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

Consolidated Financial Statements for the period 1 January-31 December 2021 and Independent Auditor's Report

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

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

INDEPENDENT AUDITOR'S REPORT

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

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Anadolu Isuzu Otomotiv ve Ticaret A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

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

3) Key Audit Matters

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

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3) Key Audit Matters (cont'd)

Key Audit Matter	How the matter was addressed in the audit
The Impact of Bill and Hold Contracts on Cut-off of Revenue from domestic sales Revenue is recognized when the Group has transferred significant risks and rewards of ownership of the goods to the buyer. Due to the nature of group's operations, there are products which production is completed, that are invoiced to dealers and amount has been collected although it has not been delivered. These vehicles are hold in the Group's parking areas as of reporting date. Rewards and risks of these products can be transferred to the dealer according to the terms of the contract. Based on the facts mentioned above, it has been determined as the key audit matter whether the revenue of the bill and hold products is recorded in the correct period, in accordance with the matching principle of sales. The statements related to 'revenue' policies and amounts explained at Note 2.3.17 and Note 19.	Our audit procedures applied in this field include the issues below: • Determining the key controls related to the process by meeting with the process owners in charge of the revenue recording process designed by the group management. • To design and perform tests to obtain sufficient and appropriate audit evidence with regards to evaluation of design and determination of implementation of the controls. • Confirming the completeness and accuracy of the list of vehicles in the stock area as of the end of the reporting period. • Obtaining the lists of the vehicles in the stock areas as of the end of the reporting period and participating in the counts made by the Group Management within the scope of the physical verification tests, • To confirm that the risk and rewards of bill and hold vehicles belongs to the dealers by obtaining written confirmations. • Planning and participating in an additional count for the purpose of system control in the subsequent period. • Evaluating whether the revenue from bill and hold vehicles is appropriately reflected in the Group's financial statements in accordance with TFRS. • Evaluation of the adequacy of disclosures in Revenue Note 19 in accordance with TFRS.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 (“TCC”), the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 21 February 2022.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group’s set of accounts and financial statements prepared for the period 1 January-31 December 2021 does not comply with TCC and the provisions of the Company’s articles of association in relation to financial reporting.

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

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

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

Koray Öztürk, SMMM
Partner

Istanbul, 21 February 2022

INDEX **PAGE**

(Currency expressed in Turkish Lira unless otherwise indicated.)

	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
ASSETS			
Current Assets		**2.102.108.159**	**1.149.598.287**
Cash and Cash Equivalents	4	639.748.715	267.087.823
Trade Receivables		753.867.430	424.999.147
Trade Receivables from Related Parties	6-27	*298.393.667*	*36.479.657*
Trade Receivables from Third Parties	6	*455.473.763*	*388.519.490*
Other Receivables		72.559.442	3.897.560
Other Receivables from Third Parties	7	*72.559.442*	*3.897.560*
Inventories	9	469.735.947	390.663.282
Derivative Instruments	8	105.351.238	53.132
Prepaid Expenses	17	37.262.001	17.834.671
Current Tax Assets	25	356.665	728.276
Other Current Assets	17	23.226.721	44.334.396
Non-Current Assets		**1.505.138.953**	**779.795.941**
Other Receivables		3.642	186
Other Receivables from Third Parties	*7*	*3.642*	*186*
Property, Plant and Equipment	10	1.268.360.271	567.988.122
Right of Use Assets	12	5.829.849	4.819.061
Intangible Assets		227.585.132	173.400.714
Goodwill	*13*	*2.340.995*	*2.340.995*
Other Intangible Assets	*11*	*225.244.137*	*171.059.719*
Prepaid Expenses	17	3.360.059	5.815.424
Deferred Tax Asset	25	-	27.772.434
TOTAL ASSETS		**3.607.247.112**	**1.929.394.228**

(Currency expressed in Turkish Lira unless otherwise indicated.)

	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
LIABILITIES			
Current Liabilities		**1.565.401.869**	**1.030.954.848**
Current Borrowings		161.500.843	335.847.784
Current Borrowings from Third Parties	*5*	*161.500.843*	*335.847.784*
Bank Loans	*5*	*161.500.843*	*335.847.784*
Current Portions of Non-Current Borrowings		256.657.543	24.682.175
Current Portions of Non-Current Borrowings from Third Parties	*5*	*256.657.543*	*24.682.175*
Bank Loans	*5*	*252.098.062*	*21.086.117*
Lease Liabilities	*5*	*4.559.481*	*3.596.058*
Trade Payables		1.011.249.834	526.584.529
Trade Payables to Related Parties	*6-27*	*639.836.656*	*295.508.402*
Trade Payables to Third Parties	*6*	*371.413.178*	*231.076.127*
Other Payables		5.952.401	2.672.811
Other Payables to Related Parties	*27*	*9.109*	*9.109*
Other Payables to Third Parties	*7*	*5.943.292*	*2.663.702*
Derivative Instruments	8	2.675.660	21.327.299
Employee Benefits Obligations	7	14.666.030	13.285.626
Liabilities Arising from Contracts with Customers	17	10.863.604	4.680.955
Deferred Income	17	21.646.612	66.626.901
Current Provisions		80.189.342	35.246.768
Current Provisions for Employee Benefits	*16*	*15.495.235*	*11.131.670*
Other Current Provisions	*15*	*64.694.107*	*24.115.098*
Non-Current Liabilities		**649.574.373**	**323.292.851**
Non-Current Borrowings		515.289.683	268.030.070
Non-Current Borrowings from Third Parties		*515.289.683*	*268.030.070*
Bank Loans	*5*	*509.576.183*	*265.620.743*
Lease Liabilities	*5*	*5.713.500*	*2.409.327*
Employee Benefit Obligations	7	-	999.320
Liabilities Arising from Contracts with Customers	17	35.813.919	15.299.447
Deferred Income	17	5.386.275	6.829.744
Non-Current Provisions for Employee Benefits	16	47.235.042	32.134.270
Deferred Tax Liability	25	45.849.454	-
EQUITY		**1.392.270.870**	**575.146.529**
Equity Attributable to Equity Holders of the Parent		**1.392.270.870**	**575.146.529**
Issued Capital	18	84.000.000	84.000.000
Adjustments to Share Capital	18	30.149.426	30.149.426
Revaluation and Remeasurement Earnings/Losses that will not be Reclassified in Profit or Loss		1.009.877.215	404.179.620
Gain on Revaluation of Property, Plant and Equipment	*18*	*1.022.267.501*	*417.373.045*
Gain/Loss on Remeasurement of Defined Benefit Plans	*18*	*(12.390.286)*	*(13.193.425)*
Restricted Reserves Appropriated from Profits	18	23.784.678	23.784.678
Prior Years' Profit	18	33.032.805	19.384.487
Current Period Net Profit	18	211.426.746	13.648.318
TOTAL LIABILITIES		**3.607.247.112**	**1.929.394.228**

(Currency expressed in Turkish Lira unless otherwise indicated.)

	Notes	Audited 1 January- Current Period 31 December 2021	Audited 1 January- Prior Period 31 December 2020
PROFIT OR LOSS			
Revenue	**19**	2.678.041.855	1.241.213.253
Cost of Sales (-)	**19**	(2.113.442.723)	(989.548.126)
GROSS PROFIT (LOSS)		**564.599.132**	**251.665.127**
General Administrative Expenses (-)	**20**	(86.660.344)	(75.551.728)
Marketing Expenses (-)	**20**	(156.133.363)	(84.011.758)
Research and Development Expenses (-)	**20**	(11.839.308)	(3.639.463)
Other Income from Operating Activities	**22**	228.029.648	69.499.080
Other Expenses from Operating Activities (-)	**22**	(302.405.536)	(85.520.676)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**235.590.229**	**72.440.582**
Income from Investing Activities	**23**	384.471	4.793.371
Expense from Investing Activities	**23**	-	(2.271)
PROFIT/LOSS BEFORE FINANCE EXPENSE		**235.974.700**	**77.231.682**
Finance Income	**24**	382.331.014	175.027.652
Finance Expenses (-)	**24**	(415.155.737)	(251.726.783)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		**203.149.977**	**532.551**
Tax Income/(Expense) From Continuing Operations		**8.276.769**	**13.115.767**
Current Tax (Expense) Income	**25**	(1.102.061)	(474.554)
Deferred Tax (Expense) Income	**25**	9.378.830	13.590.321
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**211.426.746**	**13.648.318**
PROFIT (LOSS) FOR THE YEAR	**26**	**211.426.746**	**13.648.318**
Profit (Loss) for the Year Attributable to:		**211.426.746**	**13.648.318**
Owners of The Parent		**211.426.746**	**13.648.318**
Earnings/(Losses) Per 100 Share from Continuing Operations	**26**	**2,5170**	**0,1625**
Items That Will Not Be Reclassified to Profit or Loss			
Gains (Losses) on on Revaluation of Property, Plant and Equipment	**10**	687.694.389	-
Gains (Losses) on Remeasurement of Defined Benefit Plans	**16**	1.003.924	(3.237.454)
Gains (Losses) on on Revaluation of Property, Plant and Equipment, Tax Effect	**25**	(82.799.933)	-
Gains (Losses) on Remeasurement of Defined Benefit Plans, Tax Effect	**25**	(200.785)	647.491
OTHER COMPREHENSIVE INCOME (EXPENSE)		**605.697.595**	**(2.589.963)**
TOTAL COMPREHENSIVE INCOME (EXPENSE)		**817.124.341**	**11.058.355**
Owners of the Parent		817.124.341	11.058.355

AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020
(Currency expressed in Turkish Lira unless otherwise indicated.)

