FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2024 TOGETHER WITH AUDITOR'S REVIEW REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Ford Otomotiv Sanayi A.Ş.,

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Ford Otomotiv Sanayi Anonim Şirketi (the Company) and its subsidiaries (the Group], which comprise the consolidated statement of financial position as at December 31, 2024, 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 at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with the Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) and adopted within the framework of Capital Markets Board (CMB) regulations. 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) as issued by the POA and other ethical principles included in CMB legislation, and we have fulfilled our other ethical responsibilities in accordance with 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) Emphasis of Matter

We draw your attention to Note 27 of the accompanying consolidated financial statements, where the Company's revenue and trade receivables are disclosed. As of December 31, 2024, 80% of the revenue (31 December 2023:75%) is made to related parties and accordingly, 65% of the trade receivables (31 December 2023: 55%) consist of trade receivables from related parties. Our opinion is not modified in respect of this matter.

4) Other Matter

The consolidated financial statements of the Group prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") as of December 31, 2023, were audited by another audit firm whose independent auditor's report thereon dated March 5, 2024 expressed an unqualified opinion.

5) 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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Key Audit Matter	**Audit procedures in relation to key audit matter**
Application of TAS 29 financial reporting in hyperinflationary economies	
As noted in footnote 2.1, the Group continues to apply the "TAS 29 Financial Reporting in Hyperinflationary Economies" standard since the Group's functional currency is considered as the high-inflation economy currency as of December 31, 2024. In accordance with TAS 29, the financial statements and the comparative financial information for prior periods have been restated to reflect the changes in the general purchasing power of the Turkish Lira, and as a result, are presented in terms of the purchasing power of the Turkish Lira at the reporting date. In accordance with TAS 29, the Group used Turkish consumer price indices to prepare inflation-sensitive financial statements. The principles applied for inflation adjustment are explained in footnote 2.1. Given the significant impact of TAS 29 on the Group's reported results and financial position, hyperinflation accounting was considered a key audit matter.	During our audit, the following audit procedures were applied with respect to the implementation of TAS 29 "Financial Reporting in Hyperinflationary Economies": Verification that the classification of monetary and non-monetary items by the Company's management was performed in accordance with TAS 29, - Obtaining detailed listings of non-monetary items and performing sample-based testing to ensure that the historical costs and purchase dates were accurately included in the calculations by cross-referencing with supporting documentation, - Checking the indexation factors used in the calculations against the coefficients derived from the Consumer Price Index published by the Turkish Statistical Institute (TSI), - Checking the financial statements and related financial information prepared in accordance with TMS 29 - Assessing the completeness of the disclosures in the financial statement notes regarding the application of TAS 29.

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Recoverability of trade receivables	
Trade receivables are considered as a significant balance sheet item since they represent 21% of total assets in the statement of financial position. Furthermore, the collectability of trade receivables is a significant item of the Group's credit risk and working capital management and includes significant judgments and estimates of management. As of December 31, 2024, there is impairment amounting to TL 520.609 thousand on trade receivables amounting to TL 68.227.262 thousand in the statement of financial position. Determining the collection risk and provision for trade receivables or determining whether a specific trade receivable is collectible requires significant management judgment. In this regard, the Group management evaluates the aging of trade receivables, examination of ongoing litigation risks by receiving letters from company lawyers, guarantees received within the scope of credit risk management and the qualities of such guarantees, collection performances in the current period and the period after the balance sheet date, as well as all other information. The Company has adopted TFRS 9 "Financial Instruments" standard as of January 1, 2018 and as of this date, expected credit losses for financial assets are recognized in the financial statements in accordance with the related standard. Due to the size of the amounts and the reasoning required in the assessment of collectability of trade receivables and TFRS 9's applications are complex and comprehensive; the existence and collectability of trade receivables are considered as the key audit matter. Explanations on trade receivables are disclosed in Note 2.4 and 7.	The following procedures have been applied to audit the amount of provision for trade receivables: - Evaluation of the Company's trade receivable process related to collections, - Analytical analysis of the receivable aging tables and comparison of the trade receivable collection ratio with the previous year, - Testing of trade receivable balances by sending confirmation letters via sample, - Testing of subsequent collections made in the following period by sampling method, - Testing of the collaterals received for the receivables through sampling and evaluating of the convertible ability of cash, - Evaluation of the compliance of the accounting policies applied to TFRS 9, the Company's past history performance, local and global practices, - Investigation of disputes and lawsuits related to receivables for the purpose of checking the appropriateness of specific provisions for trade receivables, and obtaining confirmation letter regarding the proceedings from legal counsel, - Evaluation of the adequacy of disclosures on impairment of trade receivables and trade receivables to TFRS.

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Cash Flow Hedge Accounting	
Based on the manufacturing agreements with Ford Motor Company, the Group associates' sales of specific models of commercial vehicles subject to export by the end of 2031 with long term loans denominated in Euros and borrowed for investments related to the manufacturing of such vehicles. Sales subject to the agreement are denominated in Euro and are affected by TRY/EUR exchange rate fluctuations. The Group hedges the foreign exchange rate risk against borrowings obtained in the Euro currency. Vehicle profit margins and sales volumes, which are the basis of the forward budget estimates used by the Group, affect cash flow risk hedge accounting. The cash flow hedge losses classified under equity as of December 31, 2024 amount to TL 24.833.723 thousand. This amount is material in terms of the consolidated financial statements. Cash flow hedge accounting is structurally complex, and its audit requires professional expertise. Calculation and recognition mistakes that might occur related to this subject could significantly affect the consolidated financial statements. Calculations made when testing the effectiveness of the Group's cash flow hedges consider important judgments and management estimations such as vehicle profits and sales volumes. Therefore, cash flow hedge accounting is a key matter for our audit.	The following procedures have been applied to audit the amount of cash flow hedge accounting: - We understood the recognition process of cash flow hedge transactions. - With the support of our internal experts, we tested the official definition and documentation of the risk management target and strategy, which causes the Group to hedge against cash flow risk, and vehicle profit margins and sales amounts, which are the basis of the forward looking budget estimates used in the efficiency test, by comparing them with past performance and independent data sources. - We checked the recovery probability of the Group's future revenues for the loans that form the basis of cash flow hedging by comparing it with performance in previous years. - We checked the sales numbers and prices of the vehicles subject to the cash flow hedge by comparing them with the budget approved by management. - We reviewed repayment plans for the borrowings denominated in Euros by reviewing the loan agreements and obtaining bank confirmations. - We checked to what extent monthly borrowing payments cover monthly sales. - We assessed the sufficiency of the consolidated financial statement disclosures related to the cash flow hedge accounting in terms of TFRS. .

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<table>
<tr><th>Deferred tax assets recognized under investment incentives</th><th></th></tr>
<tr><td>The Company has received investment incentive certificates within the scope of “Council of Ministers Decision on State Aid in Investments”.

As of December 31, 2024, deferred tax asset amounting to TL 26.134.839 thousand in the current period has been capitalized. As of December 31, 2024, the management of the Company recognized the deferred tax asset on the assumption that all of the expenses incurred within the scope of the investment incentive certificate will be accepted in the closing visa of the related investment incentives.

Since, the extent to which such assets will be accounted for depends on the Company's significant estimate and assumptions, deferred tax assets recognized related with investment incentive are considered as a key audit matter.

Explanations on deferred tax assets are disclosed in Note 2.4 and 25.</td><td>The following procedures have been applied to audit the amount of deferred tax assets recognized under investment incentives:

- During the audit of deferred tax assets recognised related with investment incentive, the tax experts of another firm in our audit network were involved. The measurement of the related deferred tax assets was made for the review and evaluation by those tax experts.
- The taxable profit estimates based on business plans approved by the management have been questioned for the recoverability of the related deferred tax asset.
- Within the scope of our audit, the key assumptions used by the Company management in the business plans related to the subject have been examined and its reasonableness has been evaluated.
- The amounts of investment expenditures within the current period that constitute the basis of deferred tax asset calculations are verified by accounting records.
- In addition, the disclosures in the notes to the financial statements are evaluated in accordance with TAS 12.</td></tr>
</table>

6) 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.

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

7) Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

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 standards on auditing as issued by the Capital Markets Board of Turkey and InAS 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 on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, 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.

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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.

B) Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 17 February 2025.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2024 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Ferzan Ülgen.

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

Ferzan Ülgen, SMMM
Partner

17 February 2025
Istanbul, Turkey

FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ

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

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

	Notes	Current period audited 31 December 2024	Previous period audited 31 December 2023
Assets			
Current assets		**153,968,320**	**148,595,390**
Cash and cash equivalents	4	22,330,114	21,980,984
Trade receivables			
- Due from related parties	27	44,379,203	36,466,844
- Due from third parties	7	23,847,312	29,355,092
Other receivables			
- Due from related parties	27	2,886,661	1,724,132
- Due from third parties	8	113,457	293,417
Assets arising from customer contracts	35	154,518	1,635,349
Inventories	9	39,938,955	42,378,541
Prepaid expenses	12	4,470,895	2,776,750
Derivative financial instruments	28,29	-	43,819
Other current assets	16	15,847,205	11,940,462
Non-current assets		**172,801,844**	**164,717,188**
Financial investments	5	558,853	502,474
Trade receivables			
- Due from third parties	7	747	24,098
Other receivables			
- Due from related parties	27	17,141,045	14,258,290
Property, plant and equipment	10	97,281,991	82,581,132
Intangible assets			
- Other intangible assets	11	20,914,993	25,929,104
- Goodwill		923,477	1,182,549
Right of use assets	32	2,074,127	1,408,560
Prepaid expenses	12	11,563,503	19,347,576
Deferred tax assets	25	21,589,248	18,788,566
Investments in subsidiaries, joint ventures and affiliated companies	34	395,509	181,105
Derivative financial instruments	28,29	358,351	513,734
Total assets		**326,770,164**	**313,312,578**

Consolidated financial statements for the period ended 1 January - 31 December 2024 were approved for issue by the Board of Directors on 17 February 2025. Consolidated financial statements will be finalized after the approval at the General Assembly.

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

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.

	Notes	Current period audited 31 December 2024	Previous period audited 31 December 2023
Liabilities			
Current liabilities		**123,401,142**	**135,909,592**
Short-term borrowings			
- Bank borrowings	6	16,501,009	28,361,037
Short-term portion of long-term borrowings			
- Bank borrowings	6	19,696,230	20,424,089
- Issued debt instruments	6	1,205,836	-
- Lease liabilities	6	334,068	251,547
- Short-term portions of other long-term debts	6	7,120,434	-
Trade payables			
- Due to related parties	27	15,615,769	14,220,169
- Due to third parties	7	50,533,088	61,672,711
Other payables			
- Due to related parties	27	515,380	903,260
- Due to third parties	8	1,406,991	1,448,950
Deferred income	31	4,083,453	845,187
Short-term provisions			
- Other short-term provisions	13	2,471,882	1,839,055
Employee benefit liabilities	15	3,421,520	5,837,021
Current tax liabilities	25	495,482	106,566
Non-current liabilities		**88,145,534**	**71,995,422**
Long-term borrowings			
- Bank borrowings	6	55,807,753	43,950,076
- Issued debt instruments	6	16,609,899	-
- Lease liabilities	6	1,339,961	996,414
- Other long-term debts	6	5,141,481	15,391,196
Long-term provisions			
- Provision for employment termination benefits	15	2,269,748	2,660,971
- Other long-term provisions	13	2,055,418	1,985,128
Deferred income	31	3,443,888	5,427,344
Deferred tax liabilities	25	1,311,878	1,348,677
Derivative financial liabilities	28,29	165,508	235,616
Equity	**17**	**115,223,488**	**105,407,564**
Paid-in capital		350,910	350,910
Inflation adjustments on capital		8,559,919	8,559,919
Share premium		8	8
Other comprehensive income/(loss) not to be reclassified under profit or loss			
- Losses on remeasurements of defined benefit plans		(2,396,406)	(1,928,428)
Other comprehensive income/(loss) to be reclassified in profit or loss			
- Gains from financial assets measured at fair value through other comprehensive income		201,709	162,825
- Losses on cash flow hedges		(24,833,723)	(26,999,559)
- Exchange differences on translation		(8,146,211)	(891,688)
Restricted reserves		9,283,317	8,493,002
Retained earnings		93,340,399	46,834,490
Net profit for the period		38,863,566	70,826,085
Total liabilities and equity		**326,770,164**	**313,312,578**

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated)

	Notes	Current period audited 31 December 2024	Previous period audited 31 December 2023
Continuing operations			
Revenue	18	594,995,138	594,705,176
Cost of sales (-)	18	(540,390,710)	(514,938,796)
Gross profit		**54,604,428**	**79,766,380**
Marketing expenses (-)	19	(10,479,845)	(9,910,037)
General administrative expenses (-)	19	(8,799,018)	(9,282,832)
Research and development expenses (-)	19	(6,170,064)	(7,664,912)
Other income from operating activities	21	12,818,008	22,889,377
Other expenses from operating activities (-)	21	(12,989,018)	(12,246,901)
Profit from operating activities		**28,984,491**	**63,551,075**
Income from investing activities	30	6,934,094	4,149,642
Expenses from investing activities (-)	30	(609,654)	(106,949)
Operating income before financial income/(expense)		**35,308,931**	**67,593,768**
Financial income	22	14,357,203	21,624,626
Financial expenses (-)	23	(35,349,681)	(43,205,414)
Net monetary position gains	24	22,690,782	22,463,573
Profit from continuing operations before tax		**37,007,235**	**68,476,553**
Tax income/(expense) from continuing operations		**1,856,331**	**2,349,532**
Tax expenses for the period (-)	25	(1,257,689)	(3,955,882)
Deferred tax income	25	3,114,020	6,305,414
Profit for the period		**38,863,566**	**70,826,085**
Earnings per share with a nominal value Kr	**26**	**110.75 Kr**	**201.84 Kr**

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

FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated)

	Notes	Current period audited 31 December 2024	Previous period audited 31 December 2023
Profit for the period		**38,863,566**	**70,826,085**
Other comprehensive income/(expense)			
Not to be reclassified to profit or loss			
(Losses)/gains on remeasurements of defined benefit plans	15	(623,971)	150,802
Other comprehensive income taxes not to be reclassified to profit or loss			
Taxes relating to remeasurements of defined benefit plans	17,25	155,993	(30,161)
To be reclassified to profit or loss			
Gains/(losses) from financial assets measured at fair value through other comprehensive income	17	44,439	19,257
Taxes relating to cash flow hedges	17,29	2,887,781	(18,556,320)
Currency translation differences	17	(7,254,523)	(955,989)
Other comprehensive income taxes to be reclassified to profit or loss			
Taxes relating to gains/(losses) from financial assets measured at fair value through other comprehensive income	17,25	(5,555)	(963)
Taxes relating to cash flow hedges	17,25	(721,945)	5,969,246
Other comprehensive loss		**(5,517,781)**	**(13,404,128)**
Total comprehensive income		**33,345,785**	**57,421,957**

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

FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS 31 DECEMBER 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

