depreciation expenses are stated below for the right of use for the periods ending on 30 September 2022 and 2021:

	30 September 2022	30 September 2021
Cost of sales	3,129,962	3,090,880
Marketing, selling and distribution expenses	3,474,706	5,228,709
General administrative expenses	1,287,853	871,968
Research and development expenses	836,761	764,476
	<b>8,729,282</b>	<b>9,956,033</b>

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 9 - INTANGIBLE ASSETS

	1 January 2022	Additions	Transfers	30 September 2022
<b><u>Cost</u></b>				
Rights	157,506,465	29,878,998	-	187,385,463
Development costs	365,465,848	-	104,143,654	469,609,502
Development costs in progress	190,261,147	141,796,461	(104,143,654)	227,913,954
	713,233,460	171,675,459	-	884,908,919
<b><u>Accumulated amortisation</u></b>				
Rights	84,108,573	19,725,507	-	103,834,080
Development costs	190,547,893	41,131,078	-	231,678,971
	274,656,466	60,856,585	-	335,513,051
<b>Net book value</b>	<b>438,576,994</b>			<b>549,395,868</b>
	<b>1 January 2021</b>	<b>Additions</b>	<b>Transfers</b>	<b>30 September 2021</b>
<b><u>Cost</u></b>				
Rights	126,703,178	11,689,934	173,967	138,567,079
Development costs	326,384,464	-	19,612,322	345,996,786
Development costs in progress	92,216,127	54,534,125	(19,612,322)	127,137,930
	545,303,769	66,224,059	173,967	611,701,795
<b><u>Accumulated amortisation</u></b>				
Rights	63,225,818	15,228,796	-	78,454,614
Development costs	145,332,436	32,313,584	-	177,646,020
	208,558,254	47,542,380	-	256,100,634
<b>Net book value</b>	<b>336,745,515</b>			<b>355,601,161</b>

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.

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 9 - INTANGIBLE ASSETS (Continued)

Allocation of the amortization expenses of intangible assets for the years ended at 30 September 2022 and 2021 is as follows:

	30 September 2022	30 September 2021
Research and development expenses	36,929,932	28,201,384
Cost of sales	14,420,368	11,133,039
Construction in progress effects	5,099,362	4,805,655
General administrative expenses	3,512,056	2,711,433
Marketing, selling and distribution expenses	894,867	690,869
	<b>60,856,585</b>	<b>47,542,380</b>

### NOTE 10 - OTHER ASSETS AND LIABILITIES

	30 September 2022	31 December 2021
<b>a) Other current assets</b>		
Deferred value added tax ("VAT")	395,684,342	222,387,904
Reclaimed VAT	214,219,966	144,451,679
	<b>609,904,308</b>	<b>366,839,583</b>

	30 September 2022	31 December 2021
<b>b) Government grants and aids</b>		
Government grants and aids	3,356,129	3,692,202
	<b>3,356,129</b>	<b>3,692,202</b>

### NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

	30 September 2022	31 December 2021
<b>a) Prepaid expenses</b>		
Prepaid expenses for future months	4,098,094	2,657,912
	<b>4,098,094</b>	<b>2,657,912</b>



# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)

	30 September 2022	31 December 2021
<b>b) Long-term prepaid expenses</b>		
Advances given for purchases of fixed assets (*)	73,639,486	44,979,811
	<b>73,639,486</b>	<b>44,979,811</b>

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

	30 September 2022	31 December 2021
<b>c) Deferred income</b>		
Advances received (*)	313,059,898	123,920,302
Income for future periods (**)	1,214,079	50,027,500
	<b>314,273,977</b>	<b>173,947,802</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 September 2022 and 31 December 2021, but the delivery of the risk and responsibility to the customers has not yet reached 90 days from the invoice date.

### NOTE 12 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

#### a) Short - term provisions

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

	30 September 2022	31 December 2021
Provision for unused vacation	13,594,779	6,501,091
	<b>13,594,779</b>	<b>6,501,091</b>

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

	2022	2021
<b>1 January</b>	<b>6,501,091</b>	4,645,214
Charge/(used) for the year, net	7,093,688	2,573,797
<b>30 September</b>	<b>13,594,779</b>	7,219,011

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES(Continued)

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

##### Other short - term provisions

	30 September 2022	31 December 2021
Warranty expense provisions	58,044,184	41,210,641
Provisions for legal cases	13,781,647	13,163,403
	<b>71,825,831</b>	<b>54,374,044</b>

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

	2022	2021
1 January	13,163,403	12,696,101
Charge for the year (Note 16)	2,494,641	8,024,323
Used during the year (Note 16)	(1,876,397)	(6,941,248)
30 September	<b>13,781,647</b>	<b>13,779,176</b>

#### b) Long-term provisions

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

	30 September 2022	31 December 2021
Provision for employee termination benefits	117,161,828	76,294,116
	<b>117,161,828</b>	<b>76,294,116</b>

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 TRY15,371.40 for each year of service as of 30 September 2022 (31 December 2021 : TRY8,284.51).