				Gain / Loss on Revaluation and Remeasurement That Will Not Be Reclassified to Profit or Loss			Retained Earnings		
Prior Period	**Notes**	**Issued Capital**	**Adjustments to Share Capital**	**Gain on Revaluation of Property, Plant and Equipment**	**Gain/Loss on Remeasurement of Defined Benefit Plans**	**Restricted Reserves Appropriated from Profits**	**Prior Years' Profits/ Losses**	**Current Period Net Profit or Losses**	**Total Equity**
Balances as of 1 January 2020 (Beginning of the Period)	**18**	**84.000.000**	**30.149.426**	**417.373.045**	**(10.603.462)**	**162.221.926**	**(140.840.586)**	**21.787.825**	**564.088.174**
Total Comprehensive Income (Expense)		**-**	**-**	**-**	**(2.589.963)**	**-**	**-**	**13.648.318**	**11.058.355**
Loss for the Period		-	-	-	-	-	-	*13.648.318*	***13.648.318***
Other Comprehensive Income / (loss)		-	-	-	*(2.589.963)*	-	-	-	***(2.589.963)***
Transfers		**-**	**-**	**-**	**-**	***(138.437.248)***	***160.225.073***	***(21.787.825)***	**-**
Balances as of 31 December 2020 (End of the Period)	**18**	**84.000.000**	**30.149.426**	**417.373.045**	**(13.193.425)**	**23.784.678**	**19.384.487**	**13.648.318**	**575.146.529**
Current Period									
Balances as of 1 January 2021 (Beginning of the Period)	**18**	**84.000.000**	**30.149.426**	**417.373.045**	**(13.193.425)**	**23.784.678**	**19.384.487**	**13.648.318**	**575.146.529**
Total Comprehensive Income (Expense)		**-**	**-**	**604.894.456**	**803.139**	**-**	**-**	**211.426.746**	**817.124.341**
Profit for the Period		**-**	**-**	**-**	**-**	**-**	**-**	***211.426.746***	***211.426.746***
Other Comprehensive Income / (loss)		**-**	**-**	*604.894.456*	*803.139*	**-**	**-**	**-**	***605.697.595***
Transfers		**-**	**-**	**-**	**-**	**-**	**13.648.318**	**(13.648.318)**	**-**
Balances as of 31 December 2021 (End of the Period)	**18**	**84.000.000**	**30.149.426**	**1.022.267.501**	**(12.390.286)**	**23.784.678**	**33.032.805**	**211.426.746**	**1.392.270.870**

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

(Currency expressed in Turkish Lira unless otherwise indicated.)

	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
Cash Flows from Operating Activities		**397.371.135**	**212.461.348**
Current Period Net Profit or Losses	**18**	**211.426.746**	**13.648.318**
Adjustments to Reconcile Profit (Loss) for The Year		**199.024.283**	**208.525.706**
Adjustments Related to Depreciation and Amortization Expenses	**10-11-12**	54.206.902	43.956.598
Adjustments Related to Provision for Employee Benefits (Released)	**16**	21.365.815	7.770.474
Adjustments Related to Tax (Income) Expense	**25**	(8.276.769)	(13.115.767)
Adjustments Related to Provisions for Litigations	**15-22**	3.468.562	2.241.157
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables	**6-22**	-	397.803
Adjustments Related to Interest Income	**22-24**	(15.185.387)	(8.358.916)
Adjustments Related to Interest Expenses	**22-24**	71.830.775	54.110.212
Adjustments Related to Unrealized Currency Translation Differences of Financial Debts	**5**	147.978.446	81.268.094
Adjustments Related to Fair Value Losses (Gains)	**8**	(123.949.745)	21.716.332
Other Adjustments to Profit/(Loss) Reconciliation	**15**	(16.748.553)	1.980.238
Adjustments Related to Other Provisions (Released)	**13**	64.718.708	21.350.581
Adjustments Related to Loss (Gain) on Disposal of Property, Plant and Equipment	**10-23**	(384.471)	(4.791.100)
Changes in Working Capital		**20.249.942**	**19.838.953**
Adjustments Related to Decrease (Increase) in Trade Receivables	**6**	(330.212.376)	(23.788.733)
Adjustments Related to Decrease (Increase) in Inventories	**9**	(79.072.665)	(131.808.875)
Adjustments Related to Decrease (Increase) in Other Receivables from Operations	**7-17-25**	(66.609.926)	(11.796.872)
Adjustments Related to Increase (Decrease) in Trade Payables	**6**	490.220.560	105.715.320
Adjustments Related to Increase (Decrease) in Other Payables from Operations	**7-17**	58.499.939	94.848.743
Adjustments Related to Increase (Decrease) in Other Working Capital from Operations		(52.575.590)	(13.330.630)
Cash Generated from Operations		**430.700.971**	**242.012.977**
Income Tax Returns (Paid)	**25**	(1.458.726)	(1.202.830)
Payments Related to Other Provisions	**15**	(27.608.261)	(22.912.701)
Payments to Provision of Employee Benefits	**16**	(4.262.849)	(5.436.098)
Cash Flows from Investing Activities		**(116.965.726)**	**(86.311.836)**
Proceeds from Sale of Property, Plant and Equipment	**10-23**	653.024	5.879.114
Payments for Purchase of Property, Plant and Equipment	**10**	(31.520.386)	(28.107.993)
Payments for Purchase of İntangible Assets	**11**	(86.098.364)	(64.082.957)
Cash Flows from Financing Activities		**92.570.178**	**(209.826)**
Interest Received		15.185.387	8.014.333
Interest Paid	**5**	(69.477.974)	(45.217.300)
Proceeds from Borrowings	**5**	506.637.641	800.467.723
Cash Outflows from Repayment of Borrowings	**5**	(351.681.632)	(759.819.753)
Cash Outflows Related to Debt Payments arising from Lease Agreements	**5**	(8.093.244)	(3.654.829)
Net Increase (Decrease) in Cash and Cash Equivalents		**372.975.587**	**125.939.686**
Cash and Cash Equivalents at The Beginning of The Year		**266.730.255**	**140.790.569**
Cash and Cash Equivalents at The End of The Year	**4**	**639.705.842**	**266.730.255**

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

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

The Company carries out its operations as a partnership formed by Isuzu Motors Ltd. Itochu Corporation and Anadolu Group Companies. The Company runs its manufacturing operations in a factory which is established in Çayırova/Kocaeli. The average number of employees as of 31 December 2021 is 828 (31 December 2020: 847).

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

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

As of 31 December 2021 and 31 December 2020, details about the company's subsidiary, which is subject to consolidation, is below:

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

Approval of Financial Statements

Consolidated financial statements for the period 1 January – 31 December 2021 approved by the Board of Directors on 21 February 2022 and signed by Independent Member of the Board of Director Ahmet Murat SELEK (Audit Committee Chairman) and Orhan ÖZER (Audit Committee Member), General Manager Yusuf Tuğrul ARIKAN and Finance Director Neşet Fatih VURAL.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of Compliance TAS

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

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

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

Currency Used

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

(Currency expressed in Turkish Lira unless otherwise indicated.)

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

2.1 Basis of Presentation (cont'd)

2.1.2 Consolidation principles

Subsidiaries

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

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

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

The table below sets out the subsidiaries and their ownership interests as of 31 December 2021 and 31 December 2020.

	Voting power held by the Group (%)		Proportion of ownership interest (%)	
Subsidiary	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
Ant Sınai ve Ticari Ürünleri Pazarlama A.Ş.	100	100	100	100

2.1.3 Adjustment of Financial Statements during High Inflation Periods

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with Turkish Financial Reporting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") has not been applied.

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2021 within the scope of TAS 29 "Financial Reporting in High Inflation Economies".

2.1.4 Offsetting

The financial assets and liabilities in the consolidated financial statements are shown at their net value when a legal system that allows clarification of relevant values and there is an intention to demonstrate the values clearly or the realization of the asset and the settlement of the debt are at the same time.

2.1.5 Comparatives and Adjustment of Prior Periods' Financial Statements

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

(Currency expressed in Turkish Lira unless otherwise indicated.)

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

2.1 Basis of Presentation (cont'd)

2.1.6 Amendments in Standards and Interpretations

a) New and revised IFRSs that are effective for the current year

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

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

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

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

b) New and revised IFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	*Insurance Contracts*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 3	*Reference to the Conceptual Framework*
Amendments to TAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to TAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to TFRS Standards 2018-2020	*Amendments to TFRS 1, TFRS 9 and* TAS *41*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying TFRS 9*
Amendments to TFRS 16	*COVID-19 Related Rent Concessions beyond 30 June 2021*
Amendments to TAS 1	*Disclosure of Accounting Policies*
Amendments to TAS 8	*Definition of Accounting Estimates*
Amendments to TAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

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

Amendments to TFRS 3 *Reference to the Conceptual Framework*

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

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

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

2.1 Basis of Presentation (cont'd)

2.1.6 Amendments in Standards and Interpretations (cont'd)

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

Amendments to TAS 16 *Proceeds before Intended Use*

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

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

Amendments to TAS 37 *Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts.

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

Amendments to TFRS 9 *Financial Instruments*

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

Amendments to TAS 41 *Agriculture*

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

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

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

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

Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021*

The International Auditing and Assurance Standards Board ("IAASB") has published COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

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

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

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

2.1 Basis of Presentation (cont'd)

2.1.6 Amendments in Standards and Interpretations (cont'd)

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

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

2.2 Effects of Revised Accounting Policies

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

2.3 Summary of Significant Accounting Policies

2.3.1 Cash and cash equivalents

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

(Currency expressed in Turkish Lira unless otherwise indicated.)