				Other comprehensive income not to be reclassified in profit or loss	**Other comprehensive income to be reclassified**				**Accumulated profit**		
	Paid in capital	**Inflation adjustments on capital**	**Share premium**	**Losses on remeasurements of defined benefit plans**	**Gains from financial assets measured at fair value through other comprehensive income**	**Gain/(losses) on cash flow hedges**	**Exchange differences on translation**	**Restricted reserves**	**Retained earnings**	**Net profit for the period**	**Total equity**
Balances at 1 January 2023	**350,910**	**8,559,919**	**8**	**(2,049,069)**	**144,531**	**(14,412,485)**	**64,301**	**7,744,838**	**33,398,647**	**40,036,191**	**73,837,791**
Profit for the period	-	-	-	-	-	-	-	-	-	70,826,085	70,826,085
Other comprehensive income/(loss)	-	-	-	120,641	18,294	(12,587,074)	(955,989)	-	-	-	(13,404,128)
Total comprehensive income	-	-	-	120,641	18,294	(12,587,074)	(955,989)	-	-	70,826,085	57,421,957
Transfers	-	-	-	-	-	-	-	-	40,036,191	(40,036,191)	-
Dividends	-	-	-	-	-	-	-	748,164	(26,600,348)	-	(25,852,184)
Balances at 31 December 2023	**350,910**	**8,559,919**	**8**	**(1,928,428)**	**162,825**	**(26,999,559)**	**(891,688)**	**8,493,002**	**46,834,490**	**70,826,085**	**105,407,564**
Balances at 1 January 2024	**350,910**	**8,559,919**	**8**	**(1,928,428)**	**162,825**	**(26,999,559)**	**(891,688)**	**8,493,002**	**46,834,490**	**70,826,085**	**105,407,564**
Profit for the period	-	-	-	-	-	-	-	-	-	38,863,566	38,863,566
Other comprehensive income/(loss)	-	-	-	(467,978)	38,884	2,165,836	(7,254,523)	-	-	-	(5,517,781)
Total comprehensive income	-	-	-	(467,978)	38,884	2,165,836	(7,254,523)	-	-	38,863,566	33,345,785
Transfers	-	-	-	-	-	-	-	-	70,826,085	(70,826,085)	-
Dividends	-	-	-	-	-	-	-	790,315	(24,320,176)	-	(23,529,861)
Balances at 31 December 2024	**350,910**	**8,559,919**	**8**	**(2,396,406)**	**201,709**	**(24,833,723)**	**(8,146,211)**	**9,283,317**	**93,340,399**	**38,863,566**	**115,223,488**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

	Notes	Current period audited 31 December 2024	Previous period audited 31 December 2023
Cash flows generated from/(used in) operating activities		**33,608,162**	**72,268,433**
Net profit for the period		38,863,566	70,826,085
Adjustments to reconcile profit or loss		**11,051,974**	**15,395,526**
Adjustments for depreciation and amortisation expense	10,11,32	10,712,444	8,756,155
Adjustments for impairment loss of inventories	9	707,828	16,495
Adjustments for provisions related with employee benefits		726,076	619,429
Adjustments for lawsuit and/or penalty provisions	13	204,990	135,923
Adjustments for warranty provisions	13	3,905,867	4,013,098
Adjustments for other provisions		224,811	426,301
Adjustments for dividend income	27,30	(5,129)	-
Adjustments for interest income	22	(4,325,415)	(4,731,989)
Adjustments for interest expense	23	12,381,344	8,145,707
Adjustments for tax expenses	25	(1,856,331)	(2,349,532)
Adjustments for unearned financing income	21	(8,006,975)	(5,790,489)
Adjustments for deferred financing expense	21	10,441,783	7,298,833
Adjustments for loss on sales of property, plant and equipment	30	576,349	93,200
Unrealized foreign currency translation differences		2,823,759	(1,500,298)
Other adjustments for which cash effects are investing or financing cash flow		13,434,101	15,352,766
Monetary (gain)/loss adjustments		(30,893,528)	(15,090,073)
Changes in working capital		**(10,227,621)**	**(7,245,315)**
(Increase) / decrease in trade receivable		(2,341,951)	(4,965,536)
(Increase) / decrease in inventories		1,731,282	(8,793,588)
(Increase) / decrease in prepaid expenses		(1,577,834)	220,835
Increase / (decreases) in trade payable		(9,704,329)	4,608,853
(Increase) / decrease in other assets		3,453,588	(4,319,670)
Increase / (decrease) in other liabilities		(1,788,377)	6,003,791
Cash flows used in investing activities		**39,687,919**	**78,976,296**
Interest paid		(9,544,062)	(6,643,242)
Interest received		8,905,935	5,357,317
Payments related with provisions for employee benefits	15	(1,142,135)	(906,985)
Payments related with other provisions	13	(3,430,722)	(2,054,781)
Taxes paid	25	(868,773)	(2,460,172)
Cash flows used in investing activities		**(32,539,073)**	**(46,304,601)**
Proceeds from sales of property, plant and equipment		884,392	1,278,229
Purchase of property, plant and equipment	10	(36,753,720)	(38,611,938)
Purchase of intangible assets	11	(4,128,232)	(7,676,715)
Cash advances given and payables		7,667,762	(1,208,459)
Dividend income received	27,30	5,129	-
Cash outflows from capital increase/share purchase of subsidiaries		(214,404)	(85,718)
Cash flows (used in)/generated from financing activities		**8,245,231**	**(11,626,190)**
Proceeds from borrowings	6	81,057,420	42,965,986
Cash outflows related to borrowings	6	(40,159,496)	(26,631,350)
Dividends paid		(23,529,861)	(25,852,184)
Interest paid		(12,791,615)	(6,504,340)
Interest received		4,361,596	4,699,740
Cash outflows on debt payments from leasing agreements	6	(692,813)	(304,042)
Net (decrease) / increase in cash and cash equivalents before the effect of currency translation differences		**9,314,320**	**14,337,642**
Monetary (loss) on cash and cash equivalents		(8,973,680)	(17,173,520)
Effect of foreign currency translation differences on cash and cash equivalents		44,671	721,966
Net (decrease)/increase in cash and cash equivalents		**385,311**	**(2,113,912)**
Cash and cash equivalents at the beginning of the period		**21,936,638**	**24,050,550**
Cash and cash equivalents at the end of the period	**4**	**22,321,949**	**21,936,638**

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

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

1. ORGANIZATION AND NATURE OF THE OPERATIONS FOR THE YEAR ENDED 1 JANUARY - 31 DECEMBER 2024

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

In its Kocaeli compound, the Company has a Gölcük plant in which the 2 tons of commercial vehicles are manufactured and a Yanika plant in which the 1 tons of commercial vehicle is manufactured and in its Eskişehir Inonu compound; a Ford Trucks truck and engines and powertrain plant which manufactures for trucks and Transit vehicles and Romania Craiova factory in which produces Puma and EcoSport model vehicles and EcoBoost engines. Holding activities related to foreign structuring are carried out in the partnership of the Company with Ford Otosan Netherlands BV in the Netherlands.

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

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

	Average		Period End	
	2024	**2023**	**2024 December**	**2023 December**
Hourly	19,433	17,558	20,579	18,363
Salaried	5,158	4,881	5,139	5,338
	24,591	**22,439**	**25,718**	**23,701**

Research and development operations which are also subject to service export is conducted with, in totally 2,381 employees as of 31 December 2024 (31 December 2023: 2,298).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

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

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

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

Financial reporting standards (Continued)

The consolidated financial statements are presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published by the POA on July 3, 2024 and the Financial Statement Samples and User Guide published by the CMB.

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

Financial reporting in hyperinflationary economy

In accordance with the decision numbered 81/1820 dated December 28, 2023 by the Capital Markets Board of Turkey (CMB), it has been decided to apply inflation accounting by applying the provisions of TAS 29 starting from the annual financial reports of issuers subject to the financial reporting regulations applying Turkish Accounting/Financial Reporting Standards and capital market institutions for the fiscal periods ending December 31, 2023. The Group has prepared its consolidated financial statements for the year ended December 31, 2024 in accordance with the provisions of TAS 29 "Financial Reporting in Hyperinflation Economies," based on the announcement made by the Public Oversight, Accounting and Auditing Standards Authority (POA) on November 23, 2023, and the "Implementation Guide on Financial Reporting in Hyperinflation Economies" published by POA. According to this standard, financial statements prepared in the currency of a high inflationary economy are stated in terms of the purchasing power of that currency at the balance sheet date and comparative information of the previous period financial statements is also presented in the current measurement unit at the end of the reporting period for comparison purposes. Therefore, the Group has presented its consolidated financial statements as of December 31, 2023 based on the purchasing power as of December 31, 2024.

The adjustments made in accordance with TAS 29 were made using the adjustment coefficients derived from the Consumer Price Index ("CPI") published by the Turkish Statistical Institute ("TSI"). As of December 31, 2024, the indices and adjustment coefficients used in the adjustment of consolidated financial statements are as follows:

Date	Index	Correction Coefficient	Three-Year Compound Inflation Rate
31 December 2024	2,684.55	1,00000	291%
31 December 2023	1,859.38	1,44379	268%
31 December 2022	1,128.45	2,37897	156%

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

Financial reporting in hyperinflationary economy (Continued)

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

- Consolidated financial statements for the current period prepared in Turkish Lira (TRY) are stated in terms of the purchasing power at the balance sheet date, and the amounts for previous reporting periods are also adjusted to reflect the purchasing power at the end of the reporting period.

- Monetary assets and liabilities are not adjusted as they are already stated in terms of the current purchasing power at the balance sheet date. When the inflation-adjusted values of non-monetary items exceed their recoverable amounts or net realizable values, the provisions of TAS 36 and TAS 2 are applied accordingly.

- Non-monetary assets and liabilities, as well as equity items not stated in terms of the current purchasing power at the balance sheet date, are adjusted using the respective adjustment coefficients.

- All items in the comprehensive income statement, excluding those affecting non-monetary items in the balance sheet, have been indexed using coefficients calculated based on the periods in which income and expense accounts were initially recognized in the financial statements. The effect of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary position gains/(losses) account in the income statement (Note 24).

Functional Currency and Financial Statement Presentation Currency

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

Financial Statements of Subsidiaries Operating in Foreign Countries

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

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation (Continued)

Consolidation Principles

(a) Consolidated financial statements are prepared by the parent company Ford Otomotiv San. A.Ş. and its Subsidiaries, prepared according to the principles set forth in items (b) to (d) below. During the preparation of the financial statements of the companies included in the consolidation, necessary adjustments and classifications were made in terms of compliance with the TAS/TFRS, which was put into effect by the POA in accordance with the provisions of the Communiqué Serial II, No. 14.1, and compliance with the accounting policies and presentation formats applied by the Group.

(b) Subsidiaries, Ford Otomotiv San. A.Ş. means companies in which it is exposed to or has rights to variable returns due to its relationship with the investee, and over which it has control because it has the ability to affect these returns through its power over the investee.

(c) Subsidiaries are included in the scope of consolidation from the date on which control over their operations is transferred to the Group and are excluded from the scope of consolidation on the date that control ceases. Financial position statements and profit or loss statements of Subsidiaries are consolidated using the full consolidation method and Ford Otomotiv San. A.Ş.'s registered values and shareholders' equity of the Subsidiaries are mutually offset. Intra-group transactions and balances between the Group and Subsidiaries are deducted during consolidation. The book values of the shares owned by the Group and the dividends arising from them have been netted off from the related equity and profit or loss statement accounts.

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

		31 December 2024		31 December 2023	
	Functional currency	**Suffrage**	**Effective Partnership rate**	**Suffrage**	**Effective Partnership rate**
Ford Romania SRL	Romanian Leu	100.00	100.00	100.00	100.00
Ford Otosan Netherlands BV	EUR	100.00	100.00	100.00	100.00

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation (Continued)

Going concern

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

Comparatives of prior periods' financial statements

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

2.2 Changes and interpretations of standards

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2024 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a. Standards, amendments, and interpretations applicable as of 31 December 2024:

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

  In March 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments must be applied retrospectively in accordance with TAS 8. This change has no impact on the financial position and performance of the Group.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes and interpretations of standards (Continued)

The new standards, amendments and interpretations (Continued)

a. Standards, amendments, and interpretations applicable as of 31 December 2024 (Continued)

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

  In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16. This change has no impact on the financial position and performance of the Group.

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

  The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid.

  The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. This change has no impact on the financial position and performance of the Group.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes and interpretations of standards (Continued)

The new standards, amendments and interpretations (Continued)

b. Standards issued but not yet effective and not early adopted;

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

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. This change has no impact on the financial position and performance of the Group.

- **TFRS 17 - The new Standard for insurance contracts**

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA.

The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

- **Amendments to TAS 21 - Lack of exchangeability**

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Amendments and interpretations in the standards (Continued)

c. The amendments which are effective immediately upon issuance

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

  In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. Its impact has been evaluated and reflected in the financial statements.

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

The following amendments to IFRS 9 and IFRS 7, Annual Improvements to IFRS Accounting Standards as well as IFRS 18 and IFRS 19 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Amendments and interpretations in the standards (Continued)

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

- **Annual Improvements to IFRS Accounting Standards – Volume 11**

  In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11, amending the followings:

  - *IFRS 1 First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter:* These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.
  - *IFRS 7 Financial Instruments: Disclosures – Gain or Loss on Derecognition:* The amendments update the language on unobservable inputs in the Standard and include a cross reference to IFRS 13.
  - *IFRS 9 Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price:* IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply derecognition requirement of IFRS 9 and recognise any resulting gain or loss in profit or loss. IFRS 9 has been also amended to remove the reference to 'transaction price".
  - *IFRS 10 Consolidated Financial Statements – Determination of a 'De Facto Agent':* The amendments are intended to remove the inconsistencies between IFRS 10 paragraphs.
  - *IAS 7 Statement of Cash Flows – Cost Method:* The amendments remove the term of "cost method" following the prior deletion of the definition of 'cost method'.

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

  In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Amendments and interpretations in the standards (Continued)

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

- **IFRS 19 – Subsidiaries without Public Accountability: Disclosures**

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

- **Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity**

  In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendment clarifies the application of the "own use" requirements and permits hedge accounting if these contracts are used as hedging instruments. The amendment also adds new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. This change has no impact on the Group's financial position and performance.

2.3 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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 (Note 4).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Trade receivables, provision for impairment and expected credit losses

Trade receivables as a result of providing goods or services by the Group directly to a debtor are carried at amortized cost. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant. Foreign exchange gain/loss and credit finance income of trade receivables are classified under "other operating income/expense".

The Group uses a provisioning matrix to measure the expected credit losses on trade receivables. Depending on the number of days the maturities of trade receivables are exceeded, certain maturity ratios are calculated, and these ratios are reviewed at each reporting period and revised where necessary. In the calculation of expected credit losses, the Group takes into account past credit loss experience as well as forecasts for the future. Expected credit losses are accounted for under "other income / expense from operating activities" in the income statement.

The Group measures the allowance for trade receivables at an amount equal to the "expected life-time credit losses" (except for realized impairment losses) where the trade receivables are not impaired for some reason. Expected credit losses are a weighted estimate of the likelihood of credit losses over the expected life of a financial instrument.

The Group collects receivables arising from domestic vehicles and spare parts 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 (Notes 7 and 27).

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of inventories is determined on the moving monthly average basis. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads and exclude the cost of borrowing. Net realizable 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 recognized as cost of sales (Note 9).

Trade payables

Trade payables are recognized at initial cost and subsequently measured at amortized cost using effective interest rate method (Notes 7 and 27). Foreign exchange gain/loss and credit finance charges of trade payables are classified under "other operating income/expense".

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets.

The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Land improvements	14.5- 30 years
Buildings	14.5- 36 years
Machinery and equipment	5- 25 years
Moulds and models	Project lifetime
Furniture and fixtures	4- 14.5 years
Motor vehicles	9- 15 years

Land is not depreciated as it is deemed to have an indefinite useful life.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in income/expense from investing activities. Repair and maintenance expenses are charged to the statement of profit or loss as they are incurred. Repair and maintenance expenditures are capitalized if they result in an enlargement or substantial improvement of the respective asset (Notes 10, 30).

Intangible assets

Intangible assets comprise computer software, rights, leasehold improvements and development costs.

Intangible assets are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over a period depending on the project's lifetime.