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.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES(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 September 2022	31 December 2021
Inflation rate (%)	16.80	16.80
Discount rate (%)	22.00	22.00
Turnover rate to estimate the probability of retirement (%)	93.00	92.12

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 TRY15,371.40 (1 July 2021: TRY8,284.51) which is effective from 1 July 2022 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:

	2022	2021
<b>1 January</b>	<b>76,294,116</b>	50,255,628
Interest cost	12,588,529	4,899,924
Current year service cost	5,644,791	3,528,450
Paid in the year	(7,542,455)	(4,168,994)
Actuarial loss	30,176,847	3,385,266
<b>30 September</b>	<b>117,161,828</b>	57,900,274

Sensitivity analysis of key assumptions used for termination benefits calculations as at 30 September 2022 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	(3.95%)	(4.95%)	(92.50%)	(93.50%)
Change in employee benefits liability	6,521,052	(5,910,126)	(1,701,872)	1,783,203

### Other long - term provisions

	30 September 2022	31 December 2021
Warranty provision	66,596,694	61,336,750
	<b>66,596,694</b>	61,336,750

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

#### NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES(Continued)

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

	2022	2021
<b>1 January</b>	<b>102,547,391</b>	56,504,868
Charge for the year	<b>(78,130,954)</b>	(43,458,550)
Used during the year	<b>100,224,441</b>	68,730,086
<b>30 September</b>	<b>124,640,878</b>	81,776,404

#### a) 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 September 2022 and 31 December 2021 the Company's guarantee/ pledge/ mortgage positions are as follows:

	30 September 2022	31 December 2021
A. The total amount of collaterals given on behalf of its own legal entity	<b>303,907,472</b>	286,689,350
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	-	-
	<b>303,907,472</b>	286,689,350

As at 30 September 2022 , 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 2021: EUR 2,006,350).

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022**

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

**NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES(Continued)**

**b) Contingent assets**

	Original currency amount						TRY equivalent	
	30 September 2022			31 December 2021			30 September 2022	31 December 2021
	EUR	USD	TRY	EUR	USD	TRY		
Letters of guarantees received	-	270,000	800,357,172	-	270,000	655,412,172	805,353,198	659,011,002
Direct debit	-	-	1,960,619,231	-	-	1,232,025,165	1,960,619,231	1,232,025,165
Mortgages	-	-	438,684	-	-	438,714	438,684	438,714
Cash TRY guarantees	-	-	471,250	-	-	615,528	471,250	615,528
Guarantee bonds	-	-	2,445,441	-	-	2,445,441	2,445,441	2,445,441
								1,894,535,850

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

#### NOTE 13 - EMPLOYEE BENEFITS

##### Liabilities for employee benefits

	30 September 2022	31 December 2021
Accrued premiums and liabilities to personnel	71,970,761	39,042,724
Taxes payable and liabilities (*)	17,646,672	38,621,571
	<b>89,617,433</b>	<b>77,664,295</b>

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

#### NOTE 14 - EQUITY

##### Paid-in share capital

The Company's registered share capital amounts to TRY250,000,000 (31 December 2021: TRY 250,000,000).

The Company's share capital is composed of 5,336,900,000 units of shares each Kr 1 nominal value. The nominal value of share capital is TRY53,369,000.

The composition of the Company's statutory share capital at 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022		31 December 2021	
	Share (%)	Share amount (TRY)	Share (%)	Share amount (TRY)
Koç Holding	37.50	20,013,375	37.50	20,013,375
CNH Industrial Osterreich	37.50	20,013,375	37.50	20,013,375
Public quotation in BİST	25.00	13,342,250	25.00	13,342,250
	<b>100.00</b>	<b>53,369,000</b>	<b>100.00</b>	<b>53,369,000</b>
<b>Adjustments to share capital</b>		<b>39,014,356</b>		<b>39,014,356</b>
		<b>92,383,356</b>		<b>92,383,356</b>

Adjustments to share capital represent the restatement effect of cash and cash equivalent contributions to share capital.

The Company's shares were organized as A, B and C Groups. A and B Group shares are privilege shares, and six Board members are selected from Group A's and six 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 September 2022, 25% of the Company shares are quoted at BIST (31 December 2021: 25%)

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

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### NOTE 14 - EQUITY (Continued)

#### **Retained earnings, restricted profit reserves, fair value reserves, and other capital reserves**

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from January 1, 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences arising due to implementing the communiqué (such as inflation adjustment differences) shall be disclosed as follows:

- If the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment To Share Capital";
- "If the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings",

Other equity items shall be carried at the amounts calculated based on TFRS.