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

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.2 Trade receivables and provision for allowance

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

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

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

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

2.3.3 Inventories

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

2.3.4 Property, plant and equipment and related depreciation

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

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

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

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

2.3 Summary of Significant Accounting Policies (cont'd)

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

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

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

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

Cost Method

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

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

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

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

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

2.3.5 Intangible assets and related amortisation

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

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

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

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.6 Goodwill

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

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

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

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

2.3.7 Impairment of assets

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

2.3.8 Bank loans and borrowing costs

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

2.3.9 Taxes on income

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

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

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

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

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.10 Provision for employee benefits

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

2.3.11 Provisions

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

2.3.12 Research and development expenses

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

2.3.13 Warranty provision expenses

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

2.3.14 Related parties

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

2.3.15 Foreign currency transactions

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

2.3.16 Earnings per share

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

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

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

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.17 Revenue recognition

Commercial vehicle and spare part sales

The Group recognizes income according to the accrual basis, when the Group reasonably determines the income and economic benefit is probable. Group's revenues are comprised of sales of commercial vehicles and the spare parts of those commercial vehicles. Net sales is determined by reducing customer returns and sales discounts.
Revenue from the sale of goods is recognized when all the following conditions are gratified:

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

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

Revenue from extended warranty sales

For the products it sells, the Group sells extended warranty for the periods starting from the end of the legal warranty periods. The price of the additional commitments given is considered as a different service promised within the contract, apart from the products sold. Therefore, the Group accounts for the service to be provided due to extended warranty sales as a separate performance obligation.

Service rendering

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

Interest income

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

Dividend income

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

Rent income

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

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

2.3.18 Reporting of cash flows

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

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

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

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

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

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

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.19 Contingent assets and liabilities

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

2.3.20 Government Grants

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

2.3.21 TFRS 9 Financial Instruments

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

Financial assets

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

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

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

Financial assets measured at amortized cost

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

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

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

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

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

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

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

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.21 TFRS 9 Financial Instruments (cont'd)

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

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

Financial assets measured at fair value through other comprehensive income

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

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

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

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

Financial assets measured at fair value through profit or loss

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

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

Impairment

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

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

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

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

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

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

2.3 Summary of Significant Accounting Policies (cont'd)

2.3.21 TFRS 9 Financial Instruments (cont'd)

Financial liabilities

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

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

(a) financial liabilities at fair value through profit or loss: Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

(b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, the Company recognises any income on the transferred asset and any expense incurred on the financial liability.

(c) contingent consideration recognised by an acquirer in a business combination to which TFRS 3 applies. Such contingent consideration is subsequently be measured at fair value with changes recognised in profit or loss.

The Group does not reclassify any financial liability.

Recognition and derecognition of financial assets

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

2.3.22 Events after the reporting period

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

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

2.4 Changes in Accounting Estimates and Errors

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

Significant accounting errors are applied retrospectively and the consolidated financial statements of the previous period are restated. There has been no significant change in the accounting estimates of the Group in the current year.

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

2.5 Other Accounting Estimates

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

a) Deferred Tax
There are previous year losses, research and development expenditures and investment incentive certificates that the Group can gain tax advantage in the future. Deferred tax assets can only be recognized if it is probable that sufficient taxable profit will be generated in future periods. In each reporting period, the Group management evaluates the taxable profit that may occur in the future periods, and during its evaluations, future profit projections and unused losses are taken into account within the scope of tax legislation. For the year ended December 31, 2021, the Group has recorded deferred tax assets up to the part that it finds sufficient indications of taxable profit in the foreseeable future, and has set aside provisions for the remaining amount (TL 16.945.954) (31 December 2020: TL 24.916.158).

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

c) Useful lives of property, plant and equipment:

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

d) Revaluation of land improvements and buildings:

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

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

e) Estimated impairment of goodwill

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

g) Provision for Employment Termination Benefits

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

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 3 –SEGMENT REPORTING

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

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	31 December 2021	31 December 2020
Cash	1.471	3.221
Banks-Demand Deposits	19.562.954	13.725.357
Banks-Time Deposits (up to 3 months)	619.210.951	248.575.997
Other Liquid Assets (*)	973.339	4.783.248
Total	**639.748.715**	**267.087.823**

(*) As of 31 December 2021 and 31 December 2020, the balance in "Other Liquid Assets" is consist of directly debting system assets and credit card receivables in bank of group.

There are no restricted deposits as of 31 December 2021 and 31 December 2020.

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

	31 December 2021	30 December 2020
Liquid Assets	639.748.715	267.087.823
Interest Accruals (-)	(42.873)	(357.568)
Total (Excluding interest accruals)	**639.705.842**	**266.730.255**

The details of time deposits are as follows:

	31 December 2021		31 December 2020	
	Amount (TL Equivalent)	Annual Average Interest Rate (%)	Amount (TL Equivalent)	Annual Average Interest Rate (%)
TL	75.952.873	18,73	162.984.387	17,19
Euro	451.984.437	0,33	85.253.940	0,58
US Dollar	91.273.641	0,75	337.670	0,75
Total	**619.210.951**		**248.575.997**	

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

NOTE 5 - FINANCIAL LIABILITIES

The details of bank loans as of 31 December 2021 and 31 December 2020 are as follows:

a) Short-term Borrowings

Bank Loans

	Average Effective Interest Rate %		Original Currency		Amount in TL Including Interest	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
TL	16,38	9,38	161.500.843	335.847.784	161.500.843	335.847.784
Total					**161.500.843**	**335.847.784**

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 5- FINANCIAL LIABILITIES (cont'd)

b) Short-term Portions of Long-term Borrowings

Bank Loans

	Average Effective Interest Rate %		Original Currency		Amount in TL Including Interest	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Euro	1,08	2,50	8.652.339	244.655	130.379.500	2.203.824
TL	15,64	13,57	121.718.562	18.882.293	121.718.562	18.882.293
Total					**252.098.062**	**21.086.117**

Finance Lease Liabilities

	Average Effective Interest Rate %		Original Currency		Amount in TL Including Interest	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Euro	4,35	4,15	91.935	29.040	1.385.341	261.589
TL	20,00	13,00	3.174.140	3.334.469	3.174.140	3.334.469
Total					**4.559.481**	**3.596.058**

c) Long-term Borrowings

Bank Loans

	Average Effective Interest Rate %		Original Currency		Amount in TL Including Interest	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Euro	3,26	1,74	19.153.591	17.535.475	288.619.714	157.957.801
TL	18,82	12,09	220.956.469	107.662.942	220.956.469	107.662.942
Total					**509.576.183**	**265.620.743**

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

	31 December 2021	31 December 2020
1 to 2 years	348.861.588	128.775.589
2 to 3 years	35.641.646	102.117.516
3 to 4 years	31.317.988	12.911.632
4 to 5 years	27.777.068	8.345.674
More than 5 years	65.977.893	13.470.332
Total	**509.576.183**	**265.620.743**

Finance Lease Liabilities

	Average Effective Interest Rate %		Original Currency		Amount in TL Including Interest	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Euro	4,35	4,15	344.980	48.400	5.198.400	435.982
TL	20,00	13,00	515.100	1.973.345	515.100	1.973.345
Total					**5.713.500**	**2.409.327**

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

	31 December 2021	31 December 2020
Opening balance	**628.560.029**	**499.767.781**
Interest expense	70.420.770	52.604.938
Cash outflows from debt payments arising from lease agreements	(8.093.244)	(3.654.829)
TFRS 16 changes in lease liabilities	9.104.033	3.143.375
Interest paid	(69.477.974)	(45.217.300)
Newly obtained credits	506.637.641	800.467.723
Loans repaid	(351.681.632)	(759.819.753)
Exchange difference	147.978.446	81.268.094
Closing balance	**933.448.069**	**628.560.029**

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 6- TRADE RECEIVABLES AND PAYABLES

Trade receivables at period ends are as follows:

a) Short-term Trade Receivables

	31 December 2021	31 December 2020
Trade Receivables from Third Parties	459.278.055	390.979.689
Trade Receivables from Related Parties	298.393.667	36.479.657
Rediscount Expenses (-)	(3.804.292)	(2.460.199)
Doubtful Receivables	522.097	762.710
Allowance for Doubtful Receivables (-)	(522.097)	(762.710)
Total	**753.867.430**	**424.999.147**

As of 31 December 2021, the average term for trade receivables is 102 days (31 December 2020: 123 days).

Movements of provision for doubtful receivables are as follows:

	31 December 2021	31 December 2020
Opening Balance	**762.710**	**364.907**
Provisions in the Period	-	397.803
Collections in the Period	(240.613)	-
Closing Balance	**522.097**	**762.710**

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

Trade payables at period ends are as follows:

b) Short-term Trade Payables

	31 December 2021	31 December 2020
Trade Payables to Third Parties	375.224.599	234.043.838
Trade Payables to Related Parties	639.836.656	295.508.402
Rediscount Incomes(-)	(3.811.421)	(2.967.711)
Total	**1.011.249.834**	**526.584.529**

As of 31 December 2021, the average term for trade payables is 127 days (31 December 2020: 152 days).

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

NOTE 7- OTHER RECEIVABLES AND PAYABLES

a) **Other Short-term Receivables**

	31 December 2021	31 December 2020
Receivables from Tax Office (*)	71.505.661	2.965.263
Due from Personnel	1.016.446	929.153
Deposits and Guarantees Given	37.335	3.144
Total	**72.559.442**	**3.897.560**

(*) As of 31 December 2021, the amount of Group's receivables was TL 71.017.503 which consists of the receivables related to the VAT refund request (31 December 2020: TL 2.080.900).

b) Other Long-term Receivables

	31 December 2021	31 December 2020
Deposits and Guarantees Given	3.642	186
Total	**3.642**	**186**

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

c) Other Short-term Payables

	31 December 2021	31 December 2020
Payables Under Employee Benefit	14.666.030	13.285.626
Tax and Funds Payables	4.098.897	2.480.982
Other Miscellaneous Payables	1.844.395	182.720
Toplam	**20.609.322**	**15.949.328**

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

(Currency expressed in Turkish Lira unless otherwise indicated.)