Development costs, comprising of engineering design incurred for the production of new commercial vehicles, are capitalized as discussed in Note 2 Research and development expenses (Note 11).

The estimated useful lifetimes of such assets are as follows:

Rights	3- 5 years
Capitalized improvement expenses	Project lifetime
Other intangible assets	5 years
Customer contracts	22 years

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Impairment of long-lived 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. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset’s net selling price and value in use.

If the booked value of the asset in question or any cash-generating unit of that asset is higher than the amount to be recovered through use or sale, impairment has occurred. Impairment losses are recognized in the statement of profit or loss. 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.

Financial assets

Classification and measurement

The Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value though other comprehensive income, financial assets carried at fair value though profit of loss, Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

“Financial assets carried at amortized cost”, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost.

The Group’s financial assets carried at amortized cost comprise “trade receivables" and "cash and cash equivalents” in the statement of financial position. The aforementioned assets are initially measured at fair values and measured at amortized cost using the effective interest rate method in subsequent reporting Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the income statement.

“Financial assets carried at fair value through profit or loss”, they consist of financial assets that are measured at amortized cost and whose fair value changes are reflected in other comprehensive income. Gains and losses arising from the valuation of such assets are recognized in the income statement.

“Financial assets carried at fair value through other comprehensive income”, are the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and 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. Gains or losses on the related financial assets are recognized in other comprehensive income, except for impairment losses or gains or losses. If the assets whose fair value difference is recognised under consolidated other comprehensive income statement are sold, valuation differences classified under consolidated other comprehensive income statement are classified under “Retained Earnings/(Losses)”.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Financial assets (Continued)

The group, at initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument. If an entity makes the election, it shall recognize in profit or loss dividends from that investment.

Share premium

Share premium represents differences resulting from the sale of the Group's subsidiaries and associates' shares at a price exceeding the face values of those shares or differences between the face values and the fair value of shares issued for acquired companies.

Share capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared. Dividends payable is recognized as an appropriation of profit in the period in which they are declared (Notes 17 and 30).

Taxes on income

The tax liability on profit or loss for the period includes current tax and deferred tax.

<u>Current period income tax</u>

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 statement of financial position date.

<u>Deferred tax</u>

Deferred income tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax bases of assets and liabilities comprise of the amounts that will affect the future period tax charges based on the tax legislation. Currently enacted tax rates, which are expected to be effective during the periods when the deferred tax assets will be utilized or deferred tax liabilities will be settled, are used to determine deferred income tax.

Deferred tax liability is calculated on all taxable temporary differences whereas deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporarily differences can be utilized. Carrying values of deferred tax assets are decreased to the extent necessary if future taxable profits are not expected to be available to utilize deferred tax assets partially or fully.

Deferred tax assets and deferred tax 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 25).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Taxes on income (Continued)

Current and deferred tax

Current and deferred taxes except those which are either related to the items directly recognized in the equity as receivable or payable (which, in such cases, the deferred tax regarding the related items is also recognized directly in the equity) or those which result from the initial recognition of an enterprise merger are recognized as income or expense in the income statement.

Revenue recognition

The Group adopted which proposes a five-step model framework mentioned below for recognizing the revenue.

- Identification of customer contracts,
- Determination of performance obligations in contracts,
- Determination of transaction price in the contract
- Allocating the transaction price to the performance obligations in the contracts,
- Recognition of revenue when the performance obligations are fulfilled

The Group recognized revenue from its customers only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- Group can define the rights of each party regarding the goods or services to be transferred,
- Group can identify the payment terms for the goods or services to be transferred,
- The contract has commercial substance,
- It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Goods & services sales

Revenue comprises the invoiced value for the sale of goods and services. Revenues are recognized on an accrual basis at the fair values incurred or to be incurred when the goods are delivered, the risks and rewards of ownership of the goods are transferred, when the amount of revenue can be reliably measured, and it is probable that the future economic benefits associated with the transaction will flow to the entity.

For domestic vehicle and spare parts sales, significant risk and rewards are transferred to the buyer when goods are delivered and received by the buyer or when the legal title is passed to the buyer. But if the Group makes a sales agreement with buyback commitment, which shall most likely be applied, the sales made in this scope are not recognized as revenue and monitored under "Other Non-Current Liabilities". Sales, which are subject to buyback commitment, are evaluated as operating lease and monitored as deferred income through allocating the difference between the price paid by the customers and their buyback price to leasing period (Note 31).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Revenue recognition (Continued)

The revenue recognised on lease revenue for the periods over 1 year is recognized as "Long-term deferred revenue" (Note 31).

The vehicles with repurchase commitments are classified in tangible assets (Note 10). The vehicles are amortised during the repurchase commitment period. For export sales significant risk and rewards in foreign vehicle sales to Ford Motor Company are transferred to the buyer on FAS, "Final Assignment to Ship" terms. Revenue is recorded when the vehicles ready for sale are matched with ship shipments and invoices. Exported service sales are recorded when the service is delivered and the amount of revenue can be measured reliably.

Net sales represent the invoiced value of goods shipped less sales returns. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on an accrual basis (Notes 18, 21).

When another party is involved in providing goods or services to a customer, the group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for the other party to provide those goods or services. The Group is a principal if it controls a promised good or service before the Group transfers the good or service to a customer. When a Group that is a principal satisfies a performance obligation, it recognizes as revenue the gross amount of consideration which it expects to be entitled to in exchange for those goods or services. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party.

The Group is an agent if the performance obligation is to act as an intermediary for the provision of goods or services by other parties and does not reflect the revenue for the performance obligation to the financial statements.

The Group pays customer premiums to its dealers based on their performance results. Amounts calculated as of the balance sheet date are recognized in other payables in the balance sheet and in revenue as discounts in revenue in the statement of profit or loss.

The Group provides legal warranty commitment to its customers depending on the type of goods and the location of sale between 2-3-4 years. These legal warranty commitments are mandatory by regulations, have not a separate price apart from the good and are not separately sold.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Revenue recognition (Continued)

Revenue from extended warranty and maintenance package

The Group sells extended warranty to its customer for the period after the termination of legal warranty provided for all goods. The price of extended warranty and maintenance package are determined separately from the price of the goods and it is a separate performance obligation in the contract. Therefore, the Group treats the service that will be provided due to the sale of extended warranty as a separate performance obligation.

The Group determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. The Group delivers the control of services related to the sale of extended warranty and maintenance packages over time and it fulfils the performance obligation of those over time. Therefore, Group measures the delivery status of its performance obligation and recognize revenue in the consolidated financial statements accordingly.

Dividend and interest income

Dividend income from the stock investments are recorded when the stockholders become entitled to receive a dividend.

Interest income is realized on a time period basis and the accrued income is determined by taking into account the valid interest rate and the interest rate that is to be effective until its maturity date.

Foreign currency transactions and balances

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 TRY at the Central Bank of Turkey exchange rates prevailing at the statement of the financial position dates. Foreign currency exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized under the other operating income/expenses and financial income/expense in the statement of profit or loss (Notes 21, 22, 23 ve 28).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Financial instruments and financial risk management

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. All trade receivables are due mainly from dealers and related parties. The Group has established effective control procedures over its dealers and the credit risk arising from transactions with such dealers is regularly monitored by management and the aggregate risk to any individual counterparty is limited. The Group covered its credit risk from domestic vehicle sales to dealers by setting credit limits for dealers through arranged banks and collects its trade receivables from banks at the due date through the use of Direct Debit System. The use of DDS for receivables from dealers is an effective way to decrease the credit risk.

Bank letters of collaterals received from dealers for the exceeding part of DDS limit, regarding domestic vehicle sales and spare part sales is another method in the management of the credit risk (Note 7).

Most of the foreign sales are made to Ford Motor Company and its subsidiaries. Conditions are specified in the business agreements with Ford Motor Company. Receivables from Ford Motor Company and its subsidiaries are collected in 14 days, Ford Romania SRL is 30 days for export vehicle sales regularly. Receivables from Ford Motor Company and its subsidiaries, except vehicle sales, are collected in 45 days in average. The collection of receivables resulting from export sales to customers other than Ford Motor Company is secured with letter of credit, letter of guarantee or cash payment.

Price risk

The Group is exposed to equity securities price risk because of investments classified on the statement of financial position as financial assets at fair value through other comprehensive income. The Group limits the financial assets at fair value through other comprehensive income in order to manage the price risk arising from investments in equity securities.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The risk of funding current and future debt requirements is managed by having an adequate number of quality loan providers constantly available. The Group management keeps cash, credit commitment and factoring capacity to maintain 21 days cash outflows to manage the liquidity risk. The Group maintains a credit commitment amounting to EUR100 million and factoring agreement amounting to EUR120 million in case a requirement for use arises.

Interest rate risk

Management uses short-term interest bearing financial assets to manage the maturities of interest bearing assets and liabilities The Group makes limited use of interest rate swaps, to hedge its floating rate borrowings, if needed.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Financial instruments and financial risk management (Continued)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the "net financial debt to earnings before interest tax and depreciation". This ratio is calculated as net financial debt divided by EBITDA (earnings before interest tax and depreciation) of four quarters. Net financial debt is calculated as total short and long-term borrowings minus cash and cash equivalents. Group management, this ratio is expected not to exceed 3.5.

	31 December 2024	31 December 2023
Net financial debt	101,426,557	87,393,375
EBITDA (*)	42,701,778	73,243,235
Net financial debt / EBITDA (*)	**2.38**	**1.19**

(*) EBITDA (Earnings before tax depreciation and interest) covering the last four quarters. The EBITDA amount also includes the straight-line expenses of the fixed assets that the Group rented to Ford Motor Company under financial leasing method in accordance with TFRS 16 and classified from its tangible assets to other receivables from related parties.

Fair value of financial instruments

The Group measures derivatives and financial assets whose fair value changes reflected into other comprehensive income at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Fair value of financial instruments (Continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Financial assets

Foreign currency balances are translated into TRY at the exchange rates prevailing at the balance sheet date. These balances are estimated to be close to the book value. Certain financial assets, including cash and cash equivalents, are carried at cost and are considered to approximate their respective carrying values due to their short-term nature. The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

Financial liabilities

Bank borrowings are recorded over their fair value of which the transaction costs are discounted. In the following periods, they are evaluated and recognized with their discounted costs by using the effective rate of interest method. The fair values of other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Cash flow hedge accounting

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "hedging reserves". Where the forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the income statement in the period in which the hedged firm commitment or forecasted transaction affects the income statement. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

The Group has entered into swap transactions in order to manage its interest rate risk. Swap transactions are initially recognized at fair value on the date the derivative contract is entered into and subsequently remeasured at fair value. The fair value of interest swap contracts is determined by using valuation methods based on observable data in the market.

Derivative instruments are initially recognized at the transaction cost reflecting the fair value at the date of the contract is entered into and are subsequently measured at fair value. Derivative financial instruments are recognized as assets if the fair value is positive and as liabilities when the fair value is negative. The fair value differences of the Group are reflected in derivative financial instruments and consist of forward foreign currency purchase and sale contracts. Fair value is determined using valuation methods based on observable market data.

Borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings (Note 6). With respect to assets which take long time to get ready for use and sale, borrowing costs related to production or construction are integrated to the cost of the asset. The borrowing costs include other costs incurred due to borrowing and interest.

Provision for employee benefits

a) Defined benefit plan

Provision for employee benefits represent the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees or reasons except for resignation and behaviours stated in labour law, calculated in accordance with the Turkish Labour Law (Note 15). According to the amendments on TAS 19 "Employee Benefits", the actuarial (gain)/loss of employee benefits are recognized under other comprehensive income.

b) Defined contribution plan

The Group is obliged to pay social insurance contributions to the Social Security Institution. No other obligation exists as long as the Group pays these premiums. These premiums are reflected to the personnel expenses when they are accrued (Note 15).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)c) Other employee benefit

Long- term provisions for employee benefits" are composed of the unused vacation days accrued in the period incurred and if the impact is material, it is also discounted.

Provisions

Provisions are recognized 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.

Provisions for sales premium

Provision for dealer stock sales premium expenses is accounted based on the last approved sales premium programme (Note 13).

Warranty provisions

Warranty expenses are recognized on an accrual basis for amounts estimated based on prior periods' realization. The Group has reclassified warranty reserves to be expected to be realized in one year as current provision (Note 13).

Research and development expenses

Research expenditure is recognized as an expense as incurred. Costs, except for listed below are classified as development expenditures and recognized as expense as incurred:

- If the cost related to the products can be defined and only if the cost can be measured reliably,
- If the technological feasibility can be measured
- If the good will be sold or will be used within the Group,
- If there's a potential market or can be proved that it is used within the Group,
- If necessary technological, financial and other resources can be provided to complete the project.

Development costs previously recognized as expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis over the project lifetime. Impairment test for the assets is performed annually within the recognition period of the development expenditures in progress (Note 11).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Related parties

Parties are considered related to the group (reporting entity) if;

(a) A person or close member of that's person's family is related to a reporting entity:

If that person,

(i) has control or joint control over the reporting entity,
(ii) has significant influence over the reporting entity or,
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following condition applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party,
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The Group defines its key management personnel as board of directors' members, general managers, assistant general managers and directors reporting directly to the general manager (Note 27).

Earnings per share

Earnings per share disclosed in the statement of profit or loss 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 ("bonus 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 26).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

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 4).

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 financial statements and treated as contingent assets or liabilities (Note 13).

Subsequent events

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 statement of financial position date and the date when the statement of financial position is authorized for issue. In the case that events requiring an adjustment to the financial statements occur subsequent to the statement of financial position date, the Group makes the necessary corrections on the financial statements (Note 37).

Offsetting

Financial assets and liabilities are offset when there is a legal basis, intention to disclose net amount of related assets and liabilities or obtaining an asset that follows the settlement its liability.

Government grants and incentives

Government grants and incentives are recognized at fair value when there is assurance that these grants and incentives will be received and the Group has met all conditions required. Government grants and incentives regarding the capitalized projects, costs are recognized by netting from costs of property, plant and equipment and intangible assets. Incentives which are not subject to assets are shown as other income in the income statement (Note 33).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Leases

Group- As Lessor

If the Group transfers substantially all the risks and rewards of ownership of an underlying asset, it is classified as a finance lease. Whether a lease is a finance lease depends on the substance of the transaction rather than the form of the contract. At the commencement date of the lease, the Group recognizes a receivable equal to the net lease investment in the statement of financial position instead of the assets granted as finance leases. The implicit interest rate on the lease is used to measure the net lease investment. The Group recognizes financing income over the lease term on a basis that reflects a constant periodic rate of return on the net lease investment. The effective interest rate approach is utilised to measure subsequent recognition at amortised cost.

Group- As a Lessee

At inception of a contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

- The contract includes an identified asset (identification of an asset in a clear or implicitly specified form in the contract),
- A capacity portion of an asset is an identified asset if it is physically distinct and represents substantially all of the capacity of the asset (the asset is not an identified asset if the vendor has a fundamental right to substitute the asset for the duration of its use and obtain an economic benefit from it),
- The Group has the right to obtain almost all of the economic benefits that will be derived from the use of the identified asset.
- The right to direct the use of the identified asset. The Group has the right to direct the use of an identified asset throughout the period of use only if either:

    a) The Group has the right to direct how and for what purpose the asset is used throughout the period of use
    b) The relevant decisions about how and for what purpose the asset is used are predetermined and:

        i. The Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions or
        ii. The Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use

The Group recognizes right of use asset and lease liability at the start date of lease after evaluation of aforementioned criteria's.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Leases (Continued)

Right of use asset

At the commencement date, the Group shall measure the right-of-use asset at cost (Note 32). The cost of the right-of-use asset shall comprise:

a) The amount of the initial measurement of the lease liability
b) Any lease payments made at or before the commencement date, less any lease incentives received
c) Any initial direct costs incurred by the Group,
d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

To apply a cost model, the Group shall measure the right-of-use asset at cost:

a) Less any accumulated depreciation and any accumulated impairment losses and
b) Adjusted for any remeasurement of the lease liability.

