

**OTOKAR OTOMOTİV VE SAVUNMA  
SANAYİ ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD January 1 - December 31, 2024**

**(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 Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi,**

### **A) Report on the Audit of the Consolidated Financial Statements**

#### **1) Opinion**

We have audited the consolidated financial statements of Otokar Otomotiv ve Savunma Sanayi A.Ş. (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) 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.

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

Key audit matter	Audit procedures in relation to key audit matter
<p><b>Trade receivables recoverability and impairment</b></p> <p>Trade receivables are considered as a significant balance sheet item since they represent 34% of total assets in the statement of consolidated 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.</p> <p>As of December 31, 2024, there is impairment amounting to TRY 276,651 thousand on trade receivables amounting to TRY 15,154,643 thousand in the statement of consolidated financial position.</p> <p>Due to the size of the amounts and the reasoning required in the assessment of collectability of trade receivables are complex and comprehensive; the existence and collectability of trade receivables are considered as the key audit matter.</p> <p>Explanations on trade receivables are disclosed in Note 9.</p>	<p>The following procedures have been applied to audit the amount of provision for trade receivables:</p> <ul style="list-style-type: none"> <li>· Evaluation of the Group's trade receivable process related to collections,</li> <li>· Analytical analysis of the receivable aging tables and comparison of the trade receivable collection ratio with the previous year,</li> <li>· Testing of trade receivable balances by sending confirmation letters via sample,</li> <li>· Testing of subsequent collections made in the following period by sampling method,</li> <li>· Testing of the collaterals received for the receivables through sampling and evaluating of the convertible ability of cash,</li> <li>· Evaluation of the compliance of the accounting policies applied to the Group's past history performance, local and global practices,</li> <li>· 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,</li> <li>· Evaluation of the adequacy of disclosures on impairment of trade receivables and trade receivables to TFRS.</li> </ul>

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<b>Application of the hyperinflationary accounting</b>	
<p>As stated in 2.1 to the consolidated financial statements, the Group has started to apply “TAS 29 Financial Reporting in Hyperinflation Economies” since the functional currency of the Group (Turkish Lira) is the currency of a hyperinflationary economy as per TAS 29 as of December 31, 2024.</p> <p>In accordance with TAS 29, consolidated financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish Lira and, as a result, are expressed in terms of purchasing power of Turkish Lira as of the reporting date.</p> <p>In accordance with the guidance in TAS 29, the Group utilized the Turkey consumer price indices to prepare inflation adjusted financial statements. The principles applied for inflation adjustment is explained in 2.1.</p> <p>Given the significance of the impact of TAS 29 on the reported result and financial position of the Group, we have assessed the hyperinflation accounting as a key audit matter.</p>	<p>Our audit procedures included the following;</p> <p>We inquired management responsible for financial reporting on the principles, which they have considered during the application of TAS 29, identification of non-monetary accounts and tested TAS 29 models designed,</p> <p>We have tested the inputs and indices used, to ensure completeness and accuracy of the calculations,</p> <p>We have audited the restatements of corresponding figures as required by TAS 29,</p> <p>We assessed the adequacy of the disclosures in inflation adjusted financial statements for compliance with TAS 29.</p>

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

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

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

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



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## **5) 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.



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

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

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

**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 February 5, 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 January 1 – December 31, 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, Partner

February 5, 2025  
İstanbul, Türkiye

**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD January 1 - December 31, 2024**

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# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF December 31, 2024 AND 2023

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

	Notes	(Audited) December 31, 2024	(Audited) December 31, 2023
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,471,382	9,869,414
Trade receivables	9	14,404,215	12,359,860
Due from related parties	28	4,172,158	4,785,777
Due from other parties	9	10,232,057	7,574,083
Other receivables	10	4,890	6,143
Inventories	11	13,665,676	10,727,778
Prepaid expenses	18	340,433	243,520
Other current assets	18	418,338	1,586,639
<b>Total current assets</b>		<b>30,304,934</b>	<b>34,793,354</b>
<b>Non-current assets</b>			
Trade receivables	9	750,428	710,477
Other receivables	10	14,747	12,909
Investments accounted by equity method	6	73,098	123,237
Financial investments	12	74,323	41,418
Property, plant and equipment	13	5,199,640	4,326,891
Right of use assets	13	64,025	146,848
Intangible assets	14	6,771,825	5,583,783
Goodwill		15,983	14,170
Other intangible assets	14	6,755,842	5,569,613
Deferred income tax asset	26	1,090,860	1,123,814
Prepaid expenses	18	22,799	38,277
<b>Total non-current assets</b>		<b>14,061,745</b>	<b>12,107,654</b>
<b>Total assets</b>		<b>44,366,679</b>	<b>46,901,008</b>

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



# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF December 31, 2024 AND 2023

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

	Notes	(Audited) December 31, 2024	(Audited) December 31, 2023
<b>Liabilities</b>			
<b>Short-term liabilities</b>			
Short-term borrowings	7	6,873,801	18,766,071
<i>Bank loans</i>	7	6,809,229	18,681,453
<i>Short-term lease liabilities</i>	7	64,572	84,618
Short-term portion of long-term borrowings	7	2,437,884	1,193,437
<i>Bank Loans</i>	7	841,313	1,080,625
<i>Issue of debt instruments</i>	7	1,596,571	112,812
Trade Payables	9	6,822,166	5,917,891
<i>Due to related parties</i>	28	463,554	803,683
<i>Due to other parties</i>	9	6,358,612	5,114,208
Derivative Instruments	8	7,664	37,326
Employee benefit obligations	18	668,298	592,247
Other payables	10	34,119	50,959
Current income tax liabilities	26	-	30,419
Liabilities from customer contracts	18	4,674,038	1,114,897
Government incentives and grants	15	4,520	6,011
Short-term provisions	17	1,666,323	2,385,820
<i>Provisions for employee benefits</i>	17	140,252	157,570
<i>Other provisions</i>	16	1,526,071	2,228,250
Other short-term liabilities	18	90,201	91,716
<b>Total current liabilities</b>		<b>23,279,014</b>	<b>30,186,794</b>
<b>Non-current liabilities</b>			
Long-term borrowings	7	11,953,579	3,332,402
<i>Bank loans</i>	7	11,852,582	1,034,368
<i>Long-term lease liabilities</i>	7	100,997	132,351
<i>Issued debt instruments</i>	7	-	2,165,683
Government incentives and grants	15	20,650	28,822
Long-term provisions	17	420,692	483,673
<i>Provisions for employee benefits</i>	17	420,692	483,673
Liabilities from customer contracts	18	504,508	881,333
<b>Total long-term liabilities</b>		<b>12,899,429</b>	<b>4,726,230</b>
<b>Total liabilities</b>		<b>36,178,443</b>	<b>34,913,024</b>
<b>Equity</b>			
Paid-in share capital	19	120,000	120,000
Inflation adjustment on share capital	19	1,778,712	1,778,712
Restricted reserves	19	1,468,605	1,379,014
Accumulated other comprehensive income and expense that will not be reclassified to statement of profit or loss	19	(630,695)	(482,832)
<i>Defined benefit plans remeasurement losses</i>		(630,695)	(482,832)
Accumulated other comprehensive income and expense that will be reclassified to statement of profit or loss		(784,891)	(1,140,872)
<i>Currency translation differences</i>		(784,891)	(1,140,872)
Retained earnings	19	9,340,934	7,492,641
Net profit or loss for the period	19	(3,104,429)	2,841,321
<b>Total equity</b>		<b>8,188,236</b>	<b>11,987,984</b>
<b>Total liabilities and equity</b>		<b>44,366,679</b>	<b>46,901,008</b>

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

**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ****CONSOLIDATED STATEMENTS OF PROFIT OR LOSS****FOR THE PERIOD BETWEEN January 1, - December 31, 2024 AND 2023**

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

	Notes	(Audited) December 31, 2024	(Audited) December 31, 2023
Revenue	20	33,885,780	39,327,185
Cost of sales (-)	20	(28,366,780)	(30,221,430)
<b>GROSS PROFIT (LOSS)</b>		<b>5,519,000</b>	<b>9,105,755</b>
Marketing expenses (-)	21	(4,561,283)	(5,275,231)
General administrative expenses (-)	21	(2,081,536)	(1,690,724)
Research and development expenses (-)	21	(1,163,432)	(1,068,268)
Other operating income	23	7,103,043	6,534,635
Other operating expenses (-)	23	(5,518,096)	(4,008,180)
<b>OPERATING PROFIT (LOSS)</b>		<b>(702,304)</b>	<b>3,597,987</b>
Income from investing activities		-	4,798
Expense from investing activities		(5,267)	-
Profit (loss) from investments accounted by equity method	6	(34,409)	(4,445)
<b>OPERATING PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)</b>		<b>(741,980)</b>	<b>3,598,340</b>
Financial income	24	1,217,209	2,036,116
Financial expense (-)	25	(7,985,395)	(7,276,120)
Monetary gain/ (loss)	31	4,522,000	3,746,735
<b>PROFIT (LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS</b>		<b>(2,988,166)</b>	<b>2,105,071</b>
<b>Income (expense) tax from continuing operations</b>			
Current year tax expense / (income)	26	(34,021)	(324,093)
Deferred tax income (expense)	26	(82,242)	1,060,343
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>(3,104,429)</b>	<b>2,841,321</b>
<b>Items that will not be reclassified to profit or loss</b>			
Defined benefit plans remeasurement gains (losses)	17	(197,151)	(169,580)
Defined benefit plans remeasurement gains, tax effect	26	49,288	42,395
<b>Items that will be reclassified to profit or loss</b>			
Currency translation differences of investments accounted by equity method	6	(15,730)	(116,576)
Currency translation differences		371,711	(33,456)
<b>Other comprehensive income(expense)</b>		<b>208,118</b>	<b>(277,217)</b>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE)</b>		<b>(2,896,311)</b>	<b>2,564,104</b>
<b>Earnings (losses) per share (Kr)</b>	<b>27</b>	<b>(25,870)</b>	<b>35,275</b>