NOTE 7- OTHER RECEIVABLES AND PAYABLES (cont'd)

d) Other Long-term payables

	31 December 2021	31 December 2020
Payables Related to Employee Benefit	-	999.320
Total	**-**	**999.320**

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

NOTE 8- DERIVATIVE INSTRUMENTS

Foreign Currency Forward Transactions

As of 31 December 2021, the Group has 40 foreign currency options contracts with a nominal value of JPY 2.490.066.347, which are determined as cash flow hedging instruments for possible raw material purchases and operational expenses that are exposed to foreign exchange risk (31 December 2020: 25 foreign currency options contracts with a nominal value of JPY 1.708.114.094).

	31 December 2021			31 December 2020		
		Fair Value			Fair Value	
	Nominal Value	Asset	Liability	Nominal Value	Asset	Liability
Interest Rate Swap	75.000.000	-	1.458.151	-	-	-
Forward Contracts	703.181.296	105.351.238	(4.133.811)	469.271.674	53.132	(21.327.299)
Total	**778.181.296**	**105.351.238**	**(2.675.660)**	**469.271.674**	**53.132**	**(21.327.299)**

NOTE 9- INVENTORIES

Inventory balances as of period ends are as follows:

	31 December 2021	31 December 2020
Raw Materials	233.713.070	177.218.695
Work in Process Goods	930.633	623.328
Finished Goods	116.972.621	150.864.222
Trade Goods	66.439.881	45.690.801
Other Inventory	7.712.306	2.608.038
Import and Domestic Purchase Advances	44.455.438	14.146.200
Impairment in Finished Goods and Trade Goods	(488.002)	(488.002)
Total Inventories	**469.735.947**	**390.663.282**

Movement of Provision for Inventory Impairment	31 December 2021	31 December 2020
Opening Balance	488.002	488.002
Current Period Provision (+)	-	-
Closing Balance	**488.002**	**488.002**

As at 31 December 2021, total cost of sales which recognized in statement of profit or loss is TL 332.380.815 (31 December 2020: TL 141.053.032)

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 10- PROPERTY, PLANT AND EQUIPMENT

31 December 2021

Cost Value	Land	Land Improvements	Buildings	Plant, Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Fixed Assets	Construction in Progress	Total
Opening Balance as at 1 January 2021	**94.164.000**	**13.591.902**	**463.358.028**	**230.154.290**	**6.020.376**	**4.532.176**	**785.999**	**1.793.071**	**814.399.842**
Additions	-	837.656	1.440.156	27.954.000	1.104.449	184.125	-	-	**31.520.386**
Disposals	-	-	-	(246.972)	(580.818)	(12.848)	-	-	**(840.638)**
Revaluation Increases	547.389.446	-	140.304.943	-	-	-	-	-	**687.694.389**
Closing Balance as at 31 December 2021	**641.553.446**	**14.429.558**	**605.103.127**	**257.861.318**	**6.544.007**	**4.703.453**	**785.999**	**1.793.071**	**1.532.773.979**
Accumulated Depreciation									
Opening Balance as at 1 January 2021	**-**	**(9.366.790)**	**(66.205.856)**	**(162.569.636)**	**(4.012.622)**	**(3.485.715)**	**(771.101)**	**-**	**(246.411.720)**
Charge for the year	-	(482.978)	(4.151.684)	(12.976.435)	(704.056)	(258.077)	(843)	-	**(18.574.073)**
Disposals	-	-	-	242.656	330.865	9.978	(11.414)	-	**572.085**
Closing Balance as at 31 December 2021	**-**	**(9.849.768)**	**(70.357.540)**	**(175.303.415)**	**(4.385.813)**	**(3.733.814)**	**(783.358)**	**-**	**(264.413.708)**
Net Book Value									
Opening Balance as at 1 January 2021	**94.164.000**	**4.225.112**	**397.152.172**	**67.584.654**	**2.007.754**	**1.046.461**	**14.898**	**1.793.071**	**567.988.122**
Closing Balance as at 31 December 2021	**641.553.446**	**4.579.790**	**534.745.587**	**82.557.903**	**2.158.194**	**969.639**	**2.641**	**1.793.071**	**1.268.360.271**

TL 11.504.622 of the depreciation expenses has been charged to cost of sales and TL 830.207 to research and development expenses and TL 921.589 to marketing expenses, TL 1.776.847 to general administrative expenses and TL 3.540.808 to development capitalization as of 31 December 2021.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

31 December 2020

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

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

An independent valuation on the Group's land and buildings was done as at 31 December 2021. Fair values of the Group's land and buildings were estimated based on valuation techniques which take into account comparable fair market value of land and buildings that share similar characteristics to the Group's assets. The gains/(loss) on revaluation of land and buildings in the amount of TL 687.694.389, net of taxes of TL 604.894.456 has been included as a component of other comprehensive income. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income. There are no restrictions on the distribution of the revaluation surplus to the equity holders of the Group.

The net book values of the land and buildings owned by the Group, if they are valued on the historical cost basis, are given below:

	2021		2020	
	Land	**Buildings**	**Land**	**Buildings**
Cost	1.292.239	83.456.765	1.292.239	82.829.177
Accumulated Depreciation	-	(51.419.365)	-	(49.932.063)
Net Carrying Value	**1.292.239**	**32.037.400**	**1.292.239**	**32.897.114**

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 11 – INTANGIBLE ASSETS

31 December 2021

Cost Value	Rights	Development Expenses	Other Intangible Assets	Construction in Progress and Advances (*)	Total
Opening Balance as at 1 January 2021	**837.305**	**176.145.816**	**32.807.023**	**71.924.695**	**281.714.839**
Additions	-	-	10.106.023	75.992.341	**86.098.364**
Transfer from Construction in Progress	125.703	63.786.315	28.200	(63.940.218)	-
Closing balance as at 31 December 2021	**963.008**	**239.932.131**	**42.941.246**	**83.976.818**	**367.813.203**
Accumulated Amortization					
Opening Balance as at 1 January 2021	**(244.620)**	**(86.845.598)**	**(23.564.902)**	**-**	**(110.655.120)**
Charge for the period	(67.461)	(25.673.691)	(6.172.794)	-	**(31.913.946)**
Closing balance as at 31 December 2021	**(312.081)**	**(112.519.289)**	**(29.737.696)**	**-**	**(142.569.066)**
Net Book Value					
Opening Balance as at 1 January 2021	**592.685**	**89.300.218**	**9.242.121**	**71.924.695**	**171.059.719**
Closing balance as at 31 December 2021	**650.927**	**127.412.842**	**13.203.550**	**83.976.818**	**225.244.137**

(*) As of 31 December 2021, TL 79.114.463 of the "Construction in Progress" amount is related to R&D projects, TL 167.220 is related to property, plant and equipments and the remaining part is related to other intangible asset investments.

TL 26.802.870 of the depreciation expenses of intangible assets has been charged to cost of sales and TL 72.570 to research and development expenses and TL 351.982 to marketing expenses, TL 2.631.437 to general administrative expenses and TL 2.055.087 to development capitalization as of 31 December 2021.

31 December 2020

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

(*) As of 31 December 2020, TL 69.090.661 of the "Construction in Progress" amount is related to R&D projects, TL 1.237.106 is related to property, plant and equipments and the remaining part is related to other intangible asset investments.

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

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 12 – RIGHT OF USE ASSETS

As of 31 December 2021 and 31 December 2020, the right of use assets' balances of depreciation assets and depreciation expenses in the relevant period are as follows:

Cost Value	Total
Opening Balance as at 1 January 2021	**9.123.022**
Additions	4.729.671
Closing balance as at 31 December 2021	**13.852.693**
Accumulated Amortization	
Opening Balance as at 1 January 2021	**(4.303.961)**
Charge for the Period	(3.718.883)
Closing balance as at 31 December 2021	**(8.022.844)**
Net Book Value	
Opening Balance as at 1 January 2021	**4.819.061**
Closing balance as at 31 December 2021	**5.829.849**

TL 910.198 of depreciation expenses has been charged to cost of sales, and TL 2.808.685 to general administration expenses as of 31 December 2021.

Cost Value	
Opening Balance as at 1 January 2020	**7.012.545**
Additions	2.110.477
Closing balance as at 31 December 2020	**9.123.022**
Accumulated Amortization	
Opening Balance as at 1 January 2020	**(1.682.030)**
Charge for the Period	(2.621.931)
Closing balance as at 31 December 2020	**(4.303.961)**
Net Book Value	
Opening Balance as at 1 January 2020	**5.330.515**
Closing balance as at 31 December 2020	**4.819.061**

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

NOTE 13 - GOODWILL

As of 31 December 2021, there is goodwill amounted to TL 2.340.995 (31 December 2020: TL 2.340.995). The Group has calculated the recoverable amount of goodwill and no impairment is recognized. In this calculation, a discount rate of 20% (2020: 24% per annum) was used with 5-year cash flows prepared based on the budgets approved by the management.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 14- GOVERNMENT GRANTS AND INCENTIVES

The cash support amount, which was collected from TUBITAK in relation to R&D activities in 2021 was the TL 272.521. (TL 3.215.208 as of 31 December 2020).

The Group has R&D expenses which can be utilized for tax calculations with an amount of TL 390.303.320 as of 31 December 2021. As per amendment made in Article 35 of the Law on Supporting Research and Development No. 5746 which became effective on 1 April 2008. R&D deduction rate from which will be benefited for the expenses of R&D has been increased from 40% to 100% (TL 252.042.519 as of 31 December 2020).

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

The Group realizes fixed asset investments with incentives within the scope of the "Council of Ministers Decisions on State Aids in Investments" numbered 2009/15199 and 2012/3305, which regulates the investment legislation.

The investment projects in which the Group has completed the investment process and continue to benefit from the deserved investment contribution amounts are as follows;

Within the scope of the incentive certificate numbered 5487, TL 51.670.512 was spent. The contribution rate to the investment is 20%.

The investment projects that the Group continues to invest in and continue to benefit from the investment contribution amounts are as follows;

Within the scope of the incentive certificate numbered 129788, TL 13.666.518 was spent. The contribution rate to the investment is 45%.