The Group shall apply the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

The Group shall apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liability

At the commencement date, the Group shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined incremental borrowing interest rate shall be used for discounting.

At the commencement date, Group's the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) Fixed payments, less any lease incentives receivable;
b) Variable lease payments that depend on an index or a rate, initially measured using the index or Rate as at the commencement date,
c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Leases (Continued)

Lease liability (Continued)

After the commencement date, the Group shall measure the lease liability by:

a) Increasing the carrying amount to reflect interest on the lease liability,
b) Reducing the carrying amount to reflect the lease payments made and
c) Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. The Group reflects the remeasurement amount of the lease liability as an adjustment to the right-of-use asset in its consolidated financial statements.

Extension and early termination options

The lease liability is determined by considering the extension and early termination options in the contracts. Most of the extension and early termination options included in the contracts are composed of the options that are jointly applicable by the Group and the lessor.

The Group determines the lease term by the extension of the lease, if such extension and early termination options are at the Group's discretion and the use of the options is reasonably certain. If there is a significant change in the circumstances, the evaluation is reviewed by the Group

Variable lease payments

Lease payments arising from some of the Group's lease agreements consist of variable rent payments. These variable lease payments, which are not included in TFRS 16, are recorded as rent expense in the related period in the income statement.

Practical expedient

Contracts for short-term lease agreements with a rental period of less than 12 months and information technology equipment leases (mainly printers, laptops, mobile telephones, etc.), which are determined as low value by the Group, have been evaluated under the exception of the TFRS 16 Leases Standard and these payments are recognized as an expense in the period in which they are incurred.

2.4 Significant accounting estimates and decisions

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

(a) In calculation of the employee benefit provision actuarial assumptions relating to turnover ratio, discount rate and salary increase are used. The details regarding the calculation are disclosed under provision for employee benefit (Note 15).

(b) In determination of the impairment of trade receivables, the factors such as debtor credibility, historical payment performance and debt restructuring is considered. The expected credit loss of trade receivables has been measured and no significant effect has been found (Note 7).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Significant accounting estimates and decisions (Continued)

(c) Discounted inventory price list is used to calculate inventory impairment. Where the sales price cannot be predicted, technical personnel's opinion and inventory waiting time is considered. If expected net realizable value is less than cost, the Group should allocate provisions for inventory impairment (Note 9).

(d) In determination of the legal case provisions, the possibilities of losing the case and the liabilities that will arise if the case is lost is evaluated by the Group's Legal Counsellor and by the Management team taking into account expert opinions. The Group management determines the amount of the provisions based on the best forecasts.

(e) In calculation of the warranty provision, the Group considers the historical warranty expenses incurred addition to planned technical and financial improvements to estimate the possible warranty expense per vehicle. Provision calculations are realistically performed and based on vehicle quantity, warranty period and historical claims (Note 13).

(f) Deferred tax assets are recognized when the occurrence of taxable profit is probable in the forthcoming years. Deferred tax asset is calculated over any temporary differences in cases when the occurrence of taxable profit is probable, taken into consideration of tax advantages obtained within the context of investment incentive certificates. Deferred tax asset is recorded as of 31 December 2024 and 31 December 2023 since presumptions that the Group will have taxable profit in the forthcoming periods are found to be sufficient (Note 25).

(g) The Group recognizes depreciation and amortization for its property, plant and equipment and intangibles by taking into account their useful lives that are stated in Note 2 (Notes 10 and 11).

(h) The Group capitalizes ongoing development expenditures and evaluates whether there is an annual depreciation of these capitalized assets. As of 31 December 2024 and 31 December 2023, there is no impairment of capitalized development expenses (Note 11).

(i) In accordance with the accounting policies regarding goodwill, the amounts in question are reviewed for impairment by the Group annually or more frequently if there are conditions indicating the existence of impairment. The recoverable value of cash-generating units was determined based on value-in-use calculations. Certain estimates have been made for these calculations. As a result of these studies, no impairment was detected.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

3. SEGMENT REPORTING

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

4. CASH AND CASH EQUIVALENTS

There are no blocked or deposits with a maturity of more than three months included in cash and cash equivalents. The weighted average interest rate for foreign currency time deposits is 1.08% (31 December 2023: 1.96%), and the weighted average interest rate for TRY time deposits is 47.49% (31 December 2023: 39.66%).

	31 December 2024	**31 December 2023**
Bank - Foreign currency time deposits	17,905,718	12,709,620
Bank - TRY time deposits	3,619,350	7,801,082
Bank - Foreign currency demand deposits	262,285	614,591
Bank - TRY demand deposits	534,596	811,345
Cash and cash equivalents in the cash flow statement	**22,321,949**	**21,936,638**
Accrued interest income	8,165	44,346
	22,330,114	**21,980,984**

5. FINANCIAL INVESTMENTS

	31 December 2024		**31 December 2023**	
	Ownership rate (%)	**Amount**	**Ownership rate (%)**	**Amount**
Financial assets at fair value through other comprehensive income				
Otokar Otomotiv ve Savunma Sanayi A.Ş. (Otokar) (*)	0.59	340,601	0.59	431,874
Assets recorded at fair value through profit or loss				
Venture capital investment funds		218,252		70,600
		558,853		**502,474**

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

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

6. FINANCIAL LIABILITIES

Short-term financial liabilities

Bank borrowings

	31 December 2024		31 December 2023	
	Effective interest rate (%)	TRY Amount	Effective interest rate (%)	TRY Amount
- TRY	39.43	6,079,486	44.97	9,294,937
- EUR	5.95	10,421,523	7.03	19,066,100
		16,501,009		**28,361,037**

Short-term portion of long-term financial liabilities

Bank borrowings

	31 December 2024		31 December 2023	
	Effective interest rate (%)	TRY Amount	Effective interest rate (%)	TRY Amount
- TRY	-	-	47.35	3,114,696
- EUR	5.85	19,696,230	5.56	17,309,393
		19,696,230		**20,424,089**

Issued debt instruments (*)

	31 December 2024		31 December 2023	
	Effective interest rate (%)	TRY Amount	Effective interest rate (%)	TRY Amount
- USD	7.13	1,205,836	-	-
		1,205,836		

Lease liabilities

	31 December 2024		31 December 2023	
	Effective interest rate (%)	TRY Amount	Effective interest rate (%)	TRY Amount
- TRY	44.80	107,021	39.47	135,063
- EUR	7.47	227,047	7.29	116,484
		334,068		**251,547**

Other short-term portions of long-term debts (**)

	31 December 2024		31 December 2023	
	Effective interest rate (%)	TRY Amount	Effective interest rate (%)	TRY Amount
- EUR	2.00	7,120,434	-	-
		7,120,434		**-**
		28,356,568		**20,675,636**
Total short-term financial borrowings		**44,857,577**		**49,036,673**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

6. FINANCIAL LIABILITIES (Continued)

Long-term financial liabilities

Bank borrowings

	31 December 2024		31 December 2023	
	Effective interest rate (%)	**TRY Amount**	**Effective interest rate (%)**	**TRY Amount**
- EUR	5.95	55,807,753	8.92	43,950,076
		55,807,753		**43,950,076**

Issued debt instruments (*)

	31 December 2024		31 December 2023	
	Effective interest rate (%)	**TRY Amount**	**Effective interest rate (%)**	**TRY Amount**
- USD	7.13	16,609,899	-	-
		16,609,899		-

Lease liabilities

	31 December 2024		31 December 2023	
	Effective interest rate (%)	**TRY Amount**	**Effective interest rate (%)**	**TRY Amount**
- TRY	48.92	579,326	46.73	543,227
- EUR	7.49	760,635	7.46	453,187
		1,339,961		**996,414**

Other long-term financial liabilities

	31 December 2024		31 December 2023	
	Effective interest rate (%)	**TRY Amount**	**Effective interest rate (%)**	**TRY Amount**
- EUR	2.00	5,141,481	2.00	15,391,196
		5,141,481		**15,391,196**
Total long-term financial borrowings		**78,899,094**		**60,337,686**

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

(**) The amount classified under the short-term portion of other long-term payables and other long-term payables consists of the contingent and deferred acquisition costs that the Group has to pay in 2025 and 2028 when it acquired Ford Romania SRL's shares on 1 July 2022. This amount has been determined according to the best estimation of the Group management as of 31 December 2024.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

6. FINANCIAL LIABILITIES (Continued)

Long-term financial liabilities (Continued)

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

Payment Period	**31 December 2024**	**31 December 2023**
2025	-	19,432,471
2026	27,623,956	13,874,953
2027	16,324,682	4,844,647
2028	7,963,276	4,256,663
2029	17,193,317	820,961
2030	2,586,017	720,381
2031	726,404	-
	72,417,652	**43,950,076**

The letters of bank guarantee given to financial institutions in connection with borrowings amounting to TRY 11,164,624 (31 December 2023: TRY 2,841,019) (Note 13).

The movement of financial liabilities as of 31 December 2024 and 2023 is as follows:

Payment Period	**31 December 2024**	**31 December 2023**
2025	-	8,937,591
2028	5,141,481	6,453,605
	5,141,481	**15,391,196**

The movement of financial liabilities as of 31 December 2024 and 2023 is as follows:

	31 December 2024	**31 December 2023**
1 January	**93,983,163**	**74,964,537**
Cash inflows from borrowing	61,311,483	42,965,986
Cash inflows from debt instruments issued	19,745,937	-
Cash outflows from borrowing	(40,159,496)	(26,631,350)
Cash outflows related to debt payments arising from lease agreements	(692,813)	(304,042)
Unrealised foreign exchange differences	7,366,942	35,826,533
Change in accrual of interest	(410,271)	1,641,367
New lease agreements/impact of contract changes	1,463,607	1,030,151
Monetary gain/(loss)	(31,113,796)	(35,510,019)
31 December	**111,494,756**	**93,983,163**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

7. TRADE RECEIVABLES AND PAYABLES

Short term trade receivables

	31 December 2024	31 December 2023
Trade receivables	24,558,503	30,139,783
Doubtful receivables (*)	520,609	751,623
Less: provision for doubtful receivables	(520,609)	(751,623)
Less: unearned credit finance income	(711,191)	(784,691)
	23,847,312	**29,355,092**

The average turnover of receivables related to vehicle sales to domestic distributors is 30 days (31 December 2023: 30 days), domestic sales of spare parts turnover is 70 days (31 December 2023: 70 days) and discounted by 4.32% monthly effective interest rate (31 December 2023: 3.18).

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

	31 December 2024	31 December 2023
Long term trade payables		
Deposits and guarantees given	747	24,098
	747	**24,098**

Trade payables	**31 December 2024**	**31 December 2023**
Trade payables	51,371,274	62,497,299
Less: unearned credit finance expense	(838,186)	(824,588)
	50,533,088	**61,672,711**

The Group's average turnover of trade payables is 60 days (31 December 2023: 60 days) and discounted by 4.32% monthly effective interest rate (31 December 2023: 3.18%).

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

7. TRADE RECEIVABLES AND PAYABLES (Continued)

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

	Trade receivables		Other receivables		
31 December 2024	**Related party**	**Other**	**Related party**	**Other**	**Deposit in bank**
The maximum of credit risk exposed at the reporting date (Note 4, 7, 8, 27)	44,379,203	23,848,059	20,027,706	113,457	22,321,949
- The maximum of credit risk covered by guarantees	8,391,226	23,848,059	-	-	-
Net book value of the financial assets that are neither overdue nor impaired	43,301,865	23,272,239	20,027,706	113,457	22,321,949
Net book value of financial assets that are overdue but not impaired	1,077,339	575,820	-	-	-
- Amount of risk covered by guarantees	-	575,820	-	-	-
Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	520,609	-	-	-
- Provision for impairment (-)	-	(520,609)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

7. TRADE RECEIVABLES AND PAYABLES (Continued)

	Trade receivables		Other receivables		
31 December 2023	**Related party**	**Other**	**Related party**	**Other**	**Deposit in bank**
The maximum of credit risk exposed at the reporting date (Note 4, 7, 8, 27)	36,466,844	29,379,190	15,982,422	293,417	21,936,638
- The maximum of credit risk covered by guarantees	7,412,142	29,379,190	-	-	-
Net book value of the financial assets that are neither overdue nor impaired	35,797,904	28,972,141	15,982,422	293,417	21,936,638
Net book value of financial assets that are overdue but not impaired	668,940	407,049	-	-	-
- Amount of risk covered by guarantees	-	407,049	-	-	-
Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	751,623	-	-	-
- Provision for impairment (-)	-	(751,623)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

7. TRADE RECEIVABLES AND PAYABLES (Continued)

Aging table of the Group's overdue but not impaired assets is as follows:

	Trade Receivables	
31 December 2024	**Related parties**	**Third parties**
Overdue 1-30 days	379,625	480,355
Overdue 1-3 months	93,019	11,028
Overdue 3-12 months	568,114	18,991
Overdue 1-5 years	36,581	65,446
	1,077,339	**575,820**
Portion secured by collateral	-	575,820

The Group's overdue receivables from related parties arise from long-term engineering service invoices and parts export receivables with Ford Motor Company.

	Trade Receivables	
31 December 2023	**Related parties**	**Third parties**
Overdue 1-30 days	309,105	322,562
Overdue 1-3 months	108,649	13,568
Overdue 3-12 months	248,187	51,008
Overdue 1-5 years	2,999	19,911
	668,940	**407,049**
Portion secured by collateral	-	407,049

8. OTHER RECEIVABLES AND PAYABLES

Other receivables	**31 December 2024**	**31 December 2023**
Other miscellaneous receivables	113,457	293,417
	113,457	**293,417**

Other payables	**31 December 2024**	**31 December 2023**
Taxes and funds payable	646,624	705,629
Accrued sales premiums	139,998	269,214
Other	620,369	474,107
	1,406,991	**1,448,950**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

9. INVENTORIES

	31 December 2024	31 December 2023
Raw materials	17,220,858	20,599,128
Finished goods	8,997,531	8,174,218
Goods in transit	7,812,941	3,406,742
Vehicle spare parts	2,879,357	2,718,505
Import vehicles	1,527,393	5,401,021
Spare parts	886,609	721,749
Other	1,400,010	1,434,618
	40,724,699	**42,455,981**
Less: provision for impairment of finished goods and vehicle spare parts	(785,744)	(77,440)
	39,938,955	**42,378,541**

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

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

	2024	2023
1 January	**77,440**	**58,193**
Change within the period	707,828	16,495
Exchange differences on translation	476	2,752
31 December	**785,744**	**77,440**

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

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

10. PROPERTY, PLANT AND EQUIPMENT

1 January 2024	Land	Land improvements	Buildings	Machine and equipment	Models and moulds	Fixture and furniture	Vehicles	Constructions in progress	Total
Cost	892,499	5,294,062	27,247,078	67,171,142	50,682,321	8,678,158	196,127	16,001,823	176,163,210
Accumulated depreciation	-	(2,822,063)	(13,785,448)	(30,894,544)	(40,258,522)	(5,735,891)	(85,610)	-	(93,582,078)
Net book value	**892,499**	**2,471,999**	**13,461,630**	**36,276,598**	**10,423,799**	**2,942,267**	**110,517**	**16,001,823**	**82,581,132**
For the period ended 31 December 2024									
Opening net book value	892,499	2,471,999	13,461,630	36,276,598	10,423,799	2,942,267	110,517	16,001,823	82,581,132
Additions	-	285,930	277,260	13,057,030	10,988,179	1,342,733	41,448	10,761,140	36,753,720
Transfers	28	988,502	12,011,380	8,543,865	1,040,433	121,367	9,117	(20,743,039)	1,971,653
Disposals (*)	-	(158,539)	(570)	(7,299,320)	(7,208,084)	(440,012)	(22,482)	-	(15,129,007)
Exchange differences on translation	-	(287,450)	(1,170,663)	(3,765,206)	-	-	134	(358,229)	(5,581,414)
Depreciation charge	-	(118,165)	(698,069)	(4,763,400)	(1,493,520)	(579,110)	(18,014)	-	(7,670,278)
Disposals from accumulated depreciation	-	131,481	241	2,197,453	1,664,086	352,057	10,867	-	4,356,185
Closing net book value	**892,527**	**3,313,758**	**23,881,209**	**44,247,020**	**15,414,893**	**3,739,302**	**131,587**	**5,661,695**	**97,281,991**
31 December 2024									
Cost	892,527	6,122,505	38,364,485	77,707,511	55,502,849	9,702,246	224,344	5,661,695	194,178,162
Accumulated depreciation	-	(2,808,747)	(14,483,276)	(33,460,491)	(40,087,956)	(5,962,944)	(92,757)	-	(96,896,171)
Net book value	**892,527**	**3,313,758**	**23,881,209**	**44,247,020**	**15,414,893**	**3,739,302**	**131,587**	**5,661,695**	**97,281,991**

(*) In the classification of disposals of property, plant, and equipment, the Group has leased certain fixed assets at its Kocaeli and Craiova plants to Ford Motor Company through financial leasing in accordance with IFRS 16 and has reclassified this amount from property, plant, and equipment to other receivables from related parties.