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

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS January 1, - December 31, 2024 AND 2023

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

				Accumulated other comprehensive income and expense that will not be reclassified to statement of profit or loss	Accumulated other comprehensive income and expense that may be reclassified to statement of profit or loss			
	Paid in share capital	Inflation adjustments	Restricted reserves	Remeasurement profits (losses) on defined benefit plans	Currency translation differences	Retained earnings	Net profit for the period	Total Equity
<b>January 1, 2023– December 31, 2023</b>								
<b>Beginning of the period</b>	<b>24,000</b>	<b>1,812,867</b>	<b>1,379,014</b>	<b>(355,647)</b>	<b>(990,840)</b>	<b>4,640,805</b>	<b>2,913,681</b>	<b>9,423,880</b>
Transfers	-	-	-	-	-	2,913,681	(2,913,681)	-
Capital increase	96,000	(34,155)	-	-	-	(61,845)	-	-
Total comprehensive income	-	-	-	(127,185)	(150,032)	-	2,841,321	2,564,104
<b>Closing balances</b>	<b>120,000</b>	<b>1,778,712</b>	<b>1,379,014</b>	<b>(482,832)</b>	<b>(1,140,872)</b>	<b>7,492,641</b>	<b>2,841,321</b>	<b>11,987,984</b>
<b>January 1, 2024– December 31, 2024</b>								
<b>Beginning of the period</b>	<b>120,000</b>	<b>1,778,712</b>	<b>1,379,014</b>	<b>(482,832)</b>	<b>(1,140,872)</b>	<b>7,492,641</b>	<b>2,841,321</b>	<b>11,987,984</b>
Transfers	-	-	89,591	-	-	2,751,730	(2,841,321)	-
Dividends paid	-	-	-	-	-	(903,437)	-	(903,437)
Total comprehensive income	-	-	-	(147,863)	355,981	-	(3,104,429)	(2,896,311)
<b>Closing balances</b>	<b>120,000</b>	<b>1,778,712</b>	<b>1,468,605</b>	<b>(630,695)</b>	<b>(784,891)</b>	<b>9,340,934</b>	<b>(3,104,429)</b>	<b>8,188,236</b>

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

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS January 1, - December 31, 2024 AND 2023

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

	Notes	(Audited) December 31, 2024	(Audited) December 31, 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(198,121)</b>	<b>1,143,262</b>
Net profit/(loss) for the period		(3,104,429)	2,841,321
<b>Adjustments to reconcile net profit (loss) for the period to cash flows from operating activities</b>		<b>6,379,739</b>	<b>1,106,506</b>
Adjustments for depreciation and amortization	13, 14	1,517,408	1,315,896
Adjustments in relation to impairment:		413,536	171,562
- Provision for inventories	11	413,536	171,562
Adjustments in relation to provision:		684,953	1,875,491
- Provision for employee benefits	17	180,153	156,850
- Provision for warranty expenses	16	1,050,808	1,298,181
- Adjustments for other provisions		(546,008)	420,460
Adjustments in relation to interest income and expenses:		6,219,554	3,863,763
- Adjustment in relation to interest income	24	(855,499)	(1,430,246)
- Adjustment in relation to interest expense	25	7,075,053	5,294,009
Adjustments in relation to unrealised foreign exchange gains and losses		599,224	1,255,816
Adjustments in relation to fair value gains and losses		(16,313)	30,174
- Fair value losses/(gains) on financial assets		(32,905)	(10,690)
- Fair value losses/(gains) on financial derivative instruments		16,592	40,864
Adjustments for undistributed profits of investments accounted for using equity method		34,409	4,445
- Adjustments for undistributed profits of joint ventures	6	34,409	4,445
Adjustments for tax income/(expenses)		116,263	(736,250)
Adjustments in relation to gains or losses on sales of property, plant and equipment		5,267	(4,799)
- Losses / (gains) on sale of property, plant and equipment		5,267	(4,799)
Monetary gain/ (loss)		(3,194,562)	(6,669,592)
<b>Changes in net working capital</b>		<b>(2,319,046)</b>	<b>(1,566,861)</b>
Adjustments for increase/decrease in trade receivables		(5,983,610)	(1,481,798)
Adjustments for increase/decrease in inventories		(3,351,434)	(632,092)
Adjustments for increase/decrease in trade payables		2,723,303	643,179
Adjustments for other increase (decrease) in working capital		4,292,695	(96,150)
- Increase/(decrease) in other assets related to activities		586,467	437,991
- Increase/(decrease) in other liabilities related to activities		3,706,228	(534,141)
<b>Cash flows from operations</b>		<b>956,264</b>	<b>2,380,966</b>
Payments in relation to employee benefits	17	(202,044)	(218,750)
Payments in relation to other provisions	16	(887,141)	(676,074)
Deductions/(payments) in relation to income tax		(30,419)	(293,674)
Other cash collections/(payments)		(34,781)	(49,206)
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>(2,492,209)</b>	<b>(205,002)</b>
Cash outflows related to purchases for acquisition of control of subsidiaries	3	-	(6,655)
Cash outflows for the acquisition of shares of other businesses or funds or debt instruments		-	(2,937)
Proceeds from sale of property, plant and equipment and intangible assets		6,617	6,695
- Proceeds from sale of property, plant and equipment		6,617	6,695
Cash outflows due to purchase of property, plant and equipment and intangible assets		(3,445,662)	(1,877,725)
- Purchase of property, plant and equipment	13	(1,323,389)	(1,234,386)
- Purchase of intangible assets	14	(2,122,273)	(643,339)
Dividends received	6	-	329,203
Interest received		946,836	1,346,417
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(2,942,330)</b>	<b>8,568,005</b>
Cash inflow from due to borrowings		25,013,841	48,439,353
- Proceeds from bank borrowings	7	25,013,841	48,439,353
Cash outflow due to repayment of borrowings		(19,995,539)	(36,087,197)
- Repayments of borrowings	7	(19,995,539)	(36,087,197)
Cash outflows related to loan payments arising from lease agreements	7	(96,370)	(77,855)
Dividends paid		(903,437)	-
Interest paid		(6,960,825)	(3,849,035)
Other Cash Inflows (Outflows)		-	142,739
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES</b>		<b>(8,666,299)</b>	<b>6,483,652</b>
<b>CURRENCY TRANSLATION DIFFERENCE ON CASH AND CASH EQUIVALENTS</b>		<b>359,604</b>	<b>(668,997)</b>
<b>EFFECT OF MONETARY LOSS ON CASH AND CASH EQUIVALENTS</b>		<b>(3,033,639)</b>	<b>(3,022,613)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(8,306,695)</b>	<b>5,814,655</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5	<b>9,777,543</b>	<b>3,962,888</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<b>1,470,848</b>	<b>9,777,543</b>

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

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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

### NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Otokar Otomotiv ve Savunma Sanayi A.Ş. ('Otokar' or the 'Company'), was established in 1963 and is registered in Istanbul, Turkey and operating under the Turkish Commercial Code.

The Group operates in the automotive industry and off road vehicles, military vehicles, minibuses, midibuses and autobuses, light truck and truck constitute the majority of its production.

The registered addresses of the Company are as follows:

Head Office: Taşdelen Mahallesi, Sırrı Çelik Bulvarı No: 5 Çekmeköy/İstanbul

Plant: Atatürk Cad. No: 6 54580 Arifiye/Sakarya

Information related to subsidiary of the Company subject to consolidation is as follows:

Subsidiaries	Country	Main activity	Field of activity
Otokar Europe SAS	France	Sales and marketing	Automotive
Otokar Land Systems LLC	United Arab Emirates	Sales and marketing	Automotive and defense industry
Otokar Europe Filiala Bucuresti SRL	Romania	Sales and marketing	Automotive
Otokar Italia S.R.L.	Italy	Sales and marketing	Automotive
Subsidiaries	Country	Main activity	Field of activity
Al Jasoor Heavy Vehicle Industry LLC	United Arab Emirates	Sales and marketing	Automotive and defense industry

The Group opened Sucursala branch in Romania on 20 August 2024 in order to carry out the new projects in compliance with the Romanian legislation.

Otokar Central Asia Limited Company was established on 5 November 2019 in Astana International Financial Center (AIFC), a special-status region that accepts the principles of British Law in Kazakhstan, in order to increase its international sales and follow up export activities.

Since the financial activities of Otokar Central Asia Limited Company have not started yet, the investment was presented under financial investments in the consolidated financial statements.

Otokar and its subsidiaries will be referred as the 'Group' for the purpose of the preparation of this consolidated financial statements.

The end-period and the average number of personnel employed in the Group are as follows:

	December 31, 2024		December 31, 2023	
	Period end	Average	Period end	Average
White collar	900	974	980	915
Blue collar	2,809	2,754	2,600	2,153
<b>Total</b>	<b>3,709</b>	<b>3,728</b>	<b>3,580</b>	<b>3,068</b>
Temporary blue collar	63	434	813	987
<b>Total</b>	<b>3,772</b>	<b>4,162</b>	<b>4,393</b>	<b>4,055</b>

The consolidated financial statements for the year ended December 31, 2024 were authorized for issue and signed by the Board of Directors of Otokar on 5 February 2025. The accompanying consolidated financial statements may be amended by the General Assembly.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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

### NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Otokar is registered to the Capital Market Board ('CMB') and its shares are listed on the Borsa Istanbul A.Ş. ('BIST') since 1995. As of December 31, 2024, 27.81% of the shares are quoted on the BIST.

As of December 31, 2024, the shareholders holding Otokar's shares and their share ratios are as follows:

	(%)
Koç Holding A.Ş.	47.38
Ünver Holding A.Ş.	24.81
Diğer	27.81
	<b>100.00</b>

Otokar Otomotiv ve Savunma Sanayi A.Ş. is controlled by Koç Holding A.Ş..

The parent company Koç Holding A.Ş., is controlled by Koç Family and the companies owned by Koç Family.

The shareholder, Ünver Holding A.Ş., is controlled by Ünver Family.

The Group conducts part of its business transactions with the Koç Holding A.Ş. and related parties. There are certain related parties, which are both customers and vendors of the Group.