NOTE 15 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Other Short-term Provisions

	31 December 2021	31 December 2020
Warranty Provisions	21.418.335	13.412.222
Provision for Lawsuits	8.543.291	6.249.729
Provision for Premium and Commission	34.732.481	4.453.147
Total	**64.694.107**	**24.115.098**

Movements of provisions during the period are as follows:

	Warranty Provisions	Provision for Lawsuits	Other	Provision for Premium and Commission	Total
Opening Balance as at 1 January 2021	13.412.222	6.249.729	-	4.453.147	**24.115.098**
Additions During The Period	29.986.227	3.468.562	-	34.732.481	**68.187.270**
Paid During The Period (-)	(21.980.114)	(1.175.000)	-	(4.453.147)	**(27.608.261)**
Closing Balance as at 31 December 2021	**21.418.335**	**8.543.291**	**-**	**34.732.481**	**64.694.107**

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

Lawsuits against the Group:

As of 31 December 2021, there are 38 ongoing lawsuits filed against the Group due to the cancellation of employment termination and other claims for employment and other compensation. Based on these lawsuits, TL 8.543.291, which is recognized based on assessments of the lawyers, was reserved as lawsuit provision (as of 31 December 2020, the lawsuit provisions amount is TL 6.249.729).

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

Mortgages and guarantees on assets:

There are not any mortgages and guarantees on assets.

Total insurance coverage on assets:

Total insurance coverage on assets is TL 1.401.156.089 as of 31 December 2021 (31 December 2020: TL 1.094.454.746).

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

Type	31 December 2021	31 December 2020
Given Letters of Guarantee	544.273.486	283.739.370
Total	**544.273.486**	**283.739.370**

	31 December 2021	31 December 2020
A. CPMs given in the name of its own legal personality	**544.273.486**	**283.739.370**
i. Letter of Guarantee	544.273.486	283.739.370
B. CPMs given on behalf of fully consolidated companies	-	-
C. CPMs given in the normal course of business activities on behalf of third parties	-	-
D. Total amount of other CPMs	-	-
i. Total amount of CPMs given on behalf of the parent	-	-
ii. Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C	-	-
iii. Total amount of CPMs given on behalf of third parties which are not in scope of C	-	-
Total	**544.273.486**	**283.739.370**

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

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

NOTE 16 – EMPLOYEE BENEFITS

a) Short-Term Provisions for Employee Benefits

	31 December 2021	31 December 2020
Provision for Employee Rights and Salaries	12.164.321	8.799.026
Provision for Unused Vacation	3.330.914	2.332.644
Total	**15.495.235**	**11.131.670**

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

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

	31 December 2021	31 December 2020
Opening Balance	2.332.644	1.130.612
Recognized provision during the period	3.421.630	4.155.242
Paid During The Period	(2.423.360)	(2.953.210)
Total	**3.330.914**	**2.332.644**

b) Long-Term Provisions for Employee Benefits

	31 December 2021	31 December 2020
Provision for Severance Payments to Employees	47.235.042	32.134.270
Total	**47.235.042**	**32.134.270**

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

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 16 – EMPLOYEE BENEFITS (cont'd)

Long-Term Provisions for Employee Benefits (cont'd)

The severance payments are calculated over 30-days gross salary for each service year. Primary assumption is that ceiling liability set for each service year increases in proportion to inflation. In parallel with this, real discount rate which is cleared of the potential inflation impacts is considered at the implementation stage. The severance pay cap is revised in every six months, the ceiling amount of TL 10.848,59 (1 January 2021: TL 7.638,96) applicable as of 6 January 2022 has been regarded for the calculation of the Group's provision of severance pay.

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

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

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

	31 December 2021	31 December 2020
Annual Net Discount Rate (%)	4,35	4,15
Turnover Rate to Estimate the Probability of Retirement (%)	5,10	4,91

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

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

	31 December 2021	31 December 2020
Opening Balance	32.134.270	27.764.472
Interest Cost	1.397.142	1.154.677
Gain/(Loss) on Remeasurement of Defined Benefit Plans	(1.003.924)	3.237.454
Paid Within the Period	(1.839.489)	(2.482.888)
Service Cost	16.547.043	2.460.555
Closing Balance	**47.235.042**	**32.134.270**

NOTE 17- OTHER ASSETS AND LIABILITIES

a) Prepaid Expenses

	31 December 2021	31 December 2020
Advances Given For Inventory Purchase	32.816.898	13.718.429
Prepaid Extended Warranty Expenses	2.605.512	2.454.978
Prepaid Insurance Expenses	238.763	223.007
Prepaid Subscription Expenses	205.682	71.949
Prepaid Advertisement Expenses	-	73.665
Prepaid Maintenance Expenses	369.619	339.669
Prepaid Other Expenses	1.025.527	952.974
Total	**37.262.001**	**17.834.671**

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

b) Other Current Assets

	31 December 2021	31 December 2020
Deferred VAT	18.617.567	41.792.419
Other Current Assets	4.609.154	2.541.977
Total	**23.226.721**	**44.334.396**

c) Prepaid Expenses

	31 December 2021	31 December 2020
Prepaid Extended Warranty Expenses	2.296.978	4.902.490
Prepaid Expenses	1.063.081	912.934
Total	**3.360.059**	**5.815.424**

d) Deferred Income (Short-Term)

	31 December 2021	31 December 2020
Order Advances Received	20.225.035	65.608.817
Deferred Income (*)	1.421.577	1.018.084
Total	**21.646.612**	**66.626.901**

(*) The amount of cash incentives received for the company's R&D activities and which should be transferred to the income statement for upcoming months as of 31 December 2021 is TL 848.821 (31 December 2020: R&D cash support income that will be transferred to the income statement for upcoming months is TL 983.880).

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

	31 December 2021	31 December 2020
Deferred Maintenance and Repair Income	10.863.604	4.680.955
Total	**10.863.604**	**4.680.955**

f) Deferred Income (Long-Term)

	31 December 2021	31 December 2020
Order Advances Received	3.368.213	3.962.861
Deferred Income (*)	2.018.062	2.866.883
Total	**5.386.275**	**6.829.744**

(*) The amount of cash incentives received for the company's R&D activities and which should be transferred to the income statement for upcoming months as of 31 December 2021 is TL 2.018.062 (31 December 2020: TL 2.866.883).

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

	31 December 2021	31 December 2020
Deferred Maintenance and Repair Income	35.813.919	15.299.447
Total	**35.813.919**	**15.299.447**

NOTE 18- SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Capital / Elimination Adjustments

As of 31 December 2021, the share capital of the Company is TL 84.000.000 (31 December 2020: TL 84.000.000).

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

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

31 December 2021

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

31 December 2020

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

b) Privileges Granted to the Share Groups

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

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

Equity	31 December 2021	31 December 2020
Paid-in Capital	84.000.000	84.000.000
Capital Inflation Adjustment Difference	30.149.426	30.149.426
Restricted Reserves Appropriated from profit	23.784.678	23.784.678
Previous Year Profits	33.032.805	19.384.487
Gain / (Loss) on Revaluation and Measurement	1.022.267.501	417.373.045
(Losses) on Remeasurement of Defined Benefit Plans	(12.390.286)	(13.193.425)
Net Profit / (Loss) for The Period	211.426.746	13.648.318
Shareholders' Equity Attributable to Equity Holders of the Group	**1.392.270.870**	**575.146.529**
Total Shareholders' Equity	**1.392.270.870**	**575.146.529**

c) Restricted Reserves Appropriated from Profit

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

Restricted Reserves Appropriated from Profit	31 December 2021	31 December 2020
Legal Reserves	23.784.678	23.784.678
Total	**23.784.678**	**23.784.678**

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

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

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

d) Retained Earnings/Losses

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

Retained Earnings/Losses	31 December 2021	31 December 2020
Extraordinary Reserves	153.577.593	151.914.057
Legal Reserves Inflation Difference	24.820.489	24.820.489
Retained Earnings / (Losses)	(145.365.277)	(157.350.059)
Total	**33.032.805**	**19.384.487**

Quoted companies make profit distributions as follows:

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

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

Group's retained earnings is TL 33.032.805 based on the financial statements prepared in according with TAS/TFRS Financial Reporting Standard for the period ended 31 December 2021 (31 December 2020: TL 19.384.487).

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

- "the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Capital Adjustment to Share Capital";

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

NOTE 19- REVENUE AND COST OF SALES

	1 January- 31 December 2021	1 January- 31 December 2020
Domestic Sales	1.701.689.766	878.241.241
Foreign Sales	1.165.242.132	425.926.312
Other Income	22.064.823	10.831.088
Sales Total (Gross)	**2.888.996.721**	**1.314.998.641**
Sales Discounts (-)	(210.954.866)	(73.785.388)
Sales (Net)	**2.678.041.855**	**1.241.213.253**
Cost of Sales	**(2.113.442.723)**	**(989.548.126)**
Gross Operating Profit	**564.599.132**	**251.665.127**

Cost of sales are summarised as follows;

Cost of Sales	1 January- 31 December 2021	1 January- 31 December 2020
Raw Materials and Supplies Expenses	(1.588.136.170)	(810.658.546)
Direct Labor Expenses	(86.970.941)	(53.929.397)
Depreciation and Amortization Expenses	(39.217.690)	(30.459.653)
Other Production Costs	(30.829.967)	(14.280.689)
Total Cost of Production	**(1.745.154.768)**	**(909.328.285)**
Change in Goods Inventory	(33.584.296)	64.322.299
Cost of Trade Goods Sold	(332.380.815)	(141.053.032)
Cost of Other Sales	(2.322.844)	(3.489.108)
Cost of Sales	**(2.113.442.723)**	**(989.548.126)**