Capital adjustment differences have no other use other than being transferred to share capital.

#### **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.

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 14 - EQUITY (Continued)

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 TRY 1,200,000,000 was accepted at the 68<sup>th</sup> Ordinary General Assembly Meeting held on 22 March 2022. Dividend paid in cash to shareholders as of 28 March 2022 and distributed per share is 22.48 kurus.

### NOTE 15 - REVENUE AND COST OF SALES

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Domestic sales	11,603,293,884	4,642,094,222	6,659,899,234	1,951,530,838
Export sales	4,965,464,398	1,809,401,742	2,440,583,979	790,368,347
<b>Sales income (gross)</b>	<b>16,568,758,282</b>	<b>6,451,495,964</b>	9,100,483,213	2,741,899,185
Less: Discounts and returns	(1,952,309,860)	(715,800,044)	(1,057,142,830)	(274,978,783)
<b>Sales income (net)</b>	<b>14,616,448,422</b>	<b>5,735,695,920</b>	8,043,340,383	2,466,920,402
Cost of sales	(11,856,013,855)	(4,609,213,200)	(6,600,229,241)	(2,058,538,382)
<b>Gross profit</b>	<b>2,760,434,567</b>	<b>1,126,482,720</b>	1,443,111,142	408,382,020

### Sales quantities:

	1 January - 30 September 2022			1 January - 30 September 2021		
	Domestic sales	Export sales	Total sales	Domestic sales	Export sales	Total sales
Tractor	19,202	12,535	31,737	24.201	11.366	35.567
Combine	392	-	392	384	-	384
	<b>19,594</b>	<b>12,535</b>	<b>32,129</b>	24.585	11.366	35.951



# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 16 - OTHER INCOME/EXPENSE FROM OPERATING ACTIVITIES

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2022
Foreign exchange gain from trade receivables and payables	536,125,003	96,578,906	808,559,150	251,282,094
Interest income from sales	363,408,145	126,138,231	205,733,018	82,296,460
Termination of provision for doubtful receivables (Note 5)	6,220,155	1,265,610	992,351	143,011
Reversal of provision for litigation expenses (Note 12)	1,876,397	95,088	6,941,248	377,270
Other income	31,662,263	10,126,702	33,078,892	5,705,712
<b>Other operating income</b>	<b>939,291,963</b>	<b>234,204,537</b>	1,055,304,659	339,804,547
Foreign exchange gain from trade receivables and payables	(560,568,090)	(84,302,304)	(833,456,381)	(257,235,706)
Interest income from sales	(574,856,461)	(200,144,096)	(311,032,629)	(130,974,996)
Reversal of provision for litigation expenses (Note 12)	(2,494,641)	(939,777)	(8,024,323)	(414,645)
Termination of provision for doubtful receivables (Note 5)	(4,373,391)	(1,102,450)	(1,227,893)	(70,443)
Other expenses	(1,507,552)	(234,072)	(1,625,035)	-
<b>Other operating expenses</b>	<b>(1,143,800,135)</b>	<b>(286,722,699)</b>	(1,155,366,261)	(388,695,790)

### NOTE 17 - FINANCIAL INCOME

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Foreign exchange gain	370,166,524	75,466,185	110,150,623	29,970,040
Interest income	52,222,563	18,420,201	130,590,421	26,975,205
<b>Financial income</b>	<b>422,389,087</b>	<b>93,886,386</b>	240,741,044	56,945,245

### NOTE 18 - FINANCIAL EXPENSE

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Foreign exchange losses borrowings	(246,149,676)	(63,718,786)	(85,515,060)	(27,327,206)
Interest expenses of bank	(255,683,283)	(116,442,852)	(87,239,764)	(26,211,786)
Other	(18,461,935)	(12,627,246)	(1,817,382)	(683,479)
<b>Financial expenses</b>	<b>(520,294,894)</b>	<b>(192,788,884)</b>	(174,572,206)	(54,222,471)

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 19 - TAX ASSETS AND LIABILITIES

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

In accordance with the regulation numbered 7316, published in Official Gazette numbered 31462 on 22 April 2021, “Law on the Amendment of Some Tax Acts and Some Other Laws”, corporate tax rate for the years 2021 has set for 25%, 2022 for 23%. This change will be effective for corporate tax calculation for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021. Tax returns are filed between 25th April following the close of the accounting year to which they relate. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant year and is paid in one installment until the end of the relevant month. In accordance with the tax legislation, 25% temporary tax is calculated and paid on quarterly earnings, and the paid amounts are deducted from the tax calculated on the annual income.