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

#### 2.1 Principles of preparation of consolidated financial statements

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

The Group maintains its books of account and prepares its statutory financial statements in Turkish Lira (TRY) in accordance with regulations on accounting and reporting framework and the Uniform Chart of Accounts issued by the Ministry of Finance. Subsidiaries operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations applicable in the countries where they operate.

The consolidated financial statements are presented in accordance with the formats set out in the "Announcement on TAS Taxonomy" and the "Financial Statement Examples User Guide" published by the UPS on July 3, 2024.

The Company and its Subsidiaries registered in Turkey comply with the principles and conditions issued by the CMB, the Turkish Commercial Code ("TCC"), the tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance in keeping accounting records and preparing legal financial statements. The consolidated financial statements have been prepared on a historical cost basis, except for derivative instruments shown with their fair values, and have been prepared by reflecting the necessary corrections and classifications in order to make the correct presentation in accordance with the TAS in the statutory records.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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

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### NOTE 2 - PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.1 Principles of preparation of consolidated financial statements (Continued)

##### Functional and presentation currency

Each item in the financial statements of subsidiaries and joint ventures is recognized using the currency applicable in the underlying economic environment in which they operate ("functional currency"). The interim condensed consolidated financial statements are presented using TL, the Company's functional and presenting currency.

##### Financial statements of subsidiaries, joint ventures and affiliates operating in foreign countries

Included in the financial statements of subsidiaries and business partnerships operating in foreign countries, prepared in accordance with the Group's accounting policies; Its assets and liabilities were converted into TL using the exchange rate on the balance sheet date, and its revenues and expenses were converted into TL using the average exchange rates. Exchange rate differences arising as a result of closing and average exchange rate usage are tracked under the item of foreign currency conversion differences in equity and are adjusted according to the changes in the purchasing power of the TL in order to comply with TFRS.

##### Financial reporting in high-inflation economies

With the announcement made by the Public Oversight Accounting and Auditing Standards Authority (KGK) on November 23, 2023, enterprises implementing TFRSs have started to implement inflation accounting in accordance with TAS 29 Financial Reporting Standard in High Inflation Economies as of their financial statements for the annual reporting period ending on or after December 31, 2023. TAS 29 is applied to the financial statements, including consolidated financial statements, of enterprises whose current currency is the currency of a high-inflation economy.

TAS 29 applies to the financial statements, including consolidated financial statements, of entities whose functional currency is the currency of a hyperinflationary economy.

In accordance with this standard, financial statements prepared on the basis of the currency of a high-inflation economy are prepared in the purchasing power of this currency on the balance sheet date. For comparison purposes in the financial statements of the previous period, comparative information is expressed in terms of the current unit of measurement at the end of the reporting period. Therefore, the Group has submitted its consolidated financial statements for December 31, 2023 on a purchasing power basis as of December 31, 2024.

Pursuant to the CMB's decision dated December 28, 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards will implement inflation accounting by applying the provisions of TAS 29, starting from their annual financial reports for the accounting periods ended as of December 31, 2023.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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

### NOTE 2 - PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.1 Principles of preparation of consolidated financial statements (Continued)

##### Financial reporting in high-inflation economies (continued)

The revisions made pursuant to TAS 29 were made using the correction coefficient obtained from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute ("TurkStat"). As of December 31, 2024, the indices and correction coefficients used in the adjustment of the consolidated financial statements are as follows:

Tarih	Index	Correction coefficient	Three-year cumulative inflation rates
December 31, 2024	2,684.55	1.00000	%291
December 31, 2023	1,859.38	1.44379	%268
December 31, 2022	1,128.45	2.37897	%156

The Group's adjustment for financial reporting purposes in high-inflation economies is the main Its elements are as follows:

- The consolidated financial statements for the current period, prepared in TL, are expressed in terms of the purchasing power on the balance sheet date, and the amounts of the previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not currently adjusted because they are expressed in terms of current purchasing power on the balance sheet date. In cases where the inflation-adjusted value of non-monetary items exceeds the recoverable amount or the net realizable value, the provisions of TAS 36 Impairment of Assets and TAS 2 Inventories are applied, respectively.
- Non-monetary assets and liabilities and equity items that were not expressed in terms of current purchasing power on the date of the statement of financial position were adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an effect on the comprehensive income statement of non-monetary items in the statement of financial position, are indexed with the coefficients calculated over the periods in which the income and expense accounts are first reflected in the financial statements.
- The impact of inflation on the Group's net monetary asset position in the current period, consolidated profit or net monetary position gains/(losses) are recorded in the net monetary position gains/(losses) account in the loss statement (Note 26).

#### 2.2 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.



# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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

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### NOTE 2 - PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.2 The new standards, amendments and interpretations (Continued)

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

- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments did not have a significant impact on the financial position or performance of the Group.

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

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

- Amendments to TFRS 10 and TAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to TAS 21 - Lack of exchangeability

The Group will wait until the final amendment to assess the impacts of the changes.

- TFRS 17 - The new Standard for insurance contracts

The standard is not applicable for the Group.

##### c) The amendments which are effective immediately upon issuance

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

The amendments did not have a significant impact on the financial position or performance of the Group.

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

The following two amendments to IFRS 9 and IFRS 7 and 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.

- Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments
- Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity
- IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

The standard is not applicable for the Group.

**NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS  
AT December 31, 2024 AND 2023**

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

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**NOTE 2 - PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.3 Changes and Errors in Accounting Policies and Estimates**

Changes in accounting estimates are applied prospectively in the current period in which the change is made if they relate to only one period, and in the future periods, both in the period in which the change is made and in future significance. The material estimates used during the preparation of the interim condensed consolidated financial statements for the period ended December 31, 2024 are consistent with the estimates applied during the preparation of the consolidated financial statements for the period ended December 31, 2023.

**2.4 Significant accounting judgments and estimates**

The preparation of the consolidated financial statements requires 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Significant estimates used in the preparation of these consolidated financial statements and the significant judgments with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

- a) Deferred tax asset is recognised to the extent that taxable profit will be available against which the deductible temporary differences can be utilized. When taxable profit is probable, deferred tax asset is recognised for all deductible temporary differences. For the year ended December 31, 2024, since the Management believed the indicators demonstrating that the Group will have taxable profits in the foreseeable future- are reliable, deferred tax asset has been recognized.
- b) The Group determines provision for warranty expense by considering the past warranty expenses and remaining warranty period per vehicle.
- c) The Group has made certain important assumptions based on experiences of technical personnel in determining useful economic lives of property, plant and equipment and intangible assets.
- d) The Group has made certain assumptions based on experiences of technical personnel in determining impairment for inventories.
- e) The Group, recognised development expenditures on an individual project as an intangible asset when the Group can demonstrate below:
  - existence of the technical feasibility of completing the intangible asset so that it will be available for use or sale,
  - existence of the intention to complete the intangible asset and use or sell it,
  - existence of the ability to use or sell the intangible asset,
  - reliability of how the intangible asset will generate probable future economic benefits,
  - the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and existence of the ability to measure reliably the expenditure attributable to the intangible asset during its development.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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

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### NOTE 2 - PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

- f) Creditworthiness of debtors, past payment in determining the impairment of trade receivables restructuring performances and in case of restructuring conditions are taken into account. The expected credit loss of trade receivables has been measured and a significant found to have no effect.
- g) The cost of defined benefit plans is determined using actuarial valuations which involve making assumptions about discount rates, future salary increases and employee turnover. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### 2.5 Summary of key accounting policies

##### Group accounting

The consolidated financial statements contain the financial statements of the parent company Otokar and its subsidiaries within the scope of the matters in the following paragraph. The financial statements of the companies included in the consolidation have been prepared in accordance with TFRS as of the dates of the interim condensed consolidated financial statements and in accordance with uniform accounting policies and practices.

##### *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group combines individual income and expenses, assets and liabilities and cash flows of subsidiaries on a line-by-line basis with similar items in the consolidated financial statements.

The booked values of the shares owned by Otokar and its subsidiaries are mutually exclusive net off with the related equities. Intercompany transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

##### *Disposal of a subsidiary*

If the Group loses control of a subsidiary, it recognizes any investment retained in the former subsidiary at its fair value when control is lost and any difference between the fair value and net book value of investment is accounted for as gain or loss. That fair value shall be regarded as the fair value on initial recognition of a financial asset, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. Additionally, assets and liabilities that were previously recognized as other comprehensive income attributable to that subsidiary are accounted for as if those were disposed the Group. This may result in a fact that these amounts previously recognized as other comprehensive income may be classified to profit or loss.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS

### AT December 31, 2024 AND 2023

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

## NOTE 2 - PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 2.5 Summary of key accounting policies (Continued)

#### Group accounting (Continued)

The table below shows subsidiaries, joint ventures, shares owned, and shareholding ratios as of December 31, 2024 and December 31, 2023:

Subsidiaries	2024		2023	
	Owned Total Share (%)	Effective Partnership Rate (%)	Owned Total Share (%)	Effective Partnership Rate(%)
Otokar Europe SAS	100.00	100.00	100.00	100.00
Otokar Land Systems LLC	100.00	100.00	100.00	100.00
Otokar Europe Filiala Bucuresti SRL	100.00	100.00	100.00	100.00
Otokar Central Asia Limited	100.00	100.00	100.00	100.00
Otokar Italia S.R.L	100.00	100.00	-	-

#### Partnerships

Business Partnerships are formed under a contract for the undertaking of an economic activity to be jointly managed by one or more entrepreneurial partners of Otokar and its subsidiaries. Otokar provides this joint control by making use of the shares it owns directly or indirectly.

According to the equity method, the joint venture investment is accounted for with the initial cost of acquisition. After the acquisition date, the investor's share in the profit or loss of the invested enterprise is reflected in the financial statements by increasing or decreasing the book value of the investment. The investor's share of the profit or loss of the invested entity is recognized as the investor's profit or loss. Distributions received from an invested business (dividend, etc.) reduce the book value of the investment. The book value of the invested entity must be adjusted in proportion to the investor's share of the changes in the other comprehensive profit of the enterprise. In the application of the equity method for Business Partnerships, Otokar's direct and indirect voting rights ratio were taken into account.