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

a) Research and Development Expenses

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel Expenses	(9.882.436)	(1.949.987)
Depreciation Expenses	(902.777)	(871.182)
Outsourced Benefits and Services	(255.221)	(290.029)
Other	(798.874)	(528.265)
Total Research and Development Expenses	**(11.839.308)**	**(3.639.463)**

b)Marketing Expenses

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel Expenses	(34.434.424)	(23.905.709)
Export Expense	(22.107.671)	(15.377.996)
Transportation, Freight Expenses	(27.691.005)	(9.638.304)
Royalty Expenses (*)	(19.238.610)	(8.828.674)
Domestic Sales Expense	(9.747.980)	(7.925.796)
Advertisement Expenses	(7.417.755)	(3.820.395)
Business and Service Expenses	(9.772.139)	(2.946.219)
Warranty Expense Provision	(8.006.113)	(1.975.879)
Depreciation Expenses	(1.273.571)	(1.702.238)
Travel Expenses	(3.085.707)	(987.611)
Representation-Hospitality Expenses	(692.813)	(604.056)
Tax, Duties and Fee Expenses	(1.518.178)	(496.404)
Insurance Expenses	(1.456.172)	(468.589)
Maintenance and Repair Expenses	(369.806)	(129.864)
Consulting, Audit Expenses	(882.969)	(29.929)
Other	(8.438.450)	(5.174.095)
Total General Administrative Expenses	**(156.133.363)**	**(84.011.758)**

(*) As of 31 December 2021, TL 19.238.610 part of TL 18.878.743 amounted royalty expenses is related to license agreements with Isuzu Motors Ltd. Tokyo, TL 30.670 is related to license agreements with Isuzu Motors International Operation Thailand, TL 329.197 is related to licence agreements with AG Anadolu Holding A.Ş.(As of 31 December 2020, TL 8.720.845 part of TL 8.828.674 amounted royalty expenses is related to license agreements with Isuzu Motors Ltd. Tokyo, TL 107.829 is related to license agreements with Isuzu Motors International Operation Thailand).

c) General Administrative Expenses	1 January- 31 December 2021	1 January- 31 December 2020
Personnel Expenses	(34.128.993)	(33.577.515)
Business and Service Expenses	(17.164.266)	(13.052.667)
Consulting, Audit Expenses	(13.865.831)	(12.174.803)
Depreciation Expenses	(7.216.968)	(5.385.086)
Insurance Expenses	(3.780.879)	(3.272.064)
Tax, Duties and Fee Expenses	(4.086.534)	(2.754.247)
Maintenance and Repair Expenses	(462.211)	(273.423)
Representation-Hospitality Expenses	(330.969)	(158.239)
Travel Expenses	(42.159)	(65.880)
Rent Expenses	(323.726)	(60.129)
Other	(5.257.808)	(4.777.675)
Total General Administrative Expenses	**(86.660.344)**	**(75.551.728)**

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 21- EXPENSES BY NATURE

	1 January- 31 December 2021	1 January- 31 December 2020
Direct Raw Material and Supplies Costs	(1.588.136.170)	(810.658.546)
Cost of Trade Goods Sold	(332.380.815)	(141.053.032)
Change in Finished Goods and Semi-Finished Goods	(33.584.296)	64.322.299
Personnel Expenses	(165.416.794)	(113.362.608)
Depreciation And Amortisation Expenses	(48.611.006)	(38.418.159)
Other	(199.946.657)	(113.581.029)
Total Expenses	**(2.368.075.738)**	**(1.152.751.075)**

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

Fees for Services Obtained from an Independent Auditor/Independent Audit Firm

The Group's explanation regarding the fees for the services rendered by the independent audit firms, which is based on the KGK's letter dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

	2021	2020
Independent audit fee for the reporting period	152.475	140.000
Fees for services other than independent audit	8.000	-
Fee for other assurance services	1.750	1.000
Total	**162.225**	**141.000**

NOTE 22- OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other Income from Operating Activities:	1 January- 31 December 2021	1 January- 31 December 2020
Foreign Exchange Income on Trade Receivables and Payables	120.946.913	55.463.665
Income from Derivative Transactions	87.016.214	-
Sale Support Income	8.635.432	3.211.138
Service Income	2.148.285	2.585.423
Export D.F.I.F Support	925.177	1.155.011
Delay Interest Income	1.251.239	1.018.209
Discount Income on Trade Payables	-	801.856
Incentive Income	978.828	733.399
Rent Income	558.275	549.005
Tubitak R&D Incentive	522.309	418.131
Provisions no longer required	240.613	-
Other Income	4.806.363	3.563.243
Total	**228.029.648**	**69.499.080**

Other Expense from Operating Activities:	1 January- 31 December 2021	1 January- 31 December 2020
Foreign Exchange Expense on Trade Receivables and Payables	(295.406.814)	(79.692.068)
Lawsuit Provisions	(2.293.562)	(2.075.717)
Discount Income on Trade Receivables	(500.383)	(747.019)
Allowances for Doubtful Receivables	-	(397.803)
Donations and Contributions	(26.000)	(343.573)
Other Expenses	(4.178.777)	(2.264.496)
Total	**(302.405.536)**	**(85.520.676)**

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 23- INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income From Investing Activities	**1 January-31 December 2021**	**1 January-31 December 2020**
Gain on Sale of Machinery and Equipment	384.471	4.793.371
Total	**384.471**	**4.793.371**

Expenses from Investing Activities	**1 January-31 December 2021**	**1 January-31 December 2020**
Loss on Sale of Machinery and Equipment	-	(2.271)
Total	**-**	**(2.271)**

NOTE 24- FINANCE INCOME AND EXPENSES

Finance Income:	**1 January-31 December 2021**	**1 January-31 December 2020**
Foreign Exchange Gain	297.223.026	167.686.945
Income from Derivative Transactions	71.135.621	-
Interest Income	13.972.367	7.340.707
Total	**382.331.014**	**175.027.652**

Finance Expenses:	**1 January-31 December 2021**	**1 January-31 December 2020**
Foreign Exchange Losses	(303.170.569)	(170.427.017)
Interest Expense	(71.830.775)	(52.276.140)
Expense from Derivative Transactions	(24.457.022)	(21.274.167)
Letter of Guarantee Expenses	(4.769.160)	(2.761.641)
Forward Purchase Expense	(1.937.122)	(1.834.072)
Other Finance Expenses	(8.991.089)	(3.153.746)
Total	**(415.155.737)**	**(251.726.783)**

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

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

Account	**1 January-31 December 2021**	**1 January-31 December 2020**
Current Income Tax Provision (-)	(1.102.061)	(474.554)
Deferred Tax Income / (Expense) (Income Statement)	9.378.830	13.590.321
Tax Income / (Expense) - Income Statement	**8.276.769**	**13.115.767**
Tax Income / (Expense) (Comprehensive Income Statement)	(83.000.718)	647.491
Total Tax Income / (Expense)	**(74.723.949)**	**13.763.258**

	31 December 2021	**31 December 2020**
Current Corporate Tax Provision	1.102.061	474.554
Less: Prepaid Taxes	(1.458.726)	(1.202.830)
Tax Payable	**(356.665)**	**(728.276)**

As of 31 December 2021, the amount of corporate tax paid in advance is amounted to TL 356.665 which is portion of exceeding the corporation tax amount to be paid and it is included in the Assets Related to Current Period Taxation (31 December 2020: TL 728.276).

i) Provision for Current Period Tax

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

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

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

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

The effective tax rate in 2021 is 25% (2020: 22%).

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

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

Income Withholding Tax:

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

ii) Deferred Tax

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

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

The Group realizes fixed asset investments with incentives within the scope of the "Council of Ministers Decisions on State Aids in Investments" numbered 2009/15199 and 2012/3305, which regulates the investment legislation.

The investment projects in which the Group has completed the investment process and continue to benefit from the deserved investment contribution amounts are as follows;

Within the scope of the incentive certificate numbered 5487, 51.670.512 TL was spent. The contribution rate to the investment is 20%.

The investment projects that the Group continues to invest in and continue to benefit from the investment contribution amounts are as follows;

Within the scope of the incentive certificate numbered 129788, 13.666.518 TL was spent. The contribution rate to the investment is 45%.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

ii) Deferred Tax (cont'd)

	31 December 2021		31 December 2020	
	Cumulative Temporary Differences	Deferred Tax Assetes/(Liabilities)	Cumulative Temporary Differences	Deferred Tax Assetes/(Liabilities)
Inventories	1.115.794	223.159	943.975	188.795
Fixed Assets (Net)	(1.224.500.986)	(151.508.697)	(525.802.123)	(66.507.869)
Provision for Employment Termination Benefits	47.235.042	9.447.008	32.134.270	6.426.854
Guarantee Provisions	21.418.335	4.283.667	13.412.222	2.682.444
R&D Discount and Investment Incentive	709.834.782	116.328.010	501.204.099	75.324.662
Carried Forward Financial Loss	-	-	138.546.236	27.709.247
Derivative Instruments	(102.675.578)	(23.615.383)	21.274.167	4.254.833
Rediscount Expenses/Income (Net)	(7.129)	(1.640)	(542.863)	(108.573)
TFRS 15 Revenue from Contracts with Customers	(11.979.340)	(2.755.248)	(32.803.222)	(6.560.644)
Employee Benefits	3.205.155	737.186	17.848.059	3.569.612
Extended Warranty Income	46.677.523	9.335.505	19.980.402	3.996.080
Dealer Premium Provisions	29.299.728	6.738.937	-	-
Lawsuit Provisions	8.543.291	1.708.658	6.249.729	1.249.946
Other (Net)	1.196.807	175.338	2.316.019	463.205
Total		**(28.903.500)**		**52.688.592**
Provision for Deferred Tax		(16.945.954)		(24.916.158)
Total		**(45.849.454)**		**27.772.434**