The law on the amendment of the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022 with the Law No. 7352, including the temporary accounting periods, the conditions regarding the inflation adjustment within the scope of the repeated article 298 for the 2021 and 2022 accounting periods and the 2023 accounting period temporary tax periods, it has been decided that the financial statements will not be subject to inflation adjustment, regardless of whether or not they have occurred. The Public Oversight Authority made a statement on the Implementation of Financial Reporting in Hyperinflationary Economies under TFRS on 20 January 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the financial statements for 2021.

Research and development incentive rate which will be calculated over the research and development expenditures, is raised to 100% from 40% with the amendment made to the 10th article of the Tax Law numbered 5520 as a result of the amendment in the 35th article of the Law 5746 related to the Support of Research and Development Operations.

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 2021 and 2020.

As of 30 September 2022 and 31 December 2021, income tax payables are presented net of prepaid taxes in the balance sheet as follows:

	<b>30 September 2022</b>	<b>31 December 2021</b>
Corporate tax expense	<b>334,487,474</b>	259,399,849
Less: Prepaid taxes	<b>(192,210,670)</b>	(259,382,011)
<b>Tax liability</b>	<b>142,276,804</b>	17,838

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of total tax expense for the years ended 30 September 2022 and 31 December 2021 are as follows:

	1 January - 30 September 2022	1 January - 30 September 2021
Corporate tax expense	(334,487,474)	(281,967,004)
Deferred tax income/(expense)	174,289,449	67,046,710
<b>Total tax income/(expense)</b>	<b>(160,198,025)</b>	<b>(214,920,294)</b>

### 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.

The breakdown of cumulative temporary differences and the resulting deferred tax assets/(liabilities) at 30 September 2022 and 31 December 2021 are as follows:

	Temporary differences		Deferred tax assets/ (liabilities)	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Property, plant and equipment and intangible assets, restatement				
And useful life differences	320,408,290	230,656,919	(64,081,658)	(46,131,384)
Employee termination benefits	(117,161,828)	(76,294,116)	23,432,366	15,258,823
Warranty provision	(124,640,878)	(102,547,391)	28,667,402	23,585,900
Provision for lawsuits	(13,781,647)	(13,163,403)	3,169,779	3,027,583
Unearned finance income/ expenses on trade receivables, payables and due	(18,108,372)	(60,096,798)	4,164,926	13,822,264
Provision for doubtful receivables from related parties	1,846,764	(36,756)	(424,756)	8,454
Provision for impairment of inventory	(32,981,793)	(29,679,765)	7,585,812	6,826,346
Sales premium accrued	(659,633,426)	(57,143,837)	151,715,688	13,143,082
Other expense provisions	(66,903,512)	(6,501,091)	15,387,808	1,495,251
Investment incentive tax assets	101,422,277	26,198,663	30,426,683	7,859,599
Deferred income	(1,214,079)	63,671,398	279,238	(14,644,422)
Other	(139,975,775)	(40,741,317)	32,194,431	9,370,506
<b>Deferred tax assets</b>			<b>232,517,719</b>	<b>33,622,002</b>

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

#### NOTE 19 - TAX ASSETS AND LIABILITIES (Continued)

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

	2022	2021
<b>1 January</b>	<b>33,622,002</b>	4,156,834
Reflected to profit for the year	<b>174,289,449</b>	67,046,710
Reflected to other comprehensive income/(expense)	<b>24,606,268</b>	(3,116,448)
<b>30 September</b>	<b>232,517,719</b>	68,087,096

The reconciliation of the current period tax charge is as follows:

	1 January - 30 September 2022	1 January - 30 September 2021
<b>Profit before tax</b>	<b>1,772,250,694</b>	1,045,159,052
Tax calculated at enacted tax rate	<b>389,895,153</b>	261,289,763
Investment incentives	<b>(193,913,759)</b>	(33,114,553)
Research and development incentives	<b>(24,498,532)</b>	(13,633,531)
Tax base increase	<b>10,508,120</b>	1,989,239
Disallowable expenses	<b>(14,618,856)</b>	-
Other	<b>(7,174,101)</b>	(1,610,624)
<b>Total tax income/(expense)</b>	<b>160,198,025</b>	214,920,294

#### NOTE 20 - 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.

	1 January - 30 September 2022	1 January - 30 September 2021
Net profit for the year	<b>1,612,052,669</b>	830.238.758
Weighted average number of the ordinary shares	<b>5,336,900,000</b>	5.336.900.000
Earnings per share (TRY)	<b>0.3021</b>	0,1556

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

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 21 - 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 September 2022 and 31 December 2021 significant intercompany transactions were as follows:

#### i) Balances with related parties as of 30 September 2022 and 31 December 2021:

##### a) Due from related parties

	30 September 2022	31 December 2021
<b>Due from group companies</b>		
CNHI International SA ("CNHI International") (*)	838,459,530	591,983,017
CNH Industrial Argentina SA	84,530,650	29,155,239
CNHI Italia SPA ("CNHI Italia")	24,313,715	8,911,470
CNH Industrial (India) Pvt. Ltd.	19,713,452	846,275
CNH Industrial Brasil Ltda	684,176	3,069,818
Other	7,263,016	1,204,625
	<b>974,964,539</b>	<b>635,170,444</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.