The table below shows the voting rights and effective partnership ratios of Business Partnerships as of December 31, 2024 and December 31, 2023:

Subsidiaries	2024		2023	
	Owned Total Share (%)	Effective Partnership Rate (%)	Owned Total Share (%)	Effective Partnership Rate(%)
Al Jasoor Heavy Vehicles Industry LLC (*)	49.00	49.00	49.00	49.00

(\*) Al Jasoor Heavy Vehicle Industry LLC, a 49% owned subsidiary of the Group, Otokar Land Sytems Limited, was established on May 28, 2017 in the United Arab Emirates (UAE) to sell and market the automotive and defense industries.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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

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### NOTE 2 -PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Summary of significant accounting policies (Continued)

##### Revenue recognition

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following main principles:

- (a) Identification of customer contracts,
- (b) Identification of performance obligations,
- (c) Determination of transaction price in the contract,
- (d) Allocation of price to performance obligations,
- (e) Recognition of revenue when the performance obligations are fulfilled.

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

- (a) 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,
- (b) Group can identify each party's rights regarding the goods or services to be transferred,
- (c) Group can identify the payment terms for the goods or services to be transferred;
- (d) The contract has commercial substance,
- (e) 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.

In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

Service revenue is recognized in the period services given. Service revenue in the context of repair maintenance agreements for more than one year are recognized in equal installments during the agreement periods and amounts belonging to the following periods are booked as deferred revenue.

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 on an accrual basis as financial income.

Interest income is recognised using the effective interest rate until maturity and considering the effective interest rate.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS

### AT December 31, 2024 AND 2023

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

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## NOTE 2 -PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 2.5 Summary of significant accounting policies (Continued)

#### Revenue recognition (Continued)

Revenue from sale of goods

Group recognizes revenue based on the production and sale of armored vehicles, bus and minibus. Revenue is recognized when the control of the goods is transferred to the customer. In addition, Group provides legal warranty commitment to its customers depending on the type of goods and the location of sale between 1-2 years. These legal warranty commitments are mandatory by regulations, have not a separate price apart from the good and are not separately sold. Therefore, they are not treated as a separate good or service apart from the sale of good.

For each performance obligation, the Group determines at the beginning of the contract whether it has fulfilled its performance obligation over time or whether it has fulfilled its performance obligation at a certain point in time. In maintenance package sales, the Group transfers the control of the service over time and thus fulfills its performance obligations over time and measures the progress towards the full fulfillment of this performance obligation and recognizes the revenue over time.

Advances received from customers within the scope of projects are recorded in the financial statements as obligations arising from customer contracts and are recorded as revenue when the related performance obligation is realized.

Revenue from sale of extended warranty

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 is determined separately from the price of the goods and it is a separate performance obligation in the contract. Therefore, Group treats the service that will be provided due to the sale of extended warranty as a separate performance obligation.

#### Related parties

a) A person or a close member of that 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.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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

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### NOTE 2 -PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Summary of significant accounting policies (Continued)

##### Related Parties (Continued)

- (b) In the existence of any instances stated below, the entities shall be considered as related parties to the Company:
- (i) Entity and Company are member of same group.
  - (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).

##### Inventories

Inventories are valued at the lower of cost or net realizable value. Cost incurred in bringing each product to its present location and conditions are included in the cost of inventory.

Raw materials and merchandises - cost is determined on a weighted average basis over the costs net of imputed interest.

Finished goods and work-in progress -cost of direct materials and labor and a proportion of manufacturing overheads are (included based on normal operating capacity) using average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale (Note 10).

##### Property, plant and equipment

All property and equipments are initially recorded at cost and then are carried at restated cost until December 31, 2004 with the index of the related purchase date. Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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

### NOTE 2 -PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Summary of significant accounting policies (Continued)

##### Property, plant and equipment (Continued)

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Depreciation is provided on cost or revalued amount of property, plant and equipment on a straight line basis. Estimated useful lives are as follows:

Land improvements	25-30 years
Buildings	30 years
Machinery and equipment	3-15 years
Vehicles	4-9 years
Furniture and fixtures	5-15 years
Leasehold improvements	5 years

Land is not amortized since it has an unlimited economic life.

Gains and losses on sale of property, plant and equipment are included in investment activity income and expense.

##### Intangible assets

Intangible assets mainly comprise software rights, information systems, project costs related to new product development and computer software. Intangible assets are initially stated at cost and are restated until December 31, 2004 with the index of the related purchase date. Intangible assets are stated at cost less accumulated depreciation and accumulated impairment loss.

Intangible assets are amortized on a straight-line basis over the estimate of their useful lives, which is up to 5 years. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. Where the carrying amount of an intangible asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.



# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

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### NOTE 2 -PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Summary of significant accounting policies (Continued)

##### Research and development expenses

Research expenditures are recognized as an expense when they are incurred.

Intangible assets arising from in-house development activities (or the improvement phase of an intergroup project) are recognized when all of the following conditions are met:

- Existence of the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- Existence of the intention to complete the intangible asset and use or sell it,
- Existence of the ability to use or sell the intangible asset,
- Reliability of how the intangible asset will generate probable future economic benefits,
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and the existence of the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures are recognized as an expense as incurred. Development costs previously recognized as an expense are not capitalized as an asset in a subsequent period. Capitalized development expenses are amortized in expected useful life which is 5 years by straight-line method effective from the start of the production.

##### Investment, research and development incentives

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systemic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recorded as deferred income.

Investment and research and development incentives are recognized when the Group's incentive requests (applications) are approved by fiscal authorities.

##### Taxes calculated on corporate income

Income tax is the aggregate amount included in the determination of net profit or loss for the year in respect of current and deferred tax.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in Turkey. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax. A provisional tax accrual is recognized in the financial statements for current taxation. Current tax charge is calculated over operational results considering the effects of disallowable and exemptions.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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### NOTE 2 -PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Summary of significant accounting policies (Continued)

##### Taxes calculated on corporate income (Continued)

Furthermore, provisional corporate taxes are paid at 25% over profits declared for interim periods in order to be deducted from the final corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred income tax assets is reviewed by the Company at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are presented net in the consolidated financial statements.

##### Employment termination benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the financial statements, the Company has recognized a liability using the ‘Projected Method’ based upon factors derived using the Company’s experience of personnel terminating and being eligible to receive benefits, discounted by using the current market yield at the balance sheet date on government bonds. All actuarial gains and losses are recognized in the statement of other comprehensive income.

##### Foreign currency transactions

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of such transactions. Monetary balance sheet items denominated in foreign currencies have been translated at the Central Bank of the Republic of Türkiye exchange rates prevailing at the balance sheet date.

##### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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### NOTE 2 -PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Summary of significant accounting policies (Continued)

##### Provisions (Continued)

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are revised at each balance sheet date and amended in order to reflect management’s recent estimations.

##### Contingent liabilities and assets

Assets and liabilities that originate from past incidents and whose presence is not fully under the entity’s control as it can only be confirmed through the realization of one or more indefinite incidents to take place in the future are not included in the financial statements and are considered as contingent liabilities and assets.

Contingent liabilities are not recognized in the financial statements. They are disclosed only, if the probability of outflow of resources embodying economic benefits is not highly probable. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is mostly probable.

##### Share capital and dividend

Ordinary shares are classified under share capital. Dividend distribution on ordinary shares is recognized as an appropriation of profit in the period in which they are declared.

##### Warranty expenses

Warranty expenses are recorded as a result of repair and maintenance expenses for products produced and sold, authorized services’ labor and material costs for products under the scope of the warranty terms without any charge to the customers, initial maintenance costs and estimated costs based on statistical information for possible future warranty services and returns of products with respect to the products sold during the year.

##### Financial instruments

###### Financial assets

The Group classifies its financial assets in the following categories: amortised cost and fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

###### Financial assets measured at amortised cost

Financial assets measured at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Trade receivables and cash and cash equivalents are classified in this category.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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### NOTE 2 -PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Summary of significant accounting policies (Continued)

##### Financial assets (Continued)

Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of 'derivative instruments' in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and at banks and short-term highly liquid and the risk of value change is not material investments including time deposits generally having original maturities of three months or less.

Bank accounts consist of time and demand deposit accounts and the related interest accrued. The Turkish Lira balances are stated at face values and the foreign currency balances are translated into Turkish Lira at the foreign currency rate issued by the Central Bank of the Republic of Türkiye as at the report date. Time deposit accounts are stated as calculated by adding accrued interest as of balance sheet date on the principle amount.

##### **Trade receivables**

Trade receivables and notes and post-dated checks classified within trade receivables which are recognized at original invoice amount are measured at amortized cost using the effective interest rate method. Short term trade receivables without specified interest rate, are measured at invoice amount when the interest accrual effect is immaterial.

Group may enter into factoring agreement for its trade receivables and the amount provided from factoring companies is recorded as financial liability in the consolidated financial statements.

Post dated cheques received with maturity dates exceeding the balance sheet date are classified in trade receivables and are rediscounted using the interest rates determined for government debt securities by considering the interest levels arising in the stock exchanges or other organized markets.

Since the trade receivables accounted for at amortized cost in the consolidated financial statements do not contain a significant financing component, the Group chooses the simplified application for impairment calculations and uses the provision matrix. With this practice, the Group measures the expected credit loss allowance at an amount equal to lifetime expected credit losses. In the calculation of expected credit losses, the Group's forecasts for the future are taken into account along with the past experience of credit losses.

If a portion or the entire amount of a receivable is collected after provided for a provision, the collected amount is deducted from total provision and is recognized as an income in the comprehensive income statement.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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### NOTE 2 -PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Summary of significant accounting policies (Continued)

##### Trade payables

Trade payables are recognized initially at fair value of and subsequently measured at amortized cost using the effective interest method.

##### Borrowings

Short and long term bank loans are stated at the value computed through addition of the principal amount and the interest expenses accrued as of the balance sheet date.