Movement of Deferred Tax Assets / (Liabilities):	**1 January-31 December 2021**	**1 January-31 December 2020**
Opening Balance	27.772.434	13.534.622
Deferred Tax (Expense) / Income Charged to Profit or Loss	9.378.830	13.590.321
Deferred Tax Income Charged to Comprehensive Income	(83.000.718)	647.491
Closing Balance	**(45.849.454)**	**27.772.434**

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

Reconciliation of Tax Provision:	**1 January-31 December 2021**	**1 January-31 December 2020**
Income / (Loss) from Continuing Operations	**203.149.977**	**532.551**
Corporate Tax Rate %25	(46.724.495)	(117.161)
Tax Effects of:		
-Impact of change in tax rate on deferred tax amount	12.891.245	10.651
-R&D Incentive	18.210.330	13.746.623
-R&D Support Income	196.776	91.989
-Non-deductible expenses	15.007.073	-
-Disallowable expenses	8.320.601	(696.474)
-Income Not Subject to Tax	158.044	(131.544)
-Other	217.195	211.683
Income/(Expense) on Tax Provision Recognised in Profit or Loss	**8.276.769**	**13.115.767**

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 26 - EARNINGS / (LOSS) PER SHARE

	1 January- 31 December 2021	1 January- 31 December 2020
Net Profit / (Loss) for The Period	211.426.746	13.648.318
Weighted Average Number of Shares with Nominal Value of 1 Piaster	8.400.000.000	8.400.000.000
Income Per 100 Share with Nominal Value of TL 1 Each	**2,5170**	**0,1625**

NOTE 27- RELATED PARTY DISCLOSURES

a) Related Party Payable and Receivable Balances:

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

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

31 December 2021 **Balances with Related Parties**	**Receivables**		**Payables**	
	Trade	**Non-Trade**	**Trade**	**Non-Trade**
Itochu Corporation Tokyo	29.390	-	632.126.548	-
Isuzu Motors Ltd. Tokyo	1.464.103	-	6.187.633	-
Çelik Motor Ticaret A.Ş.	616.018	-	-	-
Anadolu Motor Üretim ve Paz. A.Ş.	870.795	-	-	-
Isuzu Motors Europe NV	98.421	-	-	-
Türkiye'nin Otomobil Girişimi Grubu	168.740	-	-	-
AEH Sigorta Acenteliği A.Ş.	-	-	345.049	-
Oyex-Handels Gmbh	295.146.200	-	-	-
AG Anadolu Grubu Holding A.Ş.	-	-	458.729	-
Migros Ticaret A.Ş.	-	-	699.303	-
Adel Kalemcilik Tic. ve San. A.Ş.	-	-	19.394	-
Payables to Shareholders (*)	-	-	-	9.109
Total	**298.393.667**	**-**	**639.836.656**	**9.109**

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

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

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 27- RELATED PARTY DISCLOSURES (cont'd)

b) Related Party Transactions:

1 January-31 December 2021

Sales to Related Parties	Goods and Services Sales	Fixed Assets Sales	Other Income	Total Income/ Sales
Isuzu Motors Ltd. Tokyo	43.205.552	-	-	**43.205.552**
Itochu Corporation Tokyo	2.832.481	-	-	**2.832.481**
Çelik Motor Ticaret A.Ş.	4.910.413	-	-	**4.910.413**
Anadolu Motor Üretim ve Paz. A.Ş.	4.238.328	1.000	-	**4.239.328**
Isuzu Motors International Operation Thailand	871.860	-	-	**871.860**
AEH Sigorta Acenteligi A.S.	90.000	-	-	**90.000**
Isuzu Motors Europe NV	593.090	-	-	**593.090**
AG Anadolu Grubu Holding A.Ş.	11.058	212	-	**11.270**
Oyex-Handels Gmbh	295.516.096	-	-	**295.516.096**
Adel Kalemcilik Tic. ve San. A.Ş.	4.153	-	-	**4.153**
Türkiye'nin Otomobil Girişimi Grubu	208.000	-	-	**208.000**
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	2.116	-		**2.116**
Toplam	**352.483.147**	**1.212**	**-**	**352.484.359**

1 January-31 December 2020

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

1 January-31 December 2021

Purchases from Related Parties	Goods and Services Purchases	Fixed Assets Purchases	Other Income	Total Expense/ Purchases
Itochu Corporation Tokyo	644.238.675	-	-	**644.238.675**
Isuzu Motors International Operation Thailand	111.439.415	-	-	**111.439.415**
AG Anadolu Grubu Holding A.Ş.	10.605.294	-	-	**10.605.294**
Oyex-Handels Gmbh	4.402.643	-	-	**4.402.643**
Efestur Turizm İşletmeleri A.Ş.	403.941	-	-	**403.941**
Çelik Motor Ticaret A.Ş.	236.930	-	-	**236.930**
Anadolu Efes Biracılık ve Malt Sanayi A.Ş.	1.022.715	-	-	**1.022.715**
Adel Kalemcilik Tic. ve San. A.Ş.	46.292	-	-	**46.292**
Anadolu Bilişim Hizmetleri A.Ş.	24.274	-	-	**24.274**
Migros Ticaret A.Ş.	189.951	-	-	**189.951**
Total	**772.610.130**	**-**	**-**	**772.610.130**

(Amounts expressed in Turkish Lira unless otherwise indicated.)

NOTE 27- RELATED PARTY DISCLOSURES (cont'd)

b) Related Party Transactions: (cont'd)

1 January-31 December 2020

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

c) Donations to Anadolu Eğitim ve Sosyal Yardım Vakfı:

As per the Main Articles of Association of the Group, at least 2% - 5% of the Group's profit before tax following the distribution of 1st dividend shall be donated to Anadolu Eğitim ve Sosyal Yardım Vakfı as long as it is subject to tax exemption. Donation was not made to Anadolu Eğitim ve Sosyal Yardım Vakfı by the Group in 2021 (Donation was not made in 2020).

d) Benefits to Top Management:

	1 January- 31 December 2021	1 January- 31 December 2020
Salaries and Other Short-Term Liabilities	19.756.859	12.068.117
Total	**19.756.859**	**12.068.117**

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

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

(a) Capital risk management

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

The Group's equity comprised of cash and cash equivalents in Note 4 and equity items in Note 18.

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

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

	31 December 2021	**31 December 2020**
Net Debt	1.304.949.188	888.056.735
Total Equity	1.392.270.870	575.146.529
Net Debt/Total Equity	**0,94**	**1,54**

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

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

(b) Price risk

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

(c) Market risk

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

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

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

(d) Foreign exchange risk management

Foreign currency transactions may result in foreign currency risk.

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

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

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

Foreign Currency Position Sensitivity Analysis

31 December 2021	Profit / Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of US Dollar increases / decreases in 10% against TL;		
1 - USD denominated net asset / (liability)	11.580.398	(11.580.398)
2- USD denominated hedging instruments (-)	-	-
3- Net Effect of US Dollar (1 +2)	**11.580.398**	**(11.580.398)**
In case of Euro increases / decreases in 10% against TL;		
4- EURO denominated net asset / (liability)	29.921.799	(29.921.799)
5- EURO denominated hedging instruments (-)	-	-
6- Net Effect of Euro (4+5)	**29.921.799**	**(29.921.799)**
Increase / decrease in other foreign currencies by 10%:		
7- Other foreign currency denominated net asset / (liability	(21.320.018)	21.320.018
8- Other foreign currency hedging instruments (-)	-	-
9- Net Effect of Other Exchange Rates (4+5)	**(21.320.018)**	**21.320.018**
TOTAL (3+6+9)	**20.182.179**	**(20.182.179)**

Statement of Foreign Exchange Rate Sensitivity Analysis

31 December 2020	Profit / Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of US Dollar increases / decreases in 10% against TL;		
1 - USD denominated net asset / (liability)	1.856.641	(1.856.641)
2- USD denominated hedging instruments (-)	-	-
3- Net Effect of US Dollar (1 +2)	**1.856.641**	**(1.856.641)**
In case of Euro increases / decreases in 10% against TL;		
4- EURO denominated net asset / (liability)	15.963.191	(15.963.191)
5- EURO denominated hedging instruments (-)	-	-
6- Net Effect of Euro (4+5)	**15.963.191**	**(15.963.191)**
Increase / decrease in other foreign currencies by 10%:		
7- Other foreign currency denominated net asset / (liability	(11.192.347)	11.192.347
8- Other foreign currency hedging instruments (-)	-	-
9- Net Effect of Other Exchange Rates (4+5)	**(11.192.347)**	**11.192.347**
TOTAL (3+6+9)	**6.627.485**	**(6.627.485)**