##### b) Due to related parties

	30 September 2022	31 December 2021
Koç Holding	-	805,692
<b>Due to shareholders</b>	-	<b>805,692</b>
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer")	59,485,493	58,688,298
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş. ("Opet Fuchs")	58,625,503	37,703,427
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	13,684,175	25,368,505
Otokoç Otomotiv San. ve Tic. A.Ş. ("Otokoç")	3,986,149	3,688,218
Opet Petrolcülük A.Ş. ("Opet")	2,384,698	3,098,787
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Paz. A.Ş. ("Akpa")	1,647,159	478,855
Koç Digital Çözümler A.Ş.	1,139,880	4,864,565
Setur Servis Turistik A.Ş. ("Setur")	529,031	1,154,157
Divan Turizm İşletmeleri ("Divan")	176,456	1,028,627
Fpt Industrial Powertrain Technolog	78,769	43,053,172
Ram Sigorta Aracılık Hizmetleri A.Ş. ("Ram Sigorta")	59,822	123,312
Ingage Dijital Pazarlama Hizmetleri	2,662	1,409,605
Other	1,757,476	866,264
<b>Due to group companies</b>	<b>143,557,273</b>	<b>181,525,792</b>
Less: Unearned financial expenses	(1,788,287)	(1,385,827)
	<b>141,768,986</b>	<b>180,945,657</b>

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 21 - RELATED PARTY EXPLANATIONS (Continued)

#### c) Lease liabilities to related parties

	30 September 2022	31 December 2021
Otokoç	12,283,096	13,343,173
Zer	8,421,793	11,808,492
Other	1,574,313	539,333
	<b>22,279,202</b>	<b>25,690,998</b>

#### ii) Significant sales and purchases transactions with related parties for the periods between 1 January - 30 September 2022 and 2021:

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

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
<b>Product sales to group companies</b>				
CNHI International (*)	4,727,276,075	1,728,720,145	2,344,248,555	766,423,279
CNH Industrial Argentina SA	129,314,766	33,406,046	59,507,094	12,962,826
CNH Italia SPA	70,864,920	21,110,248	24,924,696	7,814,166
CNH Industrial (India) Pvt. Ltd.	26,470,880	19,107,915	2,329,301	521,408
Yapı Kredi Finansal Kiralama A.O.	22,182,304	4,016,886	40,570,484	11,145,214
CNH Industrial Brasil Ltda	5,208,565	728,196	9,574,333	2,646,669
Other	9,820,168	2,267,604	3,327,588	1,105,339
	<b>4,991,137,678</b>	<b>1,809,357,040</b>	<b>2,484,482,051</b>	<b>802,618,901</b>

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

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

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
<b>Service sales to group companies</b>				
CNHI Italy (1)	14,080,363	7,491,430	1,376,755	1,019,650
CNHI International (2)	2,092,039	700,353	1,499,960	499,095
CNH Industrial (India) PRI	930,562	-	17,349	-
	<b>17,102,964</b>	<b>8,191,783</b>	<b>2,894,064</b>	<b>1,518,745</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 SEPTEMBER 2022

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

### NOTE 21 - RELATED PARTY EXPLANATIONS (Continued)

ii) Significant sales and purchases transactions with related parties for the periods between 1 January - 30 September 2022 and 2021 (Continued):

c) Product purchases from related parties

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
<b>Product purchases from group companies</b>				
CNHI International (1)	2,480,322,212	686,275,515	1,544,788,701	589,908,395
Opet Fuchs (2)	181,837,573	84,718,738	92,801,882	23,197,224
Zer (3)	45,257,748	18,325,094	12,616,482	2,863,284
Koç Sistem (4)	28,029,619	12,946,515	9,785,247	3,526,965
CNH Italia S.p.A (5)	19,635,504	7,580,609	12,725,083	5,193,466
Akpa	16,352,360	4,792,576	5,054,919	2,252,411
Opet (2)	15,032,848	4,178,695	4,356,969	3,071,078
CNHI India	498,470	134,322	313,698	95,828
Other	3,435,046	413,281	985,331	354,041
	<b>2,790,401,380</b>	<b>819,365,345</b>	1,683,428,312	630,462,692

- (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 direct and indirect materials and services from Zer.
- (4) The Company purchases hardware and software from Koç Sistem.
- (5) The Company purchases tractor parts from CNH Italia SPA.