Borrowings are recognized initially at proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the comprehensive income statement over the period of the borrowings. Borrowing costs incurred for reasons other than financing the acquisition of qualifying assets is booked as an expense in the period in which it occurs.

##### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Company mainly consist of foreign exchange forward contracts and related transactions. These derivative transactions, even though providing effective economic hedges under the Company risk management position, do not generally qualify for hedge accounting, therefore treated as 'derivative financial instruments held for trading. Any gains or losses arising from changes in the fair value of such kind of financial instruments are recognized understatement of profit and loss.

##### Impairments in financial assets

Financial assets are assessed at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. For loans and receivables impairment loss has been incurred the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Except for trade receivables, which is reduced through the use of an allowance account, impairment on all other financial assets are directly written off in the related account. In case trade receivables cannot be collected, the related amount is written off from allowance account. The change in allowance account is accounted in the comprehensive income statement.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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### NOTE 2 -PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Summary of significant accounting policies (Continued)

##### Recognition and derecognition of financial assets and liabilities

The Group recognizes a financial asset or financial liability in its balance sheet only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of it only when the control on rights under the contract is discharged. The Company derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires.

All regular way financial asset purchase and sales are recognized at the date of the transaction, the date the Group committed to purchase or sell. The mentioned purchases or sales are ones which require the delivery of the financial assets within the time interval identified with the established practices and regulations in the market.

##### Foreign currency transactions

Monetary balance sheet items denominated in foreign currencies have been translated to Turkish Lira at the Central Bank of the Republic of Türkiye exchange rates prevailing at the balance sheet date. Exchange gains or losses arising on translation of foreign currency denominated assets and liabilities are included in the comprehensive income statement.

#### Leases

##### The Group – as a lessee

At inception of a contract, the Group assesses whether a 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 of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
  - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
  - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

**NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS  
AT December 31, 2024 AND 2023**

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

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**NOTE 2 -PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.5 Summary of significant accounting policies (Continued)**

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Right of use asset

The right of use asset is initially recognized at cost comprising of:

- a) 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; and
- d) An estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

The Group measure the right of use asset:

- a) After netting-off depreciation and reducing impairment losses from right of use asset,
- b) adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies the depreciation provisions in TAS 16 ‘Property, Plant and Equipment’ while depreciating the right of use asset.

TAS 36 applies the ‘Impairment of Assets’ standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

**Lease Liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a) Fixed payments, including in-substance fixed payments;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- c) Payments of penalties for terminating the lease if the lease term indicates that the tenant will use an option to terminate the lease.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

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### NOTE 2 -PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Summary of significant accounting policies (Continued)

##### Leases (Continued)

##### The Group - as a lessee (Continued)

After the actual lease commences, the Group measures the lease liability as follows:

- Increasing the carrying amount to reflect interest on lease liability,
- Reducing the carrying amount to reflect the lease payments made and
- Remeasures the ledger value to reflect re-evaluations and reconstructions, if any. The Group reflects the remeasurement amount of the lease liability as an adjustment to the right-of-use asset in its financial statements.

##### *Extension and termination options*

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment. If there is a significant change in the conditions, the evaluation made is reviewed by the management. As a result of the evaluations made in the current period, there is no lease obligation or asset usage right arising from the inclusion of the extension and early termination options in the lease term.

##### *Variable lease payments*

Lease payments arising from a portion of the Group's lease agreements consist of variable lease payments. These variable lease payments, which are not covered by the TFRS 16 standard, are recorded as rent expense in the income statement in the relevant period.

##### **As the Lessor**

The Group does not have any significant activity as the lessor.

##### **Earnings per share**

Basic earnings per share are calculated by dividing the net profit by the weighted average number of ordinary shares outstanding during the year.

The companies can increase their share capital by making a pro-rata distribution of shares ('Bonus Shares') to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and share capital inflation adjustments. For the purpose of the earnings per share calculation such Bonus Share issues are regarded as stock dividends. Accordingly, the weighted average number of shares used in earnings per share calculation is derived by giving retroactive effect to the issue of such shares.



# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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### NOTE 2 -PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Summary of significant accounting policies (Continued)

##### Subsequent events

Subsequent events comprise all events occurred between the date of authorization of the financial statements for issuance and the balance sheet date.

The Group updates its financial statements and respective disclosures that relate to conditions that existed at the end of the reporting period to regarding any new information that they receive after the reporting period which require amendment. Non-adjusting events are solely disclosed if they are of such importance.

##### Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that carrying value of assets except financial assets and deferred tax assets is impaired or not. When an indicator of impairment exists, the Company estimates the recoverable values of such assets. When individual recoverable value of assets cannot be measured, recoverable value of cash generating unit of that asset is measured.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of net selling price or value in use. Net selling price is determined by deducting any expenses to be incurred for the sale of an asset from the fair value of the asset. Value in use is calculated as the discounted value of the estimated future cash flows the entity expects to receive from the asset.

When recoverable amount of an asset (or a cash generating unit) is lower than its carrying value, the asset's carrying value is reduced to its recoverable amount. An impairment loss is recognized immediately in the comprehensive income statement.

An impairment loss recognized in prior periods for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount cannot be higher than the previously recognized impairment and is recognized as income in the financial statements.

##### Borrowing costs

Borrowing costs comprise interest expense, foreign exchange losses arising from financing activities and other costs related with financing.

Borrowing costs directly attributable to the acquisition of qualifying assets are capitalised as part of the cost of the respective assets. Capitalization is ceased when the -operations to bring the qualifying asset ready for sale or use- are completed. Qualifying assets are those assets whose construction or production takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs that are not in this scope are recognised directly in the income statement.

##### Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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### NOTE 2 -PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.6 Going Concern

The Group has prepared its consolidated financial statements according to the going concern principle.

#### 2.7 Comparative Information and Restatement of Prior Period Financial Statements

The consolidated financial statements of the Group are prepared comparatively with the prior period in order to enable the determination of the financial position and performance trends. Comparative figures are reclassified, where necessary, to conform to the presentation in the current period consolidated financial statements and significant changes are explained. In addition, as disclosed in Note 3 Business Combinations, the final accounting for the acquisition of Italia S.R.L is presented in the financial statements as at December 31, 2023. The Group has applied consistent accounting policies in the consolidated financial statements for the periods presented and there are no significant changes in accounting policies and estimates in the current period.

### NOTE 3 – BUSINESS COMBINATIONS

A Group subsidiary, Otokar Europe SAS, has purchased all shares of MAURI Bus System S.R.L. (in Italy), a dealership of the company until September 12, 2023. The closing transactions of the Share Transfer Agreement signed on September 12, 2023, have been completed as of September 2023. The transaction price paid for the full acquisition of the shares is 2,355 thousand Euros. The initial payment of 1,344 thousand Euros was completed on the transfer date. The remaining payment of 1,011 thousand Euros will be paid in installments over 4 years.

As a result of this transaction, the company's title was changed to "Otokar Italia S.R.L." as of October 12, 2023, and the registration procedures related to changes in the company's title and board structure have been realized in the relevant country's registries.

As of December 31, 2024, it is accounted for in the consolidated financial statements within the framework of the provisions of TFRS 3 "Business Combinations Standards".

The purchase price, the fair values of the acquired assets and liabilities provisionally used under TFRS 3 are summarized in the table below:

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS

### AT December 31, 2024 AND 2023

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#### NOTE 3 – BUSINESS COMBINATIONS (Continued)

Cash and cash equivalents	101,401
Financial investments	9,085
Trade and Other Receivables	180,459
Inventories	93,143
Other Current Assets	40,607
Property, Plant, and Equipment	4,726
Intangible Non-Current Assets (*)	61,025
Trade and Other Payables	(279,613)
Bank Loans	(44,370)
Short and Long-Term Provisions	(36,110)
Deferred Tax Liability	(16,932)
Other Liabilities	(25,328)
<b>Value of total identifiable net assets (100%)</b>	<b>88,093</b>
Goodwill	19,963
<b>Total purchase price</b>	<b>108,056</b>

(\*) Intangible assets consist of customer relations and their depreciation lives vary between 1-7 years.

The details of the cash outflow arising from the acquisition are as follows:

Total purchase price – cash	(108,056)
Cash and cash equivalents - acquired	101,401
<b>Cash outflow from the acquisition (net)</b>	<b>(6,655)</b>

#### NOTE 4 - SEGMENT REPORTING

The Group does not prepare segment reporting and follows financial statements by one operating unit.

Since Chief Executive Decision Makers (composed of key management, board members, general manager and assistant general managers) do not monitor cost of sales, operating expenses and financial expenses, the products are only monitored based on revenue (Note 20). Thus, segment reporting is not performed.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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### NOTE 5 - CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023
<b>Banks</b>		
- Time deposits	923,876	8,543,695
- Demand deposits	546,887	1,233,699
Other	85	149
<b>Cash and cash equivalents in the cash flow statement</b>	<b>1,470,848</b>	<b>9,777,543</b>
Interest accrual	534	91,871
	<b>1,471,382</b>	<b>9,869,414</b>

As of December 31, 2024, the total amount of time deposit accounts is TL 923,876 thousand, and the equivalent amount of TL 520,946 thousand is in foreign currency, and the effective interest rate is 1.35% per year and the maturity is 2 days. The effective interest rate of the remaining TL 403,379 thousand is 47.00% per year and the maturity is 2 days.

(As of December 31, 2023, the total amount of time deposit accounts is TL 8,543,695 thousand, the amount corresponding to TL 537,127 thousand is in foreign currency, the effective interest rate is 0.01% per year and the maturity is 1 day. The effective interest rate of the remaining amount of TL 8,006,568 thousand is 44.93% per year and the maturity is 30 days.)

As of December 31, 2024, the Group has blocked deposits of TL 63 thousand (December 31, 2023: TL 4,424 thousand).

## OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

### NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS

#### AT December 31, 2024 AND 2023

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

#### NOTE 6 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As of December 31, 2024, and December 31, 2023, the details of carrying value and consolidation rate subject to equity accounting of joint venture is as follows:

Joint ventures	2024	Tutar	2023	Tutar
	(%)		(%)	
Al Jasoor	49	73,098	49	123,237
		<b>73,098</b>		<b>123,237</b>

The summary of the financial statements of Al Jasoor as of December 31, 2024 and December 31, 2023 is as follows:

	2024	2023
<b>Beginning of the period January 1st</b>	123,237	573,461
Shares of profit/(loss)	(34,409)	(4,445)
Dividends paid	-	(329,203)
Foreign currency exchange differences	(15,730)	(116,576)
<b>December 31</b>	<b>73,098</b>	<b>123,237</b>

The financial information regarding Al Jasoor Heavy Vehicle Industry LLC, which is valued using the equity method as of December 31, 2024 and December 31, 2023, is as follows:

	December 31, 2024	December 31, 2023
Total assets	214,366	801,949
Total liabilities	(65,186)	(550,444)
<b>Net assets</b>	<b>149,180</b>	<b>251,505</b>
Ownership of the Group	49%	49%
<b>Net asset share of the Group</b>	<b>73,098</b>	<b>123,237</b>

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS

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

#### NOTE 7 - BORROWINGS

##### Short term borrowings

December 31, 2024	Maturity	Annual effective interest rate (%)	TRY equivalent
<b>Bank loans</b>			
EUR borrowings	January 10, 2025 – June 11, 2025	6.57	2,438,898
USD borrowings	February 25, 2025	5.54	289,208
TRY borrowings	May 22, 2025 – December 25, 2025	30.02	4,081,123
			<b>6,809,229</b>
<b>Short-term lease liabilities</b>			
EUR lease liabilities	-	2.00	14,362
TRY lease liabilities	-	30.00	50,210
			<b>64,572</b>
<b>Total short-term borrowings</b>			<b>6,873,801</b>

##### Short-term portion of long-term borrowings (\*)

December 31, 2024	Maturity	Annual effective interest rate (%)	TRY equivalent
<b>Bank loans</b>			
TRY borrowings	February 2, 2025 - May 11, 2025	41.90	841,313
			<b>841,313</b>

##### Issued debt securities (\*\*)

Short-term portion of issued bonds	40.50	1,596,571
		<b>1,596,571</b>

<b>Short-term portion of long-term borrowings</b>	<b>2,437,884</b>
---	------------------

(\*) Fixed interest rate.

(\*\*) The Group issued bonds amounting to TL 500,000,000 on March 3, 2023, with a maturity of 740 days, an annual fixed interest rate of 33%, and semi-annual coupon payments, maturing on March 12, 2025, to be sold to qualified investors without a public offering in Turkey.

The Group issued bonds amounting to TL 500,000,000 on June 9, 2023, with a maturity of 752 days, an annual fixed interest rate of 41.5%, and semi-annual coupon payments, maturing on June 30, 2025, to be sold to qualified investors without a public offering in Turkey.

The Group issued bonds amounting to TL 500,000,000 on October 18, 2023, with a maturity of 752 days, an annual fixed interest rate of 47.0%, and semi-annual coupon payments, maturing on October 20, 2025, to be sold to qualified investors without a public offering in Turkey.

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#### NOTE 7 – BORROWINGS (Continued)

##### Long term borrowings (\*)

December 31, 2024	Maturity	Annual effective interest rate (%)	TRY equivalent
<b>Bank loans</b>			
TRY Borrowings	January 29, 2026	46.32	9,450,000
EUR Borrowings	November 5, 2026	5.54	2,402,582
			<b>11,852,582</b>
<b>Borrowings from lease liabilities</b>			
EUR Borrowings	-	2.00	4,136
TRY Borrowings	-	30.00	96,861
			<b>100,997</b>
<b>Total long-term financial liabilities</b>			<b>11,953,579</b>

(\*) Fixed interest rate.

**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ****NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS****AT December 31, 2024 AND 2023**

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**NOTE 7 – BORROWINGS (Continued)****Short term borrowings**

<b>December 31, 2023</b>	<b>Maturity</b>	<b>Annual effective interest rate (%)</b>	<b>TRY equivalent</b>
<b>Bank loans</b>			
EUR borrowings	December 13, 2024	6.75	4,308,275
USD borrowings	February 19, 2024 – November 1, 2024	5.58	326,191
TRY borrowings	January 5, 2024 – December 17, 2024	39.47	14,046,987
			<b>18,681,453</b>
<b>Borrowings from lease liabilities</b>			
EUR borrowings	-	2.00	58,278
TRY borrowings	-	30.00	26,340
			<b>84,618</b>
<b>Total short-term financial borrowings</b>			<b>18,766,071</b>

**Short-term portion of long-term borrowings (\*)**

<b>December 31, 2023</b>	<b>Maturity</b>	<b>Annual effective interest rate (%)</b>	<b>TRY equivalent</b>
<b>Bank Loans</b>			
TRY borrowings	January 11, 2024 - November 18, 2024	20.45	1,080,625
			<b>1,080,625</b>
<b>Issued debt instruments (**)</b>			
Short-term portion of issued bonds		40.50	112,812
			<b>112,812</b>
<b>Short-term portion of total long-term borrowings</b>			<b>1,193,437</b>

(\*) Fixed interest rate.



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## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS

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

#### NOTE 7 – BORROWINGS (Continued)

##### Long-term borrowings (\*)

December 31, 2023	Maturity	Annual effective interest rate (%)	TRY equivalent
<b>Bank Loans</b>			
TRY borrowings	November 4, 2024 - August 5, 2025	14.00	1,034,368
			<b>1,034,368</b>
<b>Borrowings from lease liabilities</b>			
EUR borrowings	-	2.00	91,151
TRY borrowings	-	30.00	41,200
			<b>132,351</b>
<b>Total long-term borrowings</b>			<b>1,166,719</b>
<b>Issued debt instruments (**)</b>			
Long-term portion of issued bonds	March 12, 2025 - June 30, 2025	40.50	2,165,683
			<b>2,165,683</b>
<b>Total long-term financial liabilities</b>			<b>3,332,402</b>

(\*) Fixed interest rate.

As of December 31, 2024, the Group does not have any collateral for the loans it has used (December 31, 2023: None)

The Group has no financial commitments arising from its borrowings.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS

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

#### NOTE 7 – BORROWINGS (Continued)

The movements of borrowings in the years ending December 31, 2024 and 2023 are as follows:

	2024	2023
<b>January 1</b>	23,291,909	17,955,115
Monetary gain/(loss)	(7,773,691)	(9,791,178)
Borrowings received during the period	25,013,841	48,439,353
Cash outflows related to debt payments from leasing agreements	(96,370)	(77,855)
Changes in lease obligations under TFRS 16	111,663	152,884
Principal payments (-)	(19,995,539)	(36,087,197)
Change in interest accruals	114,227	1,444,972
Change in exchange rates	599,224	1,255,816
<b>December 31</b>	<b>21,265,264</b>	<b>23,291,910</b>

	December 31, 2024		December 31, 2023	
<b>Bank Loans</b>	<b>Book Value</b>	<b>Fair Value</b>	<b>Book Value</b>	<b>Fair Value</b>
Fixed interest rate	19,503,124	27,306,481	20,796,446	22,964,645
	<b>19,503,124</b>	<b>27,306,481</b>	<b>20,796,446</b>	<b>22,964,645</b>

#### NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments consist of the forward contracts, which are entered in order to hedge foreign currency risk arising from Group's foreign currency sales.

	Contract amount	Current period Contract maturity	Fair value Liabilities
<b>December 31, 2024</b>			
Forward transactions	70,209	January 2, 2025– January 23, 2025	(7,664)
Short-term derivative financial instruments	70,209		(7,664)
<b>Total derivative financial instruments</b>	<b>70,209</b>		<b>(7,664)</b>

	Contract amount	Current period Contract maturity	Fair value Liabilities
<b>December 31, 2023</b>			
Forward transactions	4,601,633	January 4, 2024 - November 4, 2024	(37,326)
Short-term derivative financial instruments	4,601,633		(37,326)
<b>Total derivative financial instruments</b>	<b>4,601,633</b>		<b>(37,326)</b>

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS

### AT December 31, 2024 AND 2023

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

#### NOTE 9 - TRADE RECEIVABLES AND PAYABLES

##### Trade receivables

	December 31, 2024	December 31, 2023
Trade receivables, net	10,508,708	7,899,742
Notes receivables, net	-	5,255
	<b>10,508,708</b>	<b>7,904,997</b>
Less: provision for doubtful receivables	(276,651)	(330,914)
<b>Short-term trade receivables</b>	<b>10,232,057</b>	<b>7,574,083</b>
Trade receivables from related parties (Note 28)	4,172,158	4,785,777
<b>Short-term trade receivables</b>	<b>14,404,215</b>	<b>12,359,860</b>
Long-term trade receivables, net	750,428	710,477
<b>Long-term trade receivables</b>	<b>750,428</b>	<b>710,477</b>

As of December 31, 2024, the average maturity of short-term trade receivables (excluding promissory notes) is between 60-90 days (December 31, 2023: 60-90 days).

As of December 31, 2024 and December 31, 2023, the fair value of trade receivables converges to the book value due to the short-term average collection period of the Group's receivables.

##### Guarantees received for trade receivables

The Group's receivables mainly arise from sales to midibus and bus dealers and sales of defense vehicles. As of December 31, 2024, a total of 2,284,965 thousand TL (December 31, 2023: 1,004,955 thousand TL) receivables remaining after the provision for doubtful receivables from the receivables originating from the Group's dealers were secured with a total of 2,284,965 thousand TL (December 31, 2023: 1,004,955 thousand TL) with collateral and mortgage. With respect to the collection of its remaining receivables, the Group manages its credit risk through the methods described in the Credit Risk section of Note 29 of the consolidated financial statement.

Legal proceedings have been initiated for trade receivables balances that are 1-5 years past due.