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

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

Statement of Foreign Currency Position

	31 December 2021					31 December 2020				
	TL Amount	**US Dollar**	**Euro**	**Yen**	**Other**	**TL Amount**	**US Dollar**	**Euro**	**Yen**	**Other**
1. Trade Receivables	395.294.603	1.772.916	24.640.835	3.100.000	-	143.550.178	778.569	15.280.747	-	187.651
2a. Monetary Financial Assets	560.862.693	7.096.458	30.862.676	8.820.804	10.841	95.127.190	46.866	9.790.905	90.643.367	158.343
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	**956.157.296**	**8.869.374**	**55.503.511**	**11.920.804**	**10.841**	**238.677.368**	**825.435**	**25.071.652**	**90.643.367**	**345.994**
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Non-current Assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**956.157.296**	**8.869.374**	**55.503.511**	**11.920.804**	**10.841**	**238.677.368**	**825.435**	**25.071.652**	**90.643.367**	**345.994**
10. Trade Payables	724.523.796	181.252	33.680.338	1.857.447.077	2.790	343.852.238	1.293.214	24.346.634	1.621.984.444	-
11. Financial Liabilities	130.379.501	-	8.652.339	-	-	2.465.417	-	273.695	-	-
12a. Monetary Other Liabilities	46.259	-	-	400.500	-	4.433.699	8.326	80.057	51.479.439	-
12b. Non-Monetary Other Liabilities	43.854.769	-	2.910.322	-	-	5.099.075	-	566.067	-	-
13. Current Liabilities (10+11+12)	**898.804.325**	**181.252**	**45.242.999**	**1.857.847.577**	**2.790**	**355.850.429**	**1.301.540**	**25.266.453**	**1.673.463.883**	**-**
14. Trade Payable	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	288.619.717	-	19.153.591	-	-	158.393.788	-	17.583.875	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-	-	-
17. Non-current Liabilities (14+15+16)	**288.619.717**	**-**	**19.153.591**	**-**	**-**	**158.393.788**	**-**	**17.583.875**	**-**	**-**
18. Total Liabilities (13+17)	**1.187.424.042**	**181.252**	**64.396.590**	**1.857.847.577**	**2.790**	**514.244.217**	**1.301.540**	**42.850.328**	**1.673.463.883**	**-**
19. Off-balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	**433.225.125**	**-**	**28.750.000**	**-**	**-**	**341.841.706**	**3.005.416**	**35.500.000**	**-**	**-**
19.a. Total Amount of Hedged Assets	-	-	-	-	-	-	-	-	-	-
19.b. Total Amount of Hedged Liabilities	(433.225.125)	-	(28.750.000)	-	-	(341.841.706)	(3.005.416)	(35.500.000)	-	-
20.Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	**201.958.379**	**8.688.122**	**19.856.921**	**(1.845.926.773)**	**8.051**	**66.274.857**	**2.529.311**	**17.721.324**	**(1.582.820.516)**	**345.994**
21.Monetary Items Net Foreign Currency Assets / (Liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)	**(187.411.977)**	**8.688.122**	**(5.982.757)**	**(1.845.926.773)**	**8.051**	**(270.467.774)**	**(476.105)**	**(17.212.609)**	**(1.582.820.516)**	**345.994**
22. Fair Value of Financial Instruments Used for Currency Hedge	**-**	**-**	**-**	**-**	**-**	**10.758**	**-**	**1.194**	**-**	**-**
23. Hedged Foreign Currency Assets	**(433.225.125)**	**-**	**(28.750.000)**	**-**	**-**	**(341.841.706)**	**-**	**(35.500.000)**	**-**	**-**
24. Hedged Foreign Currency Liabilities	**-**	**-**	**-**	**-**	**-**	**22.061.256**	**-**	**-**	**-**	**-**
25. Export	**1.165.242.132**	**-**	**-**	**-**	**-**	**425.926.312**	**-**	**-**	**-**	**-**
26. Import	**1.201.538.178**	**-**	**-**	**-**	**-**	**583.653.526**	**-**	**-**	**-**	**-**

Derivative contracts that explained in Note 7 and with nominal amount of JPY 2.490.066.347 are done for Euro risks and they aren't included into the foreign exchange risk.

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

(e) Interest rate risk management

The Group is exposed to interest rate risk due to variable and fixed interest rates. Group's financial liabilities and assets with fixed and variable interest rates (guarantee etc.) are respectively shown at Note 5.

	31 December 2021	31 December 2020
Financial Assets with Fixed Rates		
Financial Assets	619.210.951	248.575.997
Financial Liabilities	(621.839.760)	(567.536.647)
Financial Liabilities With Variable Rates		
Financial Assets	-	-
Financial Liabilities	(301.335.328)	(55.017.997)

As of 31 December 2021, if the market interest rate had increased/decreased by 100 basis point with all other variables held constant, period income before tax and consolidated equity of participations of the Group would have been higher/lower by TL 3.013.353 (31 December 2020: higher/lower by TL 550.180).

(f) Funding risk

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

(g) Credit risk management

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

Most of trade receivables are comprised of receivables from costumers who has given an adequate amount of guarantees. An effective control system was established to collect the receivables. Credit risk arising from transactions is followed and these risks are taken into account when assessing each debtor. Because there are so many costumers. The Group's credit risk is dispersed and there is no important credit risk concentration. Receivables from foreign customers as of 31 December 2021 are TL 421.667.544 and there is no geographical concentration (31 December 2020: TL 163.205.222).

	Receivables						
	Trade Receivables		Other Receivables				
CURRENT PERIOD	Related Parties	Other Parties	Related Parties	Other Parties	Note	Deposit	Note
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	**298.393.667**	**455.473.763**	**-**	**72.563.084**	**6**	**638.773.905**	
- Secured portion of the maximum credit risk by guarantees etc.	-	453.235.843	-	-		-	
A. Net book value of financial assets which are undue or which is not impaired	**298.393.667**	**433.130.374**	**-**	**72.563.084**	**7-8**	**638.773.905**	**4**
B. Book value of financial assets which conditions are renegotiated, and which otherwise would be counted as overdue or impaired	**-**	**-**	**-**	**-**		**-**	
C. Net book value of assets, overdue but not impaired	**-**	**22.343.389**	**-**	**-**	**7-8**	**-**	
- Secured by Guarantee, etc.	-	2.237.920	-	-	**7-8**	-	
D. Net book value of assets decrease in value	**-**	**-**	**-**	**-**		**-**	
- Overdue (gross book value)	-	(522.097)	-	-	**7-8**	-	
- Impairment (-)	-	522.097	-	-	**7-8**	-	
- The part of net value secured by guarantee etc.	-	-	-	-		-	
- Undue (gross book value)	-	-	-	-		-	
- Impairment (-)	-	-	-	-		-	
- The part of net value secured by guarantee etc.	-	-	-	-		-	
E. Elements containing credit risk off the balance sheet	**-**	**-**	**-**	**-**		**-**	

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

(g) Credit risk management (cont'd)

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

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

	Receivables				
31 December 2021	**Trade Receivables**	**Other Receivables**	**Deposits at Banks**	**Derivatives**	**Other**
Past due up to 30 days	264.816	-	-	-	-
Past due 1 - 3 months	1.973.104	-	-	-	-
Past due 3 - 12 months	-	-	-	-	-
Past due 1 - 5 year	-	-	-	-	-
Past due over 5 years	-	-	-	-	-
Assets covered portion with guarantee letter etc.	**2.237.920**				

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

Liquidity risk tables

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

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

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

Liquidity risk tables (cont'd)

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

Non-Derivative Financial Liabilities

31 December 2021

Contract Terms	Carrying Value	Total Contracted Cash Outflows	Less than 3 Months	3 to 12 Months	1 to 5 Years	5 Years +
Bank Loans	923.175.088	1.082.468.272	134.030.340	308.454.864	540.369.184	99.613.884
Other Financial Liabilities	10.272.981	10.257.627	2.098.670	4.689.130	3.469.827	-
Trade Payables	1.011.249.834	1.015.044.036	1.011.822.757	3.221.279	-	-
Other Payables	20.609.322	22.001.406	20.609.322	1.392.084	-	-
Total	**1.965.307.225**	**2.129.771.341**	**1.168.561.089**	**317.757.357**	**543.839.011**	**99.613.884**

31 December 2020

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

Derivative Financial Liabilities

31 December 2021

Contract Terms	Carrying Value	Total Contracted Cash Outflows	Less than 3 Months	3 to 12 Months	1 to 5 Years	5 Years +
Derivative Cash Outflow	2.675.660	2.675.660	2.110.238	565.422		
Total	**2.675.660**	**2.675.660**	**2.110.238**	**565.422**	**-**	**-**

31 December 2020

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

(Amounts expressed in Turkish Lira unless otherwise indicated.)

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

Liquidity risk tables (cont'd)

Fair Value and Hedging Disclosures

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

Objectives of financial risk management

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

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

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

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

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

Derivative Financial Instruments

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

As of 31 December 2021, the Group's foreign currency transaction agreement, which is a derivative financial instrument, is as follows:

Financial assets carried at fair value	Level 1	Level 2	Level 3	Total
Derivative assets (Note 7)	-	105.351.238	-	105.351.238
Total	-	105.351.238	-	105.351.238

Financial liabilities carried at fair value	Level 1	Level 2	Level 3	Total
Derivative liabilities (Note 7)	-	2.675.660	-	2.675.660
Total	-	2.675.660	-	2.675.660

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

Financial assets carried at fair value	Level 1	Level 2	Level 3	Total
Derivative assets (Note 7)	-	53.132	-	53.132
Total	**-**	**53.132**	**-**	**53.132**

Financial liabilities carried at fair value	Level 1	Level 2	Level 3	Total
Derivative liabilities (Note 7)	-	21.327.299	-	21.327.299
Total	**-**	**21.327.299**	**-**	**21.327.299**

NOTE 29- EVENTS AFTER REPORTING PERIOD

According to the Law No. 7352 Amendments to the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation accounting in the financial statements based on the Tax Procedure Law was postponed to 31 December 2023.

In addition, with the temporary article 14 added to the Corporate Tax Law with the 2nd article of the same Law, an exemption is provided for the profit obtained from the translation of the foreign currencies and gold accounts of the companies into Turkish Lira deposit and participation accounts.

According to the regulation, in the event that the companies convert their foreign currencies in their balance sheets as at 31 December 2021 into Turkish Lira until the date of submission of the declaration for fourth provisional tax period (25 February 2022), and the Turkish Lira asset obtained is valued in Turkish Lira deposit and participation accounts in the time and manner stipulated in the Provisional Article 14, the portion of the exhange gains arising from the period-end valuation of foreign currencies corresponding to the period between 1 October 2021 and 31 December 2021 and exhange gains regarding the accounts converted into Turkish Lira until the submission of the declaration for the fourth temporary tax period of 2021 (25 February 2022) and interest and profit shares and other gains obtained at the end of maturity, including foreign exchange gains arising from the period-end valuation of the related accounts, will be exempt from corporate tax. This issue is considered as a non-adjusting event according to TAS 10 “Events After the Reporting Period” in the accompanying financial statements. Within the scope of the regulation, the Company has provided a tax advantage of TL 5.763.073 for 2021 and has not reflected this amount in its accompanying financial statements.