The Group has compared the borrowing costs incurred on foreign currency investment loans with TRY-denominated market loan interest rates.

According to the cumulative method under IAS 23, there is no capitalized interest expense for the period ending as of 31 December 2024 (31 December 2023: None).

As of 31 December 2024 and 2023, there are no collaterals, pledges, or mortgages on property, plant, and equipment.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

10. PROPERTY, PLANT AND EQUİPMENT (Continued)

1 January 2023	Land	Land improvements	Buildings	Machine and equipment	Models and moulds	Fixture and furniture	Vehicles	Constructions in progress	Total
Cost	737,111	4,978,042	23,467,709	63,422,637	46,364,392	7,619,303	162,808	11,346,992	158,098,994
Accumulated depreciation	-	(2,715,005)	(13,173,492)	(28,538,370)	(38,973,995)	(5,442,345)	(76,202)	-	(88,919,409)
Net book value	**737,111**	**2,263,037**	**10,294,217**	**34,884,267**	**7,390,397**	**2,176,958**	**86,606**	**11,346,992**	**69,179,585**
For the period ended 31 December 2024									
Opening net book value	737,111	2,263,037	10,294,217	34,884,267	7,390,397	2,176,958	86,606	11,346,992	69,179,585
Additions	155,388	123,869	516,376	7,274,503	13,635,039	1,696,094	46,211	15,164,458	38,611,938
Transfers	-	210,259	3,373,066	6,789,077	278,932	6,688	-	(10,749,614)	(91,592)
Disposals	-	-	(21,901)	(10,091,770)	(9,596,042)	(643,927)	(12,892)	-	(20,366,532)
Exchange differences on translation	-	(18,108)	(88,172)	(223,305)	-	-	-	239,987	(89,598)
Depreciation charge	-	(107,058)	(632,423)	(4,255,936)	(1,293,536)	(438,387)	(15,430)	-	(6,742,770)
Disposals from accumulated depreciation	-	-	20,467	1,899,762	9,009	144,841	6,022	-	2,080,101
Closing net book value	**892,499**	**2,471,999**	**13,461,630**	**36,276,598**	**10,423,799**	**2,942,267**	**110,517**	**16,001,823**	**82,581,132**
31 December 2023									
Cost	892,499	5,294,062	27,247,078	67,171,142	50,682,321	8,678,158	196,127	16,001,823	176,163,210
Accumulated depreciation	-	(2,822,063)	(13,785,448)	(30,894,544)	(40,258,522)	(5,735,891)	(85,610)	-	(93,582,078)
Net book value	**892,499**	**2,471,999**	**13,461,630**	**36,276,598**	**10,423,799**	**2,942,267**	**110,517**	**16,001,823**	**82,581,132**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

11. INTANGIBLE ASSETS

1 January 2024	**Rights**	**Development costs**	**Development costs in progress**	**Other**	**Total**
Cost	2,087,260	22,266,399	5,181,747	8,913,848	38,449,254
Accumulated amortisation	(1,535,380)	(10,469,584)	-	(515,186)	(12,520,150)
Net book value	**551,880**	**11,796,815**	**5,181,747**	**8,398,662**	**25,929,104**
For the period ended 31 December 2024					
Opening net book value	551,880	11,796,815	5,181,747	8,398,662	25,929,104
Additions	407,767	1,052,265	2,664,845	3,355	4,128,232
Transfer	33,776	(1,370,799)	(719,747)	85,117	(1,971,653)
Disposals	(868)	(249,612)	-	-	(250,480)
Exchange differences on translation	-	(2,756,719)	-	(1,854,256)	(4,610,975)
Amortisation charge	(303,023)	(1,701,399)	-	(327,833)	(2,332,255)
Disposals from accumulated depreciation	727	22,293	-	-	23,020
Closing net book value	**690,259**	**6,792,844**	**7,126,845**	**6,305,045**	**20,914,993**
31 December 2024					
Cost	2,527,935	18,941,534	7,126,845	7,148,064	35,744,378
Accumulated amortisation	(1,837,676)	(12,148,690)	-	(843,019)	(14,829,385)
Net book value	**690,259**	**6,792,844**	**7,126,845**	**6,305,045**	**20,914,993**

As of 31 December 2024, there are no intangible assets that have reached the end of their economic life. According to IAS 23, there are no capitalized interest or exchange rate differences for the period ending on 31 December 2024 (31 December 2023: None).

The cost of the "Customer Contracts" amount classified under "Other" in the Group's Ford Romania SRL acquisition accounting is TRY 6,819,325, with the current period amortization amounting to TRY 306,257.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

11. INTANGIBLE ASSETS (Continued)

1 January 2023	**Rights**	**Development costs**	**Development costs in progress**	**Other**	**Total**
Cost	1,823,707	14,383,446	5,327,693	8,818,802	30,353,648
Accumulated amortisation	(1,228,955)	(9,336,144)	-	(249,036)	(10,814,135)
Net book value	**594,752**	**5,047,302**	**5,327,693**	**8,569,766**	**19,539,513**
For the period ended 31 December 2023					
Opening net book value	594,752	5,047,302	5,327,693	8,569,766	19,539,513
Additions	214,825	2,789,830	4,579,267	1,201	7,585,123
Transfer	49,355	4,686,394	(4,725,213)	81,056	91,592
Disposals	(627)	(183)	-	-	(810)
Exchange differences on translation	-	406,912	-	12,789	419,701
Amortisation charge	(306,966)	(1,133,623)	-	(266,150)	(1,706,739)
Disposals from accumulated depreciation	541	183	-	-	724
Closing net book value	**551,880**	**11,796,815**	**5,181,747**	**8,398,662**	**25,929,104**
31 December 2023					
Cost	2,087,260	22,266,399	5,181,747	8,913,848	38,449,254
Accumulated amortisation	(1,535,380)	(10,469,584)	-	(515,186)	(12,520,150)
Net book value	**551,880**	**11,796,815**	**5,181,747**	**8,398,662**	**25,929,104**

12. PREPAID EXPENSES

Short-term prepaid expenses	**31 December 2024**	**31 December 2023**
Advances given for inventories	4,048,262	2,276,876
Other prepaid expenses	422,633	499,874
	4,470,895	**2,776,750**

Long-term prepaid expenses	**31 December 2024**	**31 December 2023**
Advances given for investments (*)	11,495,641	19,163,403
Other prepaid expenses	67,862	184,173
	11,563,503	**19,347,576**

(*) The investment advances given are related to the Group's new vehicle investments, with TRY 4,598,906 (31 December 2023: TRY 9,464,230) consisting of tooling advances provided to local suppliers for these vehicles and TRY 6,896,735 (31 December 2023: TRY 9,699,179) consisting of investment advances related to new projects.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

13. PROVISION, CONTINGENT ASSETS AND LIABILITIES

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

Short-term provisions

	31 December 2024	31 December 2023
Warranty expense provision	917,541	1,283,838
Provisions for sales premium (*)	717,397	492,586
Provisions for lawsuits	-	24,036
Other short-term provisions	836,944	38,595
	2,471,882	**1,839,055**

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

Long-term provisions

	31 December 2024	31 December 2023
Warranty expense provision	1,643,716	1,606,261
Provisions for lawsuits	316,548	253,736
Other short-term provisions	95,154	125,131
	2,055,418	**1,985,128**

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

	2024	2023
1 January	**277,772**	**301,084**
Paid during the period	(62,480)	(40,877)
Additions during the period	204,990	135,923
Currency translation differences	(3,982)	(1,484)
Monetary gain/(loss)	(99,752)	(116,874)
31 December	**316,548**	**277,772**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

13. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

	2024	2023
1 January	**2,890,099**	**2,680,968**
Paid during the period	(3,368,242)	(2,013,904)
Additions during the period	3,905,867	4,013,098
Monetary gain/(loss)	(866,467)	(1,790,063)
31 December	**2,561,257**	**2,890,099**

Letters of guarantee and letters of credit	**31 December 2024**	**31 December 2023**
Letters of guarantee given to financial institutions due to bank loans	11,164,624	2,841,019
Letters of guarantee given to customs	367,429	476,824
Letters of guarantees given to other parties	197,617	472,547
	11,729,670	**3,790,390**

Letters of guarantee given

	31 December 2024		**31 December 2023**	
	Original currency	**TRY amount**	**Original currency**	**TRY amount**
TRY	6,279,345	6,279,345	465,609	465,609
EUR	141,601	5,202,845	68,996	3,244,873
Romanian Leu	33,710	247,480	8,500	79,908
		11,729,670		**3,790,390**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

13. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

Collaterals, pledges and mortgages given by the Company	31 December 2024	31 December 2023
A. Total amount of collaterals/pledges/mortgages given for its own legal entity	11,711,437	3,779,183
B. Total amount of collaterals/pledges/mortgages given for participations included in entire consolidation	-	-
C. Total amount of collaterals/pledges/mortgages given to assure debts of third parties, for the purpose of conducting the business activities (*)	18,233	11,207
D. Total amount of other collaterals/pledges/mortgages given		
i, Total amount of collaterals/pledges/mortgages	-	-
ii, Total amount of collaterals/pledges/mortgages given for other related companies that do not fall into B and C sections	-	-
iii, Total amount of collaterals/pledges/mortgages given for third parties that do not fall into C section	-	-
	11,729,670	**3,790,390**

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

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

Letters of guarantee taken

	31 December 2024		31 December 2023	
	Original Currency	**TRY amount**	**Original currency**	**TRY amount**
TRY	3,986,891	3,986,891	8,457,784	8,457,784
EUR	147,951	5,436,145	212,029	9,971,696
USD	6,161	217,201	1,469	62,437
		9,640,237		**18,491,917**

Other

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

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

14. COMMITMENTS

None.

15. EMPLOYEE BENEFITS

Liabilities for employee benefit obligations

	31 December 2024	31 December 2023
Salaries and social charges payable	1,451,145	2,989,538
Social security premiums	1,117,162	1,940,688
Income tax withholdings payable	757,269	841,444
Other	95,944	65,351
	3,421,520	**5,837,021**

Long-term provision for employee benefits

	31 December 2024	31 December 2023
Provision for employment termination benefits	1,687,139	2,202,845
Provision for unused vacation pay liability	582,609	458,126
	2,269,748	**2,660,971**

Provision for employee benefits:

There are no agreements for pension commitments other than the legal requirement as explained below.

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

The amount payable consists of one month's salary limited to a maximum of full TRY 41,828.42 for each year of service as of 31 December 2024 (31 December 2023: Full TRY 23,489.83).

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

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

15. EMPLOYEE BENEFITS (Continued)

TAS requires actuarial valuation methods to be developed to estimate the Group's obligation under defined benefit plans, accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2024	31 December 2023
Net discount rate (%)	3.38	2.90
Turnover rate to estimate the probability of retirement (%)	92.40	94.56

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Group calculates the reserve for employee benefits once a year, the maximum amount of full TRY 46,655.43 which was effective as of 1 January 2025 (1 January 2024: Full TRY 35,058.58) has been used in the calculations.

Movements in the provision for employee benefits during the year are as follows:

	2024	2023
1 January	**2.202.845**	**4.109.337**
Interest cost	439,588	337,369
Current period service cost	162,005	282,060
Payments made during the period	(1,142,135)	(906,985)
Remeasurement (gains)/losses on defined benefit plans	623,971	(150,802)
Foreign currency translation difference	(30,037)	(57,500)
Monetary (gain)/loss	(569,098)	(1,410,634)
31 December	**1,687,139**	**2,202,845**

The sensitivity analysis of the assumptions which was used for the calculation of provision for employee benefits as of 31 December 2024 is below:

	Net discount rate		Turnover rate related to the probability of retirement	
Sensitivity level	**0.5% base decrease**	**0.5% base increase**	**0.5% base decrease**	**0.5% base increase**
Rate (%)	(2.9)	(3.9)	91.9	92.9
Change in provision for employee benefits	127,267	(114,958)	(44,649)	46,083

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

16. OTHER CURRENT ASSETS

	31 December 2024	31 December 2023
VAT to be deducted (*)	15,172,731	10,959,741
Prepaid taxes and withholding	212,778	200,893
Other	461,696	779,828
	15,847,205	**11,940,462**

(*) The VAT deductible subject to refund includes the export VAT refund for October, November, and December 2024. The refunds for October and November were collected in January 2025.

17. EQUITY

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

Shareholders	Share group	31 December 2024	Shareholders percentage (%)	31 December 2023	Shareholders percentage (%)
Koç Holding A.Ş.	B	135,631	38.65	135,631	38.65
Temel Ticaret ve Yatırım A.Ş.	B	2,356	0.67	2,356	0.67
Ford Deutschland Engineering GmbH	C	143,997	41.04	143,997	41.04
Vehbi Koç Vakfı	A	2,881	0.82	2,881	0.82
Koç Holding Emekli ve Yardım Sandığı Vakfı	A	3,259	0.93	3,259	0.93
Other (Public)	A	62,786	17.89	62,786	17.89
Paid in capital		**350,910**	**100**	**350,910**	**100**
Inflation adjustment to share capital		**8,559,919**		**8,559,919**	
Inflation adjusted paid in capital		**8,910,829**		**8,910,829**	

According to the articles of association, half of the members to be elected to the Board of Directors will be selected from candidates nominated by Group B shareholders, and the other half will be selected from candidates nominated by Group C shareholders. The General Assembly is authorized to determine the number of Board members and to select the members. It is mandatory for one candidate nominated by both Group B and Group C shareholders to meet the independent criteria defined in the CMB regulations.

Capital adjustment differences refer to the total amounts of cash and cash-equivalent additions made to the paid-in capital, adjusted for inflation, and the difference before inflation adjustment.

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

17. EQUITY (Continued)

According to the Turkish Commercial Code, legal reserves are divided into first and second-order legal reserves. According to the Turkish Commercial Code, first-order legal reserves are set aside as 5% of the legal net profit until they reach 20% of the company's paid-in capital. Second-order legal reserves are 10% of the distributed profit exceeding 5% of the paid-in capital. According to the Turkish Commercial Code, legal reserves can only be used to offset losses as long as they do not exceed 50% of the paid-in capital. The aforementioned legal reserves are classified under "Restricted Reserves from Profit" in accordance with the provisions of the Communiqué issued by the CMB. As of 31 December 2024, the amount of restricted reserves from profit is TRY 9,283,317 (31 December 2023: TRY 8,493,002).