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 21 - RELATED PARTY EXPLANATIONS (Continued)

ii) **Significant sales and purchases transactions with related parties for the periods between 1 January - 30 September 2022 and 2021 (Continued):**

d) **Service purchases from related parties**

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
<b>Service purchases from shareholders</b>				
Koç Holding (1)	27,327,186	10,861,352	5,759,303	1,573,053
	<b>27,327,186</b>	<b>10,861,352</b>	5,759,303	1,573,053
<b>Service purchase from group companies</b>				
Zer (2)	347,758,397	140,050,050	203,565,929	63,901,263
Eltek (3)	71,064,776	30,754,062	20,652,177	7,466,701
CNHI International (4)	17,687,413	789,295	2,885,267	967,285
Otokoç (5)	11,043,774	4,578,991	7,139,597	2,715,028
Ram Sigorta (6)	8,928,349	589,672	5,484,142	900,211
Setur (7)	8,092,282	2,385,686	1,191,483	348,477
Koç Sistem (8)	5,305,273	799,966	1,177,834	471,494
CNHI Industrial Italia SpA (wmf)	2,941,687	-	-	-
Other	6,620,581	4,076,059	4,136,382	1,522,607
	<b>479,442,532</b>	<b>184,023,781</b>	246,232,811	78,293,066
	<b>506,769,718</b>	<b>194,885,133</b>	251,992,114	79,866,119

- (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) Services purchased from CNHI International is related with engineering services, strategy development, consulting and brokerage.
- (5) Service purchased from Otokoç is related with motor vehicles leasing services.
- (6) Insurance service purchased from Ram Sigorta Aracılık Hizmetleri A.Ş. includes premium amounts paid and accrued for the year ended on 30 September 2022.
- (7) Services purchased from Setur are generally arising from plane tickets, accommodation and associated with various organizations within the sales and marketing activities.
- (8) Services received from Koç Sistem mainly includes support services related to repair and maintenance of computers and licences.



# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 21 - RELATED PARTY EXPLANATIONS (Continued)

- iii) **Financial income and expenses arising from transactions with related parties for the periods between 1 January – 30 September 2022 and 2021:**

#### Financial income and expense from group companies

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
<b>Interest income</b>				
Yapı Kredi	7,521,457	-	2,476,412	-
	7,521,457	-	2,476,412	-

- iv) **Dividends paid to related parties:**

	1 January - 30 September 2022	1 January - 30 September 2021
Koç Holding	450,000,000	318.750.000
CNHI Osterreich	450,000,000	318.750.000
	900,000,000	637.500.000

- v) **Other transactions with related parties for the periods between 1 January – 30 September 2022 and 2021:**

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

As of 30 September 2022, the Company paid TRY 20,360,036 benefits to the key management personnel (30 September 2021: TRY 13.553.698). All amount consists of short-term benefits.

### NOTE 22 - 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 SEPTEMBER 2022

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

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### NOTE 22 - 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*

There is an affective foreign currency cash flow hedge relationship between EUR long term financial borrowing related with investment expenditures and highly probable EUR export sales income. In this content, the Company applied cash flow hedge accounting beginning from 1 January 2021. The related long term investment borrowings, designated as cash flow hedges and qualified as effective, are recognised in equity as “losses/gains on cash flow hedges. The amount of the related investment borrowing as of 30 September 2022 is EUR2,000,000 (31 December 2021: EUR 9,833,333). Another hedging instrument subject to 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 TRY 48,548,649 (31 December 2021: TRY 110,720,788).

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 22 - 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 September 2022 and 31 December 2021 are as follows:

	30 September 2022					
	TRY Equivalentı	USD	EUR	GBP	CHF	YEN
1. Trade receivables	1,104,394,761	1,433,590	60,138,140	-	-	-
2. Monetary financial assets (including banks accounts) (Note 3)	1,419,865,488	5,486,081	69,771,153	62,956	464	521,788,747
3. Other	-	-	-	-	-	-
<b>4. Current assets (1+2+3)</b>	<b>2,524,260,249</b>	<b>6,919,671</b>	<b>129,909,293</b>	<b>62,956</b>	<b>464</b>	<b>521,788,747</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>2,524,260,249</b>	<b>6,919,671</b>	<b>129,909,293</b>	<b>62,956</b>	<b>464</b>	<b>521,788,747</b>
9. Trade payables	492,929,840	2,666,262	19,325,046	-	-	762,177,647
10. Financial liabilities	806,361,455	-	44,989,815	-	-	-
11. Other monetary liabilities	452,805	-	25,264	-	-	-
<b>12 Current liabilities (9+10+11)</b>	<b>1,299,744,100</b>	<b>2,666,262</b>	<b>64,340,125</b>	<b>-</b>	<b>-</b>	<b>762,177,647</b>
13. Financial liabilities	446,438,100	-	24,908,393	-	-	-
<b>14. Non-current liabilities (13)</b>	<b>446,438,100</b>	<b>-</b>	<b>24,908,393</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>15. Total liabilities (12+14)</b>	<b>1,746,182,200</b>	<b>2,666,262</b>	<b>89,248,518</b>	<b>-</b>	<b>-</b>	<b>762,177,647</b>
16. Cash flow hedge accounting amounts	35,846,400	-	2,000,000	-	-	-
<b>17. Fair value of hedged funds of foreign currency (16+18)</b>	<b>813,924,449</b>	<b>4,253,409</b>	<b>42,660,776</b>	<b>62,956</b>	<b>464</b>	<b>(240,388,900)</b>
18. Net monetary foreign currency asset/ (liability) position (8-15)	778,078,049	4,253,409	40,660,776	62,956	464	(240,388,900)