The movements of the provision for doubtful trade receivables in the periods ending on December 31, 2024 and 2023 are as follows:

	2024	2023
<b>January 1</b>	330,914	318,438
Monetary gain/ (loss)	(118,181)	(46,571)
Collections	(59)	-
Currency translation differences	(46)	12,103
Exchange differences	64,023	46,944
<b>December 31</b>	<b>276,651</b>	<b>330,914</b>

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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

### NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

#### Trade payables

	December 31, 2024	December 31, 2023
Trade payables, net	6,358,612	5,114,208
<b>Short-term other trade payables</b>	<b>6,358,612</b>	<b>5,114,208</b>
Trade payables to related parties (Note 27)	463,554	803,683
<b>Short-term trade payables</b>	<b>6,822,166</b>	<b>5,917,891</b>

As of December 31, 2024, the average maturity of commercial debts is between 45-60 days (December 31, 2023: between 45-60 days).

As of December 31, 2024 and December 31, 2023, the fair value of commercial liabilities converges to the book value due to the short-term average collection period of the Group's debts.

### NOTE 10 - OTHER RECEIVABLES AND PAYABLES

#### Other short-term receivables

	December 31, 2024	December 31, 2023
Due from personnel	1,824	2,056
Deposits and guarantees given	3,066	4,087
	<b>4,890</b>	<b>6,143</b>

#### Other long-term receivables

	December 31, 2024	December 31, 2023
Deposits and guarantees given	14,747	12,909
	<b>14,747</b>	<b>12,909</b>

#### Short term other receivables

	December 31, 2024	December 31, 2023
Other miscellaneous payables	34,119	50,959
	<b>34,119</b>	<b>50,959</b>

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#### NOTE 11 - INVENTORIES

	December 31, 2024	December 31, 2023
Raw material	5,270,599	5,678,783
Goods in transit	3,751,564	1,633,896
Finished goods	3,645,765	2,199,332
Merchandise goods	1,347,788	1,286,211
Semi-finished goods	371,233	237,294
Impairment for inventories (*)	(721,273)	(307,738)
	<b>13,665,676</b>	<b>10,727,778</b>

(\*) TRY 39,471 thousand of impairment is related to finished goods (December 31, 2023: TRY 12,525 thousand), TRY 8,041 thousand related to finished goods (December 31, 2023: TRY 11,610 thousand), TRY 473,379 thousand is related to raw materials (December 31, 2023: TRY 283,603 thousand), TRY 200,382 thousand is related to advances given (December 31, 2023: None). The impairment has been accounted for under cost of sales.

The movements of impairment for inventories in 2024 and 2023 are as follows:

	2024	2023
<b>January 1</b>	(307,738)	(136,176)
Current year provisions	(413,535)	(171,562)
<b>December 31</b>	<b>(721,273)</b>	<b>(307,738)</b>

#### NOTE 12 - FINANCIAL INVESTMENTS

Otokar Central Asia Limited company was established on November 5, 2019 in Astana International Financial Center (AIFC), a special-status region that accepts the principles of British Law in Kazakhstan, in order to increase overseas sales and follow up export activities.

Financial investments include Otokar Central Asia Limited capital participation amounting to TL 884 thousand and investments in Private Equity Investment Fund amounting to TL 73,439 thousand.

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#### NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment and related accumulated depreciation for the year ended December 31, 2024.

	January 1, 2024	Additions	Currency translation differences	Disposals	Acquisitions	Transfers	December 31, 2024
<b>Cost</b>							
Land	692,878	-	-	-	-	-	692,878
Land improvements	224,932	21,241	-	-	-	28,670	274,843
Buildings	2,087,750	7,385	-	-	-	226,233	2,321,368
Machinery and equipment	2,909,680	338,995	2,321	(9,701)	-	30,593	3,271,888
Motor vehicles	237,154	29,339	-	(48,214)	-	-	218,279
Furniture and fixtures	1,739,930	369,274	2,426	(4,135)	-	86,004	2,193,499
Leasehold improvements	32,986	7,589	-	(7,992)	-	184,886	217,469
Construction in progress	164,898	549,566	-	-	-	(556,386)	158,078
	<b>8,090,208</b>	<b>1,323,389</b>	<b>4,747</b>	<b>(70,042)</b>	<b>-</b>	<b>-</b>	<b>9,348,302</b>
<b>Accumulated depreciation</b>							
Land improvements	(123,389)	(7,774)	-	-	-	-	(131,163)
Buildings	(1,075,534)	(57,946)	-	-	-	-	(1,133,480)
Machinery and equipment	(1,835,909)	(192,121)	(1,964)	9,701	-	-	(2,020,293)
Motor vehicles	(145,957)	(16,706)	-	37,305	-	-	(125,358)
Furniture and fixtures	(560,848)	(157,755)	(1,696)	3,198	-	-	(717,101)
Leasehold improvements	(21,680)	(7,544)	-	7,957	-	-	(21,267)
	<b>(3,763,317)</b>	<b>(439,846)</b>	<b>(3,660)</b>	<b>58,161</b>	<b>-</b>	<b>-</b>	<b>(4,148,662)</b>
<b>Net book value</b>	<b>4,326,891</b>					<b>-</b>	<b>5,199,640</b>

As of December 31, 2024, there are no mortgages on tangible assets (December 31, 2023: No mortgages)

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS

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#### NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of property, plant and equipment and related accumulated depreciation for the year ended December 31, 2023.

	January 1, 2023	Additions	Currency translation differences	Disposal	Acquisitions	Transfers	December 31, 2023
<b>Cost</b>							
Land	675,205	17,673	-	-	-	-	692,878
Land improvements	222,582	2,350	-	-	-	-	224,932
Buildings	1,764,161	40,969	-	(1,216)	-	283,836	2,087,750
Machinery and equipment	2,653,210	257,464	8,817	(60,928)	4,165	46,952	2,909,680
Motor vehicles	217,012	20,142	-	-	-	-	237,154
Furniture and fixtures	1,227,376	418,059	7,267	(7,321)	7,180	87,369	1,739,930
Leasehold improvements	26,795	6,191	-	-	-	-	32,986
Construction in progress	111,518	471,537	-	-	-	(418,157)	164,898
	<b>6,897,859</b>	<b>1,234,385</b>	<b>16,084</b>	<b>(69,465)</b>	<b>11,345</b>	<b>-</b>	<b>8,090,208</b>
<b>Accumulated depreciation</b>							
Land improvements	(115,948)	(7,441)	-	-	-	-	(123,389)
Buildings	(1,031,448)	(44,665)	-	579	-	-	(1,075,534)
Machinery and equipment	(1,736,608)	(150,768)	(6,038)	60,414	(2,909)	-	(1,835,909)
Motor vehicles	(130,461)	(15,496)	-	-	-	-	(145,957)
Furniture and fixtures	(440,306)	(122,882)	(91)	6,576	(4,145)	-	(560,848)
Leasehold improvements	(18,701)	(2,979)	-	-	-	-	(21,680)
	<b>(3,473,472)</b>	<b>(344,231)</b>	<b>(6,129)</b>	<b>67,569</b>	<b>(7,054)</b>	<b>-</b>	<b>(3,763,317)</b>
<b>Net book value</b>	<b>3,424,387</b>						<b>4,326,891</b>

The distribution of depreciation and amortization expenses of tangible and intangible assets for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Research and development expenses	903,884	844,917
Cost of goods sold	288,820	214,680
Right of use assets	143,405	84,050
Development projects in process	85,162	77,891
Depreciation on inventories	68,084	36,411
General administrative expenses	52,100	46,032
Selling and marketing expenses	20,514	10,869
Currency translation differences	3,661	7,176
	<b>1,565,630</b>	<b>1,322,026</b>

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

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#### NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

##### Right-of-use assets

In 2024, while TRY 68,252 thousand new inflows to right-of-use assets; TRY 143,405 thousand depreciation expense was incurred.

The balances of the right-of-use assets as of December 31, 2024 and 2023 and the accumulated depreciation amounts for the relevant period are as follows:

As of December 31, 2024	Buildings	Motor vehicles	Furniture and fixtures	Total
Cost	159,053	239,566	7,016	405,635
Accumulated depreciation	(132,627)	(204,662)	(4,321)	(341,610)
	<b>26,426</b>	<b>34,904</b>	<b>2,695</b>	<b>64,025</b>
As of December 31, 2023	Buildings	Motor vehicles	Furniture and fixtures	Total
Cost	158,248	238,354	6,894	403,496
Accumulated depreciation	(99,668)	(153,801)	(3,179)	(256,648)
	<b>58,580</b>	<b>84,553</b>	<b>3,715</b>	<b>146,848</b>

#### NOTE 14 – INTANGIBLE ASSETS

Movements of intangible assets and related accumulated amortisation for the periods ended December 31, 2024 and 2023 are as follows:

	January 1, 2024	Addition	Currency Translation Differences	Disposals	Transfers	December 31, 2024
<b>Cost</b>						
Other intangible assets	426,337	17,765	27	-	25,490	469,619
Development costs	9,239,418	18,192	-	-	426,323	9,683,933
Developments projects in progress	2,329,281	2,086,216	-	-	(451,813)	3,963,684
Customer relations	61,025	-	-	-	-	61,025
	<b>12,056,061</b>	<b>2,122,173</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>14,178,261</b>
<b>Accumulated amortization</b>						
Other intangible assets	(319,668)	(43,664)	(1)	-	-	(363,333)
Development costs	(6,133,717)	(888,997)	-	-	-	(7,022,714)
Customer relations	(18,893)	(1,496)	-	-	-	(20,389)
	<b>(6,472,278)</b>	<b>(934,157)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>(7,406,436)</b>
<b>Net book value</b>	<b>5,583,783</b>					<b>6,771,825</b>



# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

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### NOTE 14 – INTANGIBLE ASSETS (Continued)

Movements of intangible assets and related accumulated amortisation for the periods ended December 31, 2024 and 2023 are as follows:

	January 1, 2023	Additions	Foreign currency conversion differences	Disposals	Acquisitions	Transfers	December 31, 2023
<b>Cost</b>							
Other intangible assets	398,852	25,662	-	-	309	1,514	426,337
Development costs	8,202,063	-	-	-	-	1,037,355	9,239,418
Developments projects in progress	2,755,195	612,955	-	-	-	(1,038,869)	2,329,281
Customer relations	-	61,025	-	-	-	-	61,025
	<b>11,356,110</b>	<b>699,642</b>	<b>-</b>	<b>-</b>	<b>309</b>	<b>-</b>	<b>12,056,061</b>
<b>Accumulated amortization</b>							
Other intangible assets	(276,959)	(42,699)	-	-	(10)	-	(319,668)
Development costs	(5,307,693)	(826,024)	-	-	-	-	(6,133,717)
Customer relations	-	(18,893)	-	-	-	-	(18,893)
	<b>(5,584,652)</b>	<b>(887,616)</b>	<b>-</b>	<b>-</b>	<b>(10)</b>	<b>-</b>	<b>(6,472,278)</b>
<b>Net book value</b>	<b>5,771,458</b>						<b>5,583,783</b>

### NOTE 15 - GOVERNMENT GRANTS AND INCENTIVES

	December 31, 2024	December 31, 2023
Short-term	4,520	6,011
Long-term	20,650	28,822
	<b>25,170</b>	<b>34,833</b>

Government incentives have been originated from deferral of research and development incentive premiums provided to support research and development expenditures of the Group's various projects by the Scientific & Technological Research Council of Turkey (TUBITAK). The related balance will be recognized as income in line with the amortization of the respective R&D costs.