According to the "Principles on Financial Reporting in the Capital Markets" Communiqué Serial: II-14.1 No. 1, published in the Official Gazette on 13 June 2013, and which came into effect, "Paid-in capital", "Restricted reserves from profit", and "Share premium" must be presented based on the amounts recorded in the legal records. During the application of this communiqué, differences arising from valuations (such as differences due to inflation adjustment) should be:

- If arising from "Paid-in capital" and not yet added to the capital, it should be associated with the "Capital adjustment differences" account to be opened following the "Paid-in capital" line.
- If arising from "Restricted reserves from profit" and "Share premium" and not yet subject to profit distribution or capital increase, it should be associated with "Retained earnings/accumulated losses."

Other equity items are presented at their values as per TAS. Capital adjustment differences have no other use except for being added to the capital.

Public companies distribute dividends in accordance with the Capital Markets Board (CMB) Communiqué II-19.1 on Dividend Distribution, which became effective as of 1 February 2014. Companies distribute their profits in accordance with the profit distribution policies determined by their general assemblies and in compliance with the relevant legal provisions. Under this communiqué, no minimum distribution rate has been specified. Companies distribute dividends as stipulated in their articles of association or profit distribution policies. In addition, dividends may be paid in equal or different instalment amounts, and a cash dividend advance may be distributed from the profit reflected in the consolidated financial statements.

According to the Turkish Commercial Code (TCC), unless the required reserves are set aside and the dividends determined for shareholders in the articles of association or profit distribution policy are allocated, no additional reserves may be allocated, profit may not be transferred to the following year, and no dividend may be distributed to the usufruct holders, board members, employees, or individuals who are not shareholders. Additionally, no dividend may be distributed to these individuals unless the dividend set for shareholders is paid in cash.

At the Ordinary General Assembly held on 25 March 2024, the Group decided to distribute a gross cash dividend of TRY 43.30 per share (net TRY 38.97), representing a gross distribution rate of 4.330% (net 3.897%) and a total cash dividend of TRY 15,194,403 from the 2023 profit, with the payment to be made in April 2024. At the Extraordinary General Assembly held on 20 November 2024, the Group decided to distribute a gross cash dividend of TRY 14.25 per share (net TRY 12.83), representing a gross distribution rate of 1.425% (net 1.283%) and a total cash dividend of TRY 5,000,467, with the payment made in November. As of 31 December 2024, the total amount of dividend payments calculated on the basis of purchasing power is TRY 23,529,861.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

17. EQUITY (Continued)

In accordance with Communiqué No: II-14.1 "Communiqué on the Principles of Financial Reporting in Capital Markets", equity schedule at 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
Issued capital	350,910	350,910
Inflation adjustments on capital	8,559,919	8,559,919
Share premium	8	8
Gains from financial assets measured at fair value through other comprehensive income	201,709	162,825
Losses on cash flow hedge	(24,833,723)	(26,999,559)
Losses on remeasurements of defined benefit plans	(2,396,406)	(1,928,428)
Exchange differences on translation	(8,146,211)	(891,688)
Restricted reserves	***9,283,317***	***8,493,002***
- Legal reserves	9,283,317	8,493,002
Retained earnings	***93,340,399***	***46,834,490***
- Inflation adjustment to equity	57,476,057	35,562,312
- Extraordinary reserves	35,864,342	11,272,178
Net income for the period	**38,863,566**	**70,826,085**
Total equity	**115,223,488**	**105,407,564**

The adjusted values of the items shown at historical costs above and the equity inflation adjustment differences as of the year-end 2003, in accordance with TFRS and TPL financial statements, as of 31 December 2024 and 31 December 2023 are as follows:

31 December 2024 (TFRS)	Historical values	Adjusted values	Equity inflation adjustment differences
Issued capital	350,910	8,910,829	8,559,919
Legal reserves	2,193,188	9,283,317	7,090,129
Share premium	8	189	181
	2,544,106	**18,194,335**	**15,650,229**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

17. EQUITY (Continued)

31 December 2024 (TPL)	Historical values	Adjusted values	Equity inflation adjustment differences
Issued capital	350,910	11,292,942	10,942,032
Legal reserves	2,193,188	5,562,808	3,369,620
Share premium	8	267	259
	2,544,106	**16,856,017**	**14,311,911**

The inflation adjustment differences for equity can only be used for non-cash capital increases or offsetting losses; the recorded values of extraordinary reserves can be used for non-cash capital increases, cash dividend distributions, or offsetting losses.

The shares of Otokar, traded on the Borsa Istanbul, are valued based on the market prices at the end of the last trading day as of 31 December 2024 and 31 December 2023. As of 31 December 2024, the deferred tax effect of TRY 38,884 (31 December 2023: TRY 18,294) arising in the current period has been netted with the fair value difference and is shown under other comprehensive income.

The effects of the changes under other comprehensive income, net of deferred tax, and the changes in accumulated income and expenses under equity are as follows:

	2024	2023
1 January	**(29,656,850)**	**(16,252,722)**
Gains/(losses) from financial assets measured at fair value through other comprehensive income	38,884	18,294
Actuarial gains/(losses)	(467,978)	120,641
Gains/(losses) on cash flow hedges	2,165,836	(12,587,074)
Exchange differences on translation	(7,254,523)	(955,989)
31 December	**(35,174,631)**	**(29,656,850)**

18. REVENUE AND COST OF SALES

Revenue

	2024	2023
Export sales (*)	456,907,894	435,486,956
Domestic sales	150,969,473	170,507,139
Other sales	4,020,860	3,557,100
Less: discounts	(16,903,089)	(14,846,019)
	594,995,138	**594,705,176**

(*) International sales and sales figures include Ford Romania SRL's sales as well as the Company's exports.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

18. REVENUE AND COST OF SALES (Continued)

Units of vehicle sales

	2024			2023		
	Domestic sales	**Export sales**	**Total sales**	**Domestic sales**	**Export sales**	**Total sales**
1 ton commercial vehicle	7,991	203,705	211,696	29,034	148,445	177,479
2 ton commercial vehicle	34,630	122,628	157,258	5,902	139,353	145,255
Puma	9,121	158,749	167,870	6,760	176,890	183,650
Transit Courier	28,384	57,206	85,590	36,502	19,884	56,386
Passenger vehicles	20,214	20	20,234	25,380	120	25,500
Ford Trucks	8,571	3,919	12,490	11,699	7,384	19,083
Ranger	5,516	-	5,516	1,744	-	1,744
Tourneo Connect	351	2	353	561	6	567
	114,778	**546,229**	**661,007**	**117,582**	**492,082**	**609,664**

Summaries of cost of production as of 31 December 2024 and 2023 are as follows;

	2024	**2023**
Cost of raw material	(444,912,013)	(447,247,125)
Production overhead cost	(39,608,006)	(35,437,130)
Amortization expenses (Notes 10, 11 and 32)	(9,699,010)	(8,338,229)
Changes in finished good	3,335,892	7,063,978
Total production cost	**(490,883,137)**	**(483,958,506)**
Cost of trade goods sold	(49,507,573)	(30,980,290)
Total cost of sales	**(540,390,710)**	**(514,938,796)**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

19. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	2024	2023
Research and development expenses		
Personnel expenses	(3,508,220)	(3,249,758)
Project costs	(1,119,161)	(3,705,728)
Mechanization expenses	(654,300)	(439,137)
Depreciation and amortization expenses (Notes 10, 11 and 32)	(291,332)	(82,703)
Other	(597,051)	(187,586)
	(6,170,064)	**(7,664,912)**

	2024	2023
Marketing expenses		
Warranty expenses (Note 13)	(3,905,867)	(4,013,098)
Vehicle transportation expenses	(2,201,419)	(1,850,396)
Personnel expenses	(1,614,697)	(1,403,910)
Advertising expenses	(833,005)	(764,159)
Mechanization expenses	(489,918)	(198,104)
Export expenses	(322,264)	(341,152)
Spare parts transportation and packaging expenses	(226,791)	(390,674)
Depreciation and amortization expenses (Note 10, 11 ve 32)	(114,611)	(53,503)
Dealer meeting and service development expenses	(97,948)	(38,419)
Other	(673,325)	(856,622)
	(10,479,845)	**(9,910,037)**

	2024	2023
General administrative expenses		
Personnel expenses	(5,200,327)	(4,467,968)
Depreciation and amortization expenses (Notes 10, 11, and 32)	(607,491)	(281,720)
Legal, consultancy, and audit expenses	(556,272)	(632,288)
Donations and aids	(473,674)	(1,192,547)
New project management expenses	(530,511)	(590,937)
Mechanization expenses	(174,148)	(884,849)
Taxes, duties, and fees expenses	(152,426)	(112,273)
Organization expenses	(94,531)	(156,228)
Repair, maintenance, and energy expenses	(66,028)	(84,202)
Transportation and travel expenses	(50,954)	(139,513)
Other	(892,656)	(740,307)
	(8,799,018)	**(9,282,832)**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

20. EXPENSES BY NATURE

The classification of expenses by nature for the periods ended at 31 December 2024 and 2023 is as follows:

	2024	**2023**
Raw materials and supplies expenses	(444,912,013)	(447,247,125)
Cost of goods sold	(49,507,573)	(30,980,290)
Financing expenses	(35,349,681)	(43,205,414)
Personnel expenses	(34,481,622)	(29,371,597)
Other general production expenses	(15,449,628)	(15,187,167)
Other expenses from main operations	(12,989,018)	(12,246,901)
Depreciation and amortization expenses	(10,712,444)	(8,756,155)
Other operational expenses	(14,112,249)	(17,318,221)
Expenses from investment activities	(609,654)	(106,949)
Changes in inventories	3,335,892	7,063,978
Total	**(614,787,990)**	**(597,355,841)**

21. OTHER OPERATING INCOME/EXPENSES

	2024	**2023**
Other income and gains from main operations		
Financial income from sales on credit	8,006,975	5,790,489
Foreign exchange gains on trade receivables and payables	3,705,749	15,562,539
Rental income	153,939	161,449
Commission income	99,341	51,551
Price difference and compensated damage amounts	35,338	259,362
Provisions no longer required	25,684	10,482
Licensing income	2,626	45,624
Other	788,356	1,007,881
	12,818,008	**22,889,377**

	2024	**2023**
Other expenses and losses from main operations		
Financial expenses from credit purchases	(10,441,783)	(7,298,833)
Foreign exchange losses on trade receivables and payables	(774,373)	(3,819,734)
Other	(1,772,862)	(1,128,334)
	(12,989,018)	**(12,246,901)**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

22. FINANCIAL INCOME

	2024	2023
Foreign exchange gains	9,534,236	16,732,993
Interest income	4,325,415	4,731,989
Other	497,552	159,644
	14,357,203	**21,624,626**

23. FINANCIAL EXPENSES

	2024	2023
Foreign exchange losses	(22,968,337)	(34,272,893)
Interest expenses	(12,381,344)	(8,145,707)
Other	-	(786,814)
	(35,349,681)	**(43,205,414)**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

24. NET MONETARY POSITION GAINS/(LOSSES) DISCLOSURES

Non-Monetary Items	**31 December 2024**
Financial statement items	**23,121,629**
Inventories	13,173,825
Prepaid expenses	5,369,869
Investments accounted for using the equity method, financial investments, subsidiaries	10,727,084
Tangible fixed assets	15,480,789
Intangible assets	2,202,203
Right-of-use assets	334,432
Deferred tax assets	2,575,472
Deferred revenues	(251,568)
Paid-in capital	(2,738,983)
Accumulated other comprehensive income and expenses not to be reclassified to profit or loss	955,850
Accumulated other comprehensive income/(expenses) to be reclassified to profit or loss	11,439,944
Restricted reserves from profits	(2,927,791)
Retained earnings	(33,219,497)
Income Statement Items	**(430,847)**
Revenue	(53,928,479)
Cost of sales	50,138,534
Marketing expenses	1,221,032
General administrative expenses	1,043,516
Research and development expenses	807,047
Other income/expenses from operating activities	(252,387)
Income/expenses from investing activities	(425,014)
Finance income/expenses	933,216
Income tax expense	31,688
Net monetary position gains	**22,690,782**

25. TAX ASSETS AND LIABILITIES

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

25. TAX ASSETS AND LIABILITIES (Continued)

15% withholding tax rate applies to dividends distributed by resident corporations resident real persons except for, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations in Turkey. Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

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

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

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

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

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

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

As of 31 December 2024 the Group utilised R&D incentive exemption amounting of TRY 8,549,381 (31 December 2023: TRY 6,269,882) in return for the legal tax.

As of the reporting date, TRY 7,234,300 (31 December 2023: TRY 7,234,300) under the Large-Scale Investment Incentive Certificate, completed and investment in progress, TRY 52,469,454 (31 December 2023: TRY 50,146,579) within the scope of Priority Investment Incentive Certificates and TRY 66,312,954 (31 December 2023: TRY 45,119,510) within the scope of Project Based State Aid investment expenditure and within the scope of the Regional Investment Incentive Certificate, an investment expenditure of TRY 269,631(31 December 2023: None) was made.

The Group utilized discounted corporate taxation amounting to TRY 2,066,867 (31 December 2023: TRY 10,257,975) in the current year and this amount has been deducted from the total deferred tax asset.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

25. TAX ASSETS AND LIABILITIES (Continued)

Tax Advantages Obtained within the Scope of Investment Incentive System

Gains obtained from the investments of the Group, which are subject to the incentive certificate, are subject to corporate tax at reduced rates from the accounting period in which the investment is started to be operated partially or completely, until it reaches the amount of contribution to the investment. In this context, as of 31 December 2024, the tax advantage amounting to TRY 26,134,839 (31 December 2023: TRY 17,384,779) that the Group will benefit from in the foreseeable future is reflected in the consolidated financial statements as a deferred tax asset. As a result of recognizing the mentioned tax advantage as of 31 December 2024, deferred tax income amounting to TRY 14,093,987 (current period effect of 1 January-31 December 2024) has occurred in the consolidated profit or loss statement for the period 1 January - 31 December 2024.

Periods in which deferred tax assets arising from investment incentives are expected to be used:

As of the balance sheet period, the Group has associated the reduced corporate tax advantage it has achieved through investment expenditures with the tax base. It defines the amount of incentive that the Group can benefit from in this process for the next 10 year period, which the management team has determined as the foreseeable future, as deferred tax asset. In this context, as of 31 December 2024, the Group has 38 Billion TRY of investment incentive assets. As a result of the estimations it has prepared, the Group has accounted for 26 Billion TRY as a deferred tax asset for the relevant period.

The periods during which the deferred tax assets arising from investment incentives are expected to be used/recovered are as follows:

	31 December 2024	31 December 2023
0-5 year	15,628,369	15,557,041
5-10 year	10,506,470	1,827,738

Deferred tax assets are recognized when it is determined that taxable income is likely to occur in the coming years. In cases where taxable income is likely to occur, deferred tax assets are calculated over deductible temporary differences, tax losses and tax advantages vested in indefinite-lived investment incentives that allow reduced corporate tax payments. In this context, the Group bases the reflection of deferred tax assets arising from investment incentives in the consolidated financial statements on long-term plans, and evaluates the recoverability of deferred tax assets related to these investment incentives as of each balance sheet date, based on business models that include taxable profit estimations. These deferred tax assets are expected to be recovered within 10 years from the balance sheet date.