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022**

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

**NOTE 22 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS  
(Continued)**

	31 December 2021					
	TRY Equivalentı	USD	EUR	GBP	CHF	YEN
1. Trade receivables	764,913,600	309,478	50,498,192	-	-	-
2. Monetary financial assets (including banks accounts) (Note 3)	740,232,690	905,989	45,470,474	28,253	11,597	359,135,604
3. Other	-	-	-	-	-	-
<b>4. Current assets (1+2+3)</b>	<b>1,505,146,290</b>	<b>1,215,467</b>	<b>95,968,666</b>	<b>28,253</b>	<b>11,597</b>	<b>359,135,604</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>1,505,146,290</b>	<b>1,215,467</b>	<b>95,968,666</b>	<b>28,253</b>	<b>11,597</b>	<b>359,135,604</b>
9. Trade payables	290,565,485	4,751,465	12,016,398	28,576	-	386,940,715
10. Financial liabilities	174,230,184	-	11,527,811	-	-	-
11. Other monetary liabilities	46,006,070	-	3,112,668	-	-	-
<b>12 Current liabilities (9+10+11)</b>	<b>510,801,739</b>	<b>4,751,465</b>	<b>26,656,877</b>	<b>28,576</b>	<b>-</b>	<b>386,940,715</b>
13. Financial liabilities	35,354,384	-	2,339,197	-	-	-
<b>14. Non-current liabilities (13)</b>	<b>35,354,384</b>	<b>-</b>	<b>2,339,197</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>15. Total liabilities (12+14)</b>	<b>546,156,123</b>	<b>4,751,465</b>	<b>28,996,074</b>	<b>28,576</b>	<b>-</b>	<b>386,940,71</b>
16. Cash flow hedge accounting amounts	148,620,017	-	9,833,333	-	-	-
<b>17. Fair value of hedged funds of foreign currency (16+18)</b>	<b>1,107,610,184</b>	<b>(3,535,998)</b>	<b>76,805,925</b>	<b>(323)</b>	<b>11,597</b>	<b>(27,805,111)</b>
18. Net monetary foreign currency asset/ (liability) position (8-15)	958,990,167	(3,535,998)	66,972,592	(323)	11,597	(27,805,111)

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 22 - 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 September 2022 and 2021 are as follows:

	1 January 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Total export amount	4,965,464,398	1,809,401,742	2,440,583,979	790,368,347
Total import amount	5,067,634,926	1,587,215,864	2,918,646,897	1,009,113,527

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 September 2022 and 31 December 2021 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 September 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	7,870,423	(7,870,423)	-	-
Hedged amount against USD risk (-)	-	-	-	-
<b>Net effect of USD</b>	7,870,423	(7,870,423)	-	-
<b>Had TRY appreciate/ (depreciate) by 10% against EUR</b>				
Profit/ (loss) from EUR net liability position	72,877,121	(72,877,121)	2,688,480	(2,688,480)
Hedged amount against EUR risk (-)	1,344,240	(1,344,240)	1,344,240	(1,344,240)
<b>Net Effect of EUR</b>	74,221,361	(74,221,361)	4,032,720	(4,032,720)
<b>Had TRY appreciate/ (depreciate) by 10% against other</b>				
Profit/ (loss) from other net liability position	(3,233,713)	3,233,713	-	-
Hedged amount against other (-)	-	-	-	-
<b>Net effect of other</b>	(3,233,713)	3,233,713		
<b>Total net effect</b>	78,858,071	(78,858,071)	4,032,720	(4,032,720)

# TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

### NOTE 22 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS (Continued)

	31 December 2021			
	Profit/(Loss)			Equity
	Appreciation of foreign	Depreciation foreign	Appreciation of foreign	Depreciation of foreign
	currency	currency	currency	currency
<b>Had TRY appreciate/ (depreciate) by 10% against USD</b>				
Profit/(loss) from USD net asset position	(4,721,618)	4,721,618	-	-
Hedged amount against USD risk (-)	-	-	-	-
<b>Net effect of USD</b>	<b>(4,721,618)</b>	<b>4,721,618</b>	<b>-</b>	<b>-</b>
<b>Had TRY appreciate/ (depreciate) by 10% against EUR</b>				
Profit/ (loss) from EUR net liability position	101,221,705	(101,221,705)	11,146,501	(11,146,501)
Hedged amount against EUR risk (-) (-)	1,555,472	(1,555,472)	9,591,029	(9,591,029)
<b>Net Effect of EUR</b>	<b>102,777,177</b>	<b>(102,777,177)</b>	<b>20,737,530</b>	<b>(20,737,530)</b>
<b>Had TRY appreciate/ (depreciate) by 10% against other</b>				
Profit/ (loss) from other net liability position	(337,557)	337,557	-	-
Hedged amount against other (-)	-	-	-	-
<b>Net effect of other</b>	<b>(337,557)</b>	<b>337,557</b>	<b>-</b>	<b>-</b>
<b>Total net effect</b>	<b>97,718,002</b>	<b>(97,718,002)</b>	<b>20,737,530</b>	<b>(20,737,530)</b>

#### 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:

<b>Financial instruments with fixed interest rate</b>	<b>30 September 2022</b>	<b>31 December 2021</b>
Time deposits (Note 3)	<b>2,577,175,161</b>	1,491,712,114
Financial liabilities (Note 4)	<b>3,271,926,734</b>	1,106,309,083
Lease liabilities (Note 4)	<b>25,609,547</b>	28,532,604
<b>Financial instruments with floating interest rate</b>	<b>30 September 2022</b>	<b>31 December 2021</b>
Financial liabilities (Note 4)	<b>35,000,000</b>	-

## TÜRK TRAKTÖR VE ZİRAAT MAKİNELERİ A.Ş.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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

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#### NOTE 22 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS (Continued)

For floating rate financial instruments, if interest in all available currencies was 100 basis points higher/lower and all other variables remained constant, pre-tax profit as a result of high/low interest expense on floating rate loans is TRY 24,306 (31 December 2021: None) would be lower/higher.

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 5).

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022**

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

**NOTE 22 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS (Continued)**

The Company's maximum exposure to credit risk as of 30 September 2022 and 31 December 2021 is as follows:

	30 September 2022					
	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	974,964,539	920,493,939	393,761	-	2,777,892,613	-
Net book value of due dated but not impaired assets						
Net book value of impaired assets	-	2,167,558	-	-	-	-
- Due dated (gross book value)						
- Provision (-)	-	49,060,746	-	-	-	-
- Undue (gross book value)	-	(49,060,746)	-	-	-	-
- 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>974,964,539</b>	<b>922,661,497</b>	<b>393,761</b>	<b>-</b>	<b>2,777,892,613</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 September 2022, the guarantee amount of the maximum exposure to credit risk is TRY2,752,044,974. 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 SEPTEMBER 2022

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

### NOTE 22 - FINANCIAL INSTRUMENTS AND NATURE AND EXTENT OF RISKS ARISING FROM INANCIAL INSTRUMENTS (Continued)

	31 December 2021					
	Trade Receivables		Other Receivables			
	Related party	Third party	Related party	Related party	Third party	Related party
Net book value of financial assets which are undue and not impaired	635,170,444	628,453,274	-	956,197	1,566,586,803	-
Net book value of due dated but not impaired assets						
Net book value of impaired assets	-	963,321	-	-	-	-
- Due dated (gross book value)	-	-	-	-	-	-
- Provision (-)	-	50,907,510	-	-	-	-
- Undue (gross book value)	-	(50,907,510)	-	-	-	-
- 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>635,170,444</b>	<b>629,416,595</b>	<b>-</b>	<b>956,197</b>	<b>1,566,586,803</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 2021, the guarantee amount of the maximum exposure to credit risk is TRY 1,738,990,061. 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 SEPTEMBER 2022

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

### NOTE 22 - 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 September 2022	31 December 2021
Total Financial liabilities	3,332,536,281	1,134,841,687
Less: Cash and cash equivalents (Note 3)	(2,777,892,613)	(1,566,586,803)
<b>Net financial debt</b>	<b>554,643,668</b>	<b>(431,745,116)</b>
Total shareholders' equity	2,376,733,150	2,050,994,098
Total liabilities	2,931,376,818	1,619,248,982
<b>Net financial debt/ total liabilities (%)</b>	<b>%18.92</b>	<b>(26.66%)</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 SEPTEMBER 2022

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

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#### NOTE 22 - 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*

The fair values of short-term and long-term bank borrowings are disclosed in Note 4.

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

#### NOTE 23- SUBSEQUENT EVENT

None.

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