In the sensitivity analysis carried out as of 31 December 2024, when the inputs (such as growth rate and profitability) in the basic macroeconomic and sectoral assumptions that make up the business plans are evaluated by increasing/decreasing 10%, the amount of deferred tax assets related to investment incentives and the recovery periods foreseen as 10 years are significantly increased. there has been no change.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

25. TAX ASSETS AND LIABILITIES (Continued)

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

	31 December 2024	31 December 2023
Current year corporate tax expense	(1,257,689)	(3,955,882)
Prepaid tax and withholding	762,207	3,849,316
Current tax related assets/(liabilities)	**(495,482)**	**(106,566)**
Deferred tax assets	21,589,248	18,788,566
Deferred tax liabilities	(1,311,878)	(1,348,677)
Net deferred tax assets/(liabilities)	**20,277,370**	**17,439,889**

The taxation on income for the periods ended 31 December 2024 and 2023 are as follows:

	2024	2023
Current year corporate tax expense	(1,257,689)	(3,955,882)
Current year tax effect of cash flow hedge (*)	721,945	(5,969,246)
Other deferred tax	2,392,075	12,274,660
Deferred tax (expense)/income	3,114,020	6,305,414
Continuing operations tax income/(expense)	**1,856,331**	**2,349,532**

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

Calculation of the tax expense reconciliation using the current period tax expense in the statement of profit or loss as at 31 December 2024 and 2023 and current tax ratio based on income before tax is as follows:

	31 December 2024	31 December 2023
Income before tax	37,007,235	68,476,553
Effective tax rate	25%	25%
Current year tax expense	(9,251,809)	(17,119,138)
Research and development deductions	2,137,345	1,567,471
Investment incentive exemption	16,160,854	21,382,468
Monetary gain / (loss) and other	(7,190,059)	(3,481,269)
	1,856,331	**2,349,532**

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

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

25. TAX ASSETS AND LIABILITIES (Continued)

The breakdown of accumulated temporary differences and deferred tax assets and liabilities as of December 31, 2024 and December 31, 2023, using the applicable tax rates, is as follows:

	Cumulative temporary differences		**Deferred tax assets / (liabilities)**	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Deferred tax assets				
Investment incentive tax asset	(102,611,712)	(39,440,143)	26,134,839	17,384,779
Expense accruals and other provisions	(13,114,854)	(6,953,052)	3,288,304	1,907,815
Warranty expense provision	(2,561,257)	(2,890,099)	640,314	722,524
Employee benefits provision	(1,687,139)	(2,202,845)	415,050	543,965
Inventories	6,683,665	(812,887)	(1,671,191)	206,071
Carry forward tax losses	-	(2,131,606)	-	352,571
	(113,291,297)	**(54,430,632)**	**28,807,316**	**21,117,725**
Deferred tax liabilities				
Tangible and intangible assets	17,588,971	4,541,740	(3,638,020)	(132,101)
Income accruals and other	19,498,084	15,037,603	(4,891,926)	(3,545,735)
	37,087,055	**19,579,343**	**(8,529,946)**	**(3,677,836)**
Net deferred tax asset			**20,277,370**	**17,439,889**

The deferred tax movement table of 31 December 2024 and 31 December 2023 are presented below:

	2024	**2023**
1 January	**17,439,889**	**5,704,546**
Charged to statement of profit or loss as income/(expense)	3,114,020	6,305,414
Deferred tax income reflected in equity	(571,507)	5,938,122
Foreign currency translation difference	294,968	(508,193)
31 December	**20,277,370**	**17,439,889**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

26. EARNINGS PER SHARE

	2024	2023
Net profit for the year	38,863,566	70,826,085
Weighted average number of shares with nominal	35,091,000,000	35,091,000,000
Earnings per share with nominal value of Kr 1 each	**110.75 Kr**	**201.84 Kr**

27. RELATED PARTY DISCLOSURES

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

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

a) Receivables from related parties

i) Trade receivables from related parties

	31 December 2024	31 December 2023
Due from shareholders		
Ford Motor Group and subsidiaries	36,812,523	30,148,875
	36,812,523	**30,148,875**
Due from group companies (*)		
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	7,750,103	6,458,611
Other	44,040	52,598
	7,794,143	**6,511,209**
Less: unearned credit finance income	(227,463)	(193,240)
	44,379,203	**36,466,844**

(*) The Company's shareholders' subsidiaries and affiliate

Export sales mainly consist of sales to Ford Motor Company. Payments terms and conditions are specified in the business agreements with Ford Motor Company. Export vehicle receivables from the Ford Motor Company are due in 14 days and for Romanian 30 days and receivables are collected regularly.

Per the domestic dealership agreement between Ford Otomotiv Sanayi A.Ş. and Otokoç Otomotiv Ticaret ve Sanayi A.Ş., the Companies have a vehicle and spare parts trade connection. As mentioned in Note 6, the Company's vehicle sales receivables from Otokoç Otomotiv Ticaret ve Sanayi A.Ş. is due in 30 days on average and sales of spare parts is due in 70 days on average.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

27. RELATED PARTY DISCLOSURES (Continued)

a) Receivables from related parties (Continued)

ii) Other receivables from related parties (*)

	31 December 2024	31 December 2023
Due from shareholders		
Ford Motor Group and subsidiaries	2,886,661	1,724,132
	2,886,661	**1,724,132**

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

Due from shareholders	31 December 2024	31 December 2023
Ford Motor Group and subsidiaries	17,141,045	14,258,290
	17,141,045	**14,258,290**

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

b) Payables to related parties

i) Trade payables to related parties

Due from shareholders	31 December 2024	31 December 2023
Ford Motor Group and subsidiaries	11,864,736	10,821,880
	11,864,736	**10,821,880**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

27. RELATED PARTY DISCLOSURES (Continued)

b) Payables to related parties (Continued)

Due to group companies (*)	31 December 2024	31 December 2023
Ram Dış Ticaret A.Ş.	1,456,949	789,508
Zer Merkezi Hizmetler ve Ticaret A.Ş.	1,327,929	1,473,741
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	471,273	104,198
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	153,455	113,235
Ark İnşaat A.Ş.	107,901	283,777
Ram Sigorta Aracılık Hizmetleri A.Ş.	52,291	85,036
Ingage Dijital Pazarlama Hizmetleri	51,469	55,841
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	44,296	89,856
Opet Petrolcülük A.Ş.	27,975	50,674
Setur Servis Turistik A.Ş.	23,286	197,376
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	12,862	14,786
Divan Turizm İşletmeleri A.Ş.	4,613	43,965
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	3,155	4,044
Other	112,391	164,968
	3,849,845	**3,471,005**
Less: unaccrued finance expense arising from forward purchases	(98,812)	(72,716)
	15,615,769	**14,220,169**

(*) The Group's shareholders' subsidiaries, joint ventures and affiliates.

ii) Other payables to related parties

	31 December 2024	31 December 2023
Koç Finansman A.Ş.	306,801	180,648
Koç Holding A.Ş.	187,953	224,200
Yapı ve Kredi Bankası A.Ş.	20,626	498,412
	515,380	**903,260**

c) Sales to related parties

	2024	2023
Ford Motor Company (*)	443,788,966	408,090,809
Otokoç Otomotiv Tic. ve San. A.Ş. (**)	34,096,059	38,737,972
Other	151	114
	477,885,176	**446,828,895**
Less: financial income from credit sales	(1,801,640)	(1,443,512)
	476,083,536	**445,385,383**

(*) The Company, exports vehicle, spare parts and engineering service to Ford Motor Company.
(**) The Group has a vehicle and spare parts trade in accordance with domestic dealer agreement with Otokoç Otomotiv Ticaret ve Sanayi A.Ş.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

27. RELATED PARTY DISCLOSURES (Continued)

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

	2024			
	Material	**Service**	**Fixed assets**	**Total**
Domestic purchases				
Zer Merkezi Hizmetler ve Ticaret A.Ş. (1)	439,634	7,820,361	5,663	8,265,658
Ram Dış Ticaret A.Ş.	5,229,090	-	-	5,229,090
Ark İnşaat Sanayi ve Ticaret A.Ş. (2)	-	-	1,119,613	1,119,613
Eltek Elektrik Enerjisi İth. İhr. ve Toptan Tic. A.Ş.	-	1,073,500	-	1,073,500
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	515,694	505,981	1,021,675
Ram Sigorta Aracılık Hizmetleri A.Ş. (3)	-	942,203	-	942,203
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	529,913	174,276	704,189
Setur Servis Turistik A.Ş.	-	360,223	-	360,223
Koç Holding A.Ş. (4)	-	330,347	-	330,347
Opet Petrolcülük A.Ş.	324,999	-	-	324,999
Ingage Dijital Pazarlama A.Ş.	-	258,457	-	258,457
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	195,465	-	-	195,465
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	69,534	-	-	69,534
Koçtaş Yapı Marketleri Ticaret A.Ş.	57,972	-	2,798	60,770
Other	2,795	290,549	513,215	806,559
	6,319,489	**12,121,247**	**2,321,546**	**20,762,282**
Less: Financial expense from credit purchases	(442,824)	-	-	(442,824)
	5,876,665	**12,121,247**	**2,321,546**	**20,319,458**

(1) The Group primarily receives services from Zer Merkezi Hizmetler ve Ticaret A.Ş. within the scope of the central purchasing function.
(2) The Group's purchases from Ark İnşaat are related to mechanical, construction, and electrical works for the new project investments at the Kocaeli and Eskişehir Factories.
(3) It includes the premiums paid and accrued under the policies signed between unrelated insurance companies through Ram Sigorta Aracılık Hizmetleri A.Ş., which operates as an insurance agency.
(4) The costs incurred for services provided by Koç Holding A.Ş. to the companies under its umbrella, including services related to finance, law, planning, tax, senior management, and other areas, including personnel and senior management expenses, are included in the service fees invoiced to the Group as a result of the distribution in accordance with the "11-Group Services" regulation in the Transfer Pricing and Hidden Profit Distribution General Communiqué No. 1.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

27. RELATED PARTY DISCLOSURES (Continued)

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

	2023			
	Material	**Service**	**Fixed assets**	**Total**
Domestic purchases				
Zer Merkezi Hizmetler ve Ticaret A.Ş.	413,657	6,048,032	7,242	6,468,931
Ram Dış Ticaret A.Ş.	992,152	-	-	992,152
Ark İnşaat Sanayi ve Ticaret A.Ş.	-	-	2,153,273	2,153,273
Eltek Elektrik Enerjisi İth. İhr. ve Toptan Tic. A.Ş.	-	1,191,424	-	1,191,424
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	47,470	292,099	339,569
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	528,400	-	528,400
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	284,341	112,785	397,126
Setur Servis Turistik A.Ş.	-	425,078	-	425,078
Koç Holding A.Ş.	-	362,661	-	362,661
Opet Petrolcülük A.Ş.	318,605	-	-	318,605
Ingage Dijital Pazarlama A.Ş.	-	176,535	-	176,535
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	259,926	-	-	259,926
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	59,330	-	-	59,330
Koçtaş Yapı Marketleri Ticaret A.Ş.	45,518	-	602	46,120
Other	22,145	251,368	130,239	403,752
	2,111,333	**9,315,309**	**2,696,240**	**14,122,882**
Less: Financial expense from credit purchases	(146,676)	-	-	(146,676)
	1,964,657	**9,315,309**	**2,696,240**	**13,976,206**

Material, vehicle and service purchases from abroad

	2024	**2023**
Ford Motor Group and Subsidiaries	182,366,485	181,003,142

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

	2024	**2023**
	3,043,598	2,923,676

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

	2024	**2023**
	2,626	45,622

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

27. RELATED PARTY DISCLOSURES (Continued)

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

	2024	2023
	389,272	654,041

Deposits placed by the Group in related banks

h) The details of deposits in related banks

	31 December 2024	31 December 2023
Yapı ve Kredi Bankası A.Ş.		
- Foreign currency time deposits	6,721,171	4,701,074
- TRY time deposit	853,742	1,444,819
- TRY demand deposit	291,655	319,579
- Foreign currency demand deposits	141,534	62,915
	8,008,102	**6,528,387**

ı) Related party bank loans

	31 December 2024	31 December 2023
Yapı ve Kredi Bankası A.Ş.	518,101	-
	518,101	**-**

i) Other short-term and long-term liabilities

	31 December 2024	31 December 2023
Ford Motor Company and subsidiaries (Note 6)	12,261,915	15,391,196
	12,261,915	**15,391,196**

j) Advances received

	31 December 2024	31 December 2023
Ford Motor Company and its subsidiaries	5,503,790	4,009,532
	5,503,790	**4,009,532**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

27. RELATED PARTY DISCLOSURES (Continued)

k) Commission income

	2024	2023
Koç Finansman A.Ş.	70,899	8,861
Yapı ve Kredi Bankası A.Ş.	25,860	42,723
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	19	263
	96,778	**51,847**

l) Commission expense

	2024	2023
Koç Finansman A.Ş.	2,734,583	380,072
Yapı ve Kredi Bankası A.Ş.	799,796	761,738
	3,534,379	**1,141,810**

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

m) Interest income

	2024	2023
Yapı ve Kredi Bankası A.Ş.	507,233	468,417
	507,233	**468,417**

n) Dividends income

	2024	2023
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	5,129	-
	5,129	**-**

o) Compensation of key management personnel

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

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

The total benefits provided by the Group to its top executives in 2024 amount to TRY 465,773 as of 31 December 2024 with the purchasing power (31 December 2023: TRY 533,784). Of this amount, TRY 52,779 relates to payments made due to separations, while the remaining portion consists of short-term benefits.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

31 December 2024	**TRY equivalent (Functional currency)**	**USD**	**EUR**	**Other**
1. Trade receivables	41,159,309	29,203	1,092,126	63
2. Monetary financials assets (including cash and cash equivalents)	18,088,788	7,011	483,306	50
3. Other	8,142,365	81,261	143,680	19
4. Current assets (1 + 2 + 3)	**67,390,462**	**117,475**	**1,719,112**	**132**
5. Monetary financial assets	2,556,782	-	69,586	-
6. Non-current assets (5)	**2,556,782**	**-**	**69,586**	**-**
7. Total assets (4 + 6)	**69,947,244**	**117,475**	**1,788,698**	**132**
8. Trade payables	22,995,015	176,790	437,576	16,711
9. Financial liabilities (*)	38,611,685	34,234	1,018,043	-
10. Other monetary liabilities	3,481,342	-	94,749	-
11. Short term liabilities (8 + 9 + 10)	**65,088,042**	**211,024**	**1,550,368**	**16,711**
12. Financial liabilities (*)	78,154,018	471,560	1,674,994	-
13. Other monetary liabilities	2,457,329	-	66,879	-
14. Long term liabilities (12+13)	**80,611,347**	**471,560**	**1,741,873**	**-**
15. Total liabilities (11 + 14)	**145,699,389**	**682,584**	**3,292,241**	**16,711**
16.Net foreign currency (liabilities)/ assets position (7 - 15)	**(75,752,145)**	**(565,109)**	**(1,503,543)**	**(16,579)**
17.Net monetary foreign currency (liabilities)/assets (1 + 2 + 5 - 8 - 9 - 10 - 12 - 13)	**(83,894,510)**	**(646,370)**	**(1,647,223)**	**(16,598)**

(*) The Group's net foreign exchange position is mainly due to long-term EUR denominated loans obtained to fund its investments. The Group is hedging for the foreign currency exchange risk arising from its EUR denominated long-term loans with export agreements signed with Ford Motor Company. The TRY equivalent of such loans amount to TRY 54,081,611 as of 31 December 2024 (31 December 2023: TRY 36,341,915). As of 31 December 2024, the Group has a total of TRY 18,677,491 (31 December 2023: TRY 22,220,675) of the finished goods to be used in vehicles to be exported.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2023	**TRY equivalent (Functional currency)**	**USD**	**EUR**	**Other**
1. Trade receivables	40,592,384	14,028	1,233,482	3
2. Monetary financials assets (including cash and cash equivalents)	13,280,058	2,234	404,045	6,773
3. Other	6,405,937	-	196,624	29
4. Current assets (1 + 2 + 3)	**60,278,379**	**16,262**	**1,834,151**	**6,805**
5. Monetary financial assets	2,533,548	-	77,778	-
6. Non-current assets (5)	**2,533,548**	**-**	**77,778**	**-**
7. Total assets (4 + 6)	**62,811,927**	**16,262**	**1,911,929**	**6,805**
8. Trade payables	28,172,601	120,061	712,730	38,886
9. Financial liabilities (*)	36,491,980	-	1,120,283	-
10. Other monetary liabilities	522,535	182	15,876	-
11. Short term liabilities (8 + 9 + 10)	**65,187,116**	**120,243**	**1,848,889**	**38,886**
12. Financial liabilities (*)	44,403,263	-	1,363,154	-
13. Other monetary liabilities	19,423,925	296	596,035	-
14. Long term liabilities (12+13)	**63,827,188**	**296**	**1,959,189**	**-**
15. Total liabilities (11 + 14)	**129,014,304**	**120,539**	**3,808,078**	**38,886**
16. Net foreign currency (liabilities)/ assets position (7 - 15)	**(66,202,377)**	**(104,277)**	**(1,896,149)**	**(32,081)**
17. Net monetary foreign currency (liabilities)/assets (1 + 2 + 5 - 8 - 9 - 10 - 12 - 13)	**(72,608,314)**	**(104,277)**	**(2,092,773)**	**(32,110)**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign exchange risk

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

31 December 2024

	Profit/(loss)/ before taxation	
Appreciation/depreciation in foreign currency	**Increase by 10 (%)**	**Decrease by 10 (%)**
Change in USD against TRY		
USD net assets/(liabilities)	(1,990,500)	1,990,500
USD net hedged amount	-	-
USD net- gain/(loss)	**(1,990,500)**	**1,990,500**
Change in EUR against TRY		
EUR net assets/(liabilities)	(5,524,449)	5,524,449
EUR net hedged amount	5,408,161	(5,408,161)
EUR net- gain/(loss)	**(116,288)**	**116,288**
Change in other foreign currency against TRY		
Other foreign currency denominated net (liabilities)/assets	(60,265)	60,265
Other foreign currency denominated- hedged amount	-	-
Other foreign currency denominated net - (loss)/gain	**(60,265)**	**60,265**

31 December 2023

	Profit/(loss)/ before taxation	
Appreciation/depreciation in foreign currency	**Increase by 10 (%)**	**Decrease by 10 (%)**
Change in USD against TRY		
USD net assets/(liabilities)	(306,974)	306,974
USD net hedged amount	-	-
USD net- gain/(loss)	**(306,974)**	**306,974**
Change in EUR against TRY		
EUR net assets/(liabilities)	(6,176,499)	6,176,499
EUR net hedged amount	5,247,009	(5,247,009)
EUR net- gain/(loss)	**(929,490)**	**929,490**
Change in other foreign currency against TRY		
Other foreign currency denominated net (liabilities)/assets	(136,762)	136,762
Other foreign currency denominated- hedged amount	-	-
Other foreign currency denominated net - (loss)/gain	**(136,762)**	**136,762**

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The comparative amounts for total export and import amounts for the year ended 31 December 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Total export amount	331,556,974	316,315,376
Total import amount	214,304,644	217,611,861

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

Interest rate risk

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

	31 December 2024	31 December 2023
Fixed interest rate financial instruments		
Financial assets	12,479,653	20,510,702
Financial liabilities	80,170,404	58,671,661
Floating interest rate financial instruments		
Financial liabilities	43,586,267	50,702,698

If the interest rates of floating interest-bearing EUR denominated borrowings were 100 basis points higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TRY 89,679 at 31 December 2024 (31 December 2023: TRY 134,107) due to higher/lower interest expense.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

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

31 December 2024	**Book value**	**Total contractual cash outflow**	**Up to 3 moths**	**Between 3-12 moths**	**Between 1-5 years**	**Longer than 5 years**
Non-derivative financial instruments						
Financial liabilities	109,820,727	127,697,953	8,764,117	30,834,621	83,188,510	4,910,705
Long term other liabilities	12,261,915	13,168,881	-	7,438,041	5,730,840	-
Lease liabilities	1,674,029	2,543,681	206,916	569,062	1,767,703	-
Trade payables						
-Related party	15,615,769	15,714,581	15,714,581	-	-	-
-Other	50,533,088	51,371,274	51,371,274	-	-	-
Other payables						
-Related party	515,380	515,380	515,380	-	-	-
-Other	1,406,991	1,406,991	1,406,991	-	-	-
Derivative financial liabilities						
Derivative financial liabilities	165,508	165,508	-	-	165,508	-

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2023	**Book value**	**Total contractual cash outflow**	**Up to 3 moths**	**Between 3-12 moths**	**Between 1-5 years**	**Longer than 5 years**
Non-derivative financial instruments						
Financial liabilities	92,735,202	105,640,467	7,939,585	46,078,223	49,270,365	2,352,294
Long term other liabilities	15,391,196	16,290,462	-	-	9,201,171	7,089,291
Lease liabilities	1,247,961	1,977,096	124,602	373,804	1,377,075	101,615
Trade payables						
-Related party	14,220,169	14,292,885	14,292,885	-	-	-
-Other	61,672,711	62,497,299	62,497,299	-	-	-
Other payables						
-Related party	903,260	903,260	903,260	-	-	-
-Other	1,448,950	1,448,950	1,448,950	-	-	-
Derivative financial liabilities						
Derivative financial liabilities	235,616	235,616	-	235,616	-	-

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Fair value hierarchy table

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

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

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

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

As of 31 December2024 and 31 December 2023, the Group 's hierarchy table for its assets and liabilities recorded at fair value are as follows:

31 December 2024	**Level 1 (*)**	**Level 2 (**)**	**Level 3**
Assets at fair value			
Derivative financial assets	-	358,351	-
Financial assets at fair value through OCI -Otokar	340,601	-	-
Financial assets at fair value through profit or loss – Other	218,252	-	-
Total assets	**558,853**	**358,351**	-
Liabilities at fair value			
Derivative financial liabilities	-	165,508	-
Total liabilities	-	**165,508**	-

31 December 2023	**Level 1 (*)**	**Level 2 (**)**	**Level 3**
Assets at fair value			
Derivative financial assets	-	557,553	-
Financial assets at fair value through OCI -Otokar	431,874	-	-
Financial assets at fair value through profit or loss – Other	70,600	-	-
Total assets	**502,474**	**557,553**	-
Liabilities at fair value			
Derivative financial liabilities	-	235,616	-
Total liabilities	-	**235,616**	-

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

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

29. CASH FLOW HEDGE OPERATIONS

Derivative financial instruments

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

As of 31 December 2024, the Group has hedged the interest rate risk arising from the cash flows of the loan amounting to EUR 150,000,000 with a maturity of 16 December 2030, by using interest swaps. The critical conditions of the swap contract, such as maturity, payment and interest change dates, are in line with the critical conditions of the TRY loan, which is the subject of financial protection as of 31 December 2023. The fair value of the said swap transaction as of 31 December 2024 is TRY 138,906 and it is shown under long-term liabilities in the statement of financial position.

As of 31 December 2024, the Group has hedged the interest rate risk arising from the cash flows of the loan amounting to EUR 100,000,000 with a maturity of 21 August 2028, by interest swap. The critical conditions of the swap contract, such as maturity, payment and interest change dates, are in line with the critical conditions of the foreign currency loan, which is the subject of financial protection as of 31 December 2024. As of 31 December 2024, the fair value of the said swap transaction is TRY 26,602 and is presented under non-current assets in the statement of financial position.

	31 December 2024	**31 December 2023**
Derivative financial liabilities	165,508	235,616
	165,508	**235,616**

As of 31 December 2024, the Group bears the interest risk arising from the cash flows of the loans used, amounting to EUR 100,000,000 with a maturity of 5 November 2026 and EUR 100,000,000 with a maturity of 6 November 2028, has been subject to financial protection with interest ceiling (cap) options. The critical conditions of the swap contract, such as maturity, payment and interest change dates, are in line with the critical conditions of the foreign currency loan that is the subject of financial protection as of 31 December 2024. The fair value of the related swap transaction as of 31 December 2024 is TRY 194,163 and is presented under non-current assets in the financial position statement.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

29. CASH FLOW HEDGE OPERATIONS (Continued)

Considering that a significant portion of the sales revenues are in EUR, the Group has hedged the exchange rate risk that may arise from the changes in the USD - EUR parity originating from the bond issuance of USD 500,000,000 on April 25, 2024, with USD - EUR cross currency swap transactions. The critical terms such as maturity and payment dates of the USD - EUR cross currency swap contracts, which are 4 in total and have a total nominal amount of USD 500 million, are compatible with the critical terms of the bond subject to financial protection as of December 31, 2024. The fair value of the said swap transaction calculated as of December 31, 2024 is TRY 164,188 and is shown under non-current assets in the statement of financial position.

	31 December 2024	**31 December 2023**
Derivative financial assets	358,351	557,553
	358,351	**557,553**

There is an effective foreign currency cash flow hedge relationship between foreign currency long-term financial borrowings related with investment expenditures (non-derivative hedging instrument) and highly probable forecast transaction export sales receivables (hedged item). In the frame of the manufacturing agreement signed with Ford Motor Group, the Group will associate a portion of estimated export revenue from 1 December 2019 to December 2031 with long-term financial borrowings.

	31 December 2024	**31 December 2023**
Cash flow hedge reserve		
Amount classified in other comprehensive income during the year	5,924,487	27,570,244
Amount classified in profit or loss	(8,812,268)	(9,013,924)
	(2,887,781)	**18,556,320**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

30. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	2024	2023
Income from investing activities		
Foreign exchange gain (*)	6,820,066	4,135,893
Profit on sale of fixed assets	33,305	13,749
Dividend income	5,129	-
Other	75,594	-
	6,934,094	**4,149,642**

	2024	2023
Expense from investing activities		
Loss on sale of property, plant and equipment	(609,654)	(106,949)
	(609,654)	**(106,949)**

(*) The Group's receivables arising from financial lease arrangements under TFRS 16 with Ford Motor Company are based on their valuations.

31. DEFERRED INCOME

	31 December 2024	31 December 2023
Advances received	3,221,680	204,787
Short-term deferred revenue (*)	861,773	640,400
	4,083,453	**845,187**

(*) TRY 773,355 of short-term deferred revenue is from the sales of extended warranty and maintenance packages.

	31 December 2024	31 December 2023
Advances received	2,457,328	4,009,532
Long-term deferred revenue (*)	769,594	1,417,812
Other non-current liabilities	216,966	-
	3,443,888	**5,427,344**

(*) TRY 769,594 of long-term deferred revenue is from the sales of extended warranty and maintenance packages.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

32. RIGHT OF USE ASSETS

The right of use assets and expenses of depreciation and amortization as of 31 December 2024 and 2023 are as follows:

	Buildings	Machinery and equipments	Vehicles	Total
As of 1 January 2024	429,684	608,833	370,043	1,408,560
For the period ended 31 December 2024				
Additions	622,135	654,102	120,190	1,396,427
Disposals	-	(2,669)	-	(2,669)
Exchange differences on translation	-	(18,280)	-	(18,280)
Period depreciation and amortization expenses	(382,476)	(158,822)	(168,613)	(709,911)
As of 31 December 2024	**669,343**	**1,083,164**	**321,620**	**2,074,127**

	Buildings	Machinery and equipment's	Vehicles	Total
As of 1 January 2023	134,216	136,064	206,657	476,937
For the period ended 31 December 2023				
Additions	304,399	663,686	312,205	1,280,290
Disposals	-	(3,557)	-	(3,557)
Exchange differences on translation	-	(38,464)	-	(38,464)
Period depreciation and amortization expense	(8,931)	(148,896)	(148,819)	(306,646)
As of 31 December 2023	**429,684**	**608,833**	**370,043**	**1,408,560**

33. GOVERNMENT INCENTIVES AND GRANTS

It is realized with incentives within the scope of "Decisions of the Council of Ministers on State Aids in Investments".

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

- An investment incentive certificate of TRY 500,640 (the historical price on the document) was received on March 30, 2020 for the renewal investments of the machinery and equipment used for the manufacturing and assembly of the engine and transmission parts of the F-Trucks (truck, tractor), Transit and Transit Custom vehicles produced in Eskişehir Factories, line installation investments for the manufacturing of the Brake Disc and Front Alignment Assembly, which will be newly produced for use in Transit vehicles, and the machinery and equipment investments to be made to domestically produce the transmission of the F-Trucks, a product in the heavy commercial vehicle segment. The contribution rate of this project to the investment is 40%.

- A Project Based Incentive of a total of TRY 20,501,206 (the historical amount on the document) for product diversification and expansion investments covering the production of new generation commercial vehicles and batteries in Kocaeli Factories was published in the Official Gazette with the Presidential Decree dated December 4, 2020 and numbered 3273. The contribution rate to the investment to be utilized for this project is 100%.

As of the balance sheet period, the Group has associated the reduced corporate tax advantage it has obtained regarding to its investment expenditures with the tax base. It defines the amount of incentive that the group can benefit from in this process for the next 10-year period, which the management team has determined as the foreseeable future, as deferred tax asset. In this context, the group has a well-deserved investment incentive asset of TRY 38 billion for 2024. The Group has estimated this amount as TRY 26 billion as a deferred tax asset for the related period as a result of the estimations it has prepared.

34. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND AFFILIATED COMPANIES

Gembox Teknoloji Girişimleri A.Ş. was established with 100% Ford Otosan capital in order to carry out research and development, consultancy, engineering and incubation activities, and to invest in companies established in these fields and initiatives carried out.

Ford Otosan Netherlands BV was established with 100% Ford Otosan capital in order to centrally manage the Group's Ford Trucks export market structures.

Rakun Mobilite A.Ş. was established with 100% Ford Otosan capital to develop and sell products, technologies and solutions in the field of mobility.

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

34. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND AFFILIATED COMPANIES (Continued)

Investments in subsidiaries as of 31 December 2024 and 31 December 2023 are as follows:

31 December 2024

	Ownership rate (%)	**Amount**
Investment in subsidiaries		
Rakun Mobilite A.Ş.	100	235,579
Gembox Teknoloji Girişimleri A.Ş.	100	159,930
		395,509

31 December 2023

	Ownership rate (%)	**Amount**
Investment in subsidiaries		
Rakun Mobilite A.Ş.	100	94,139
Gembox Teknoloji Girişimleri A.Ş.	100	86,966
		181,105

These investments are carried at cost and are not included in the scope of consolidation since their financial statements do not have a significant effect on the financial statements of the Group.

35. ASSETS ARISING FROM CUSTOMER CONTRACTS

	31 December 2024	**31 December 2023**
Contract assets arising from sales of goods and services	154,518	1,635,349
	154,518	**1,635,349**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

36. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITORS

The explanation regarding the fees for the services rendered by the independent audit firms, which was prepared pursuant to the POA's Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which were based on the letter of the POA dated August 19, 2021 are as follows:

	2024 (*)	**2023 (*)**
Independent audit fees for the reporting period	7,168	5,426
Fees for tax advisory services	4,717	4,632
Fees for services other than independent auditing	153	328
	12,038	**10,386**

(*) The fees above have been determined by including the statutory audit and other related service fees of all subsidiaries.

37. SUBSEQUENT EVENTS

None.