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### NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### Short-term provisions

	December 31, 2024	December 31, 2023
Provision for warranty expenses	841,510	997,681
Provision for collective labor agreement	-	513,976
Employee benefits short-term provisions (Note 17)	140,252	157,570
Purchases costs provisions	63,722	48,536
Litigation provisions	38,347	28,398
Other cost allowance	582,492	639,659
	<b>1,666,323</b>	<b>2,385,820</b>

#### Provision for warranty expenses

The Group covers the vehicles it has sold for a period of 2 years. Accordingly, as of the balance sheet date, a provision is provided for the warranty expenses for the vehicles under warranty.

The movements of the provision for warranty expenses during the periods ending on December 31, 2024 and 2023 are as follows:

	2024	2023
<b>January 1</b>	<b>997,681</b>	<b>823,076</b>
Monetary gain/ (loss)	(319,838)	(447,502)
Additional provisions	1,050,808	1,298,181
Disposals/payments (-)	(887,141)	(676,074)
<b>December 31</b>	<b>841,510</b>	<b>997,681</b>

#### Commitments and contingencies

As of December 31, 2024 and 2023 the tables which represent the position of guarantees, pledges and mortgages are as follows:

	December 31, 2024	December 31, 2023
a. Total amount of guarantees, pledges and mortgages given the name of legal entity	28,159,814	8,259,471
b. Total amount of guarantees, pledges and mortgages given in favour of the parties which are included in the scope of full consolidation	301,840	383,326
c. Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-
d. Total amount of other guarantees, pledges and mortgages	-	-
	<b>28,461,654</b>	<b>8,642,797</b>

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### NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The details of guarantees, pledges and mortgages in terms of original currencies are as follows:

	December 31, 2024		December 31, 2023	
	Original currency	TRY equivalent	Original currency	TRY equivalent
TRY	8,168,275	8,168,275	2,731,159	2,731,159
USD	75,778	2,669,160	59,927	2,547,055
EUR	57,257	2,103,795	58,292	2,741,447
RON	2,086,962	15,321,225	52,885	497,164
GEL	11,817	148,524	-	-
AED	-	-	5,200	59,839
CZK	34,690	50,675	34,690	66,133
		<b>28,461,654</b>		<b>8,642,797</b>

a) Guarantees given as of December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Bank letters of guarantee	28,461,654	8,642,797
	<b>28,461,654</b>	<b>8,642,797</b>

b) Guarantees received as of December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Bank letters of guarantee	4,561,676	2,668,097
Guarantee notes	1,837	9,273
Mortgages received	-	29
	<b>4,563,513</b>	<b>2,677,399</b>

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#### NOTE 17 - EMPLOYEE BENEFITS

	December 31, 2024	December 31, 2023
Provision for employment termination benefits	420,692	483,673
Provision for unused vacation	140,252	157,570
	<b>560,944</b>	<b>641,243</b>

#### Employment termination benefits

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

The reserve for employment termination benefits is not legally subject to any funding and there are no funding requirements.

Provision for employment termination benefits is calculated by estimating the present value of the probable obligation that the employees will have to pay in case of retirement.

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 real rate free of expected effects of inflation. The termination indemnity ceiling is revised semi-annually and the ceiling amounting to TRY 46,655.43 in full (January 1, 2024: TRY 35,058.58 in full), which is effective from January 1, 2025, has been taken into consideration in calculation of retirement benefit provision in the consulate.

Turkish Accounting Standards promulgated by POA require actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	December 31, 2024	December 31, 2023
Net discount rate (%)	3.41	2.90
Turnover rate to estimate the probability of retirement (%)	97.81	98.00

The movements of provision for employment termination benefits are as follows:

	2024	2023
<b>January 1</b>	483,673	747,181
Monetary gain/ (loss)	(190,388)	(275,012)
Interest expense and charge for the period	132,300	48,942
Remeasurement differences	197,151	169,580
Acquisition	-	11,732
Payments	(202,044)	(218,750)
<b>As of December 31</b>	<b>420,692</b>	<b>483,673</b>

As of December 31, 2024, the important factors used in the calculation of the provision for severance pay of the sensitivity analyzes of the assumptions are as follows:

Sensitivity level	Interest rate		Inflation rate	
	0,25% increase	0,25% decrease	0,25% increase	0,25% decrease
Change in employment termination benefit	14,319	(15,008)	(15,498)	14,826

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#### NOTE 17 - EMPLOYEE BENEFITS (Continued)

##### Provision for unused vacation

The movements of provision for unused vacation are as follows:

	2024	2023
<b>January 1</b>	157,570	117,254
Monetary gain/ (loss)	(65,171)	(67,593)
Charge for the period, net (Note 21)	47,853	107,909
<b>December 31</b>	<b>140,252</b>	<b>157,570</b>

#### NOTE 18 - PREPAID EXPENSES, DEFERRED REVENUE, OTHER ASSETS AND LIABILITIES

##### a) Prepaid expenses

Short- term prepaid expenses	December 31, 2024	December 31, 2023
Prepaid expenses	340,433	243,520
	<b>340,433</b>	<b>243,520</b>
Long-term prepaid expenses	December 31, 2024	December 31, 2023
Advances given	16,775	31,369
Prepaid expenses	6,024	6,908
	<b>22,799</b>	<b>38,277</b>

##### b) Other non-current assets

Short-term non-current assets	December 31, 2024	December 31, 2023
Value added tax receivables	328,832	1,517,599
Other	89,506	69,040
	<b>418,338</b>	<b>1,586,639</b>

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### NOTE 18 - PREPAID EXPENSES, DEFERRED REVENUE, OTHER ASSETS AND LIABILITIES (Continued)

#### c) Liabilities from customer contracts

Liabilities from customer contracts - short term	December 31, 2024	December 31, 2023
Advances received	4,351,732	647,135
Deferred maintenance revenues	322,306	467,762
	<b>4,674,038</b>	<b>1,114,897</b>
Liabilities from customer contracts - long term	December 31, 2024	December 31, 2023
Deferred maintenance revenues	504,508	881,333
	<b>504,508</b>	<b>881,333</b>

#### d) Employee benefits obligation

	December 31, 2024	December 31, 2023
Payables to employees	323,807	247,035
Social security payables	151,201	201,289
Taxes and funds payable	193,290	143,923
	<b>668,298</b>	<b>592,247</b>

#### e) Other current liabilities

	December 31, 2024	December 31, 2023
Taxes and funds payable	55,299	75,412
Deferred special consumption tax	5,051	9,035
Social security payables	22,878	2,762
Other	6,973	4,507
	<b>90,201</b>	<b>91,716</b>

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#### NOTE 19 - EQUITY

##### Share capital

As of December 31, 2024 and 2023, the principal shareholders and their respective shareholding percentages are as follows:

	December 31, 2024		December 31, 2023	
	TRY	(%)	TRY	(%)
Koç Holding A.Ş.	56,850	47.38	53,614	44.68
Ünver Holding A.Ş.	29,775	24.81	29,775	24.81
Other	33,375	27.81	36,611	30.51
	<b>120,000</b>	<b>100.00</b>	<b>120,000</b>	<b>100.00</b>
Inflation adjustment on equity items	1,778,712		1,778,712	

Accumulated profits in the statutory books can be distributed, with the exception of the provision regarding statutory reserves mentioned below. Legal reserves according to the Turkish Commercial Code are divided into two as first and second group legal reserves. Legal reserves of the first group are allocated as 5% of the statutory net income until reaching 20% of the Group's paid-up capital according to the Turkish Commercial Code. Second group legal reserves, on the other hand, are 10% of the distributed profit exceeding 5% of the paid-up 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-up capital, they cannot be used in any other way. Public companies make their dividend distributions according to the Profit Share Communiqué No II-19.1 of the CMB, which came into effect as of February 1, 2014.

Companies distribute their profits according to the profit distribution policies to be determined by their general assemblies and in compliance with the relevant legislation by the decision of the general assembly. Within the scope of the mentioned communiqué, no minimum distribution rate has been determined. Companies pay dividends in the manner determined in their articles of association or profit distribution policies. In addition, dividends can be paid in equal or different amounts of installments and may distribute cash dividend advances on the profit in the consolidated financial statements.

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### NOTE 19 – EQUITY (Continued)

Unless the reserve funds required to be set aside in accordance with the Turkish Commercial Code and the dividend determined for the shareholders in the articles of association or profit distribution policy are set aside; It cannot be decided to allocate other reserve funds, transfer the profit to the following year, or distribute shares from the profits to the holders of dividend shares, members of the board of directors, partnership employees and persons other than shareholders, and no share of the profits can be distributed to these persons unless the dividend determined for the shareholders is paid in cash.

As of December 31, 2024 and 2023, the restated amounts and the equity restatement differences of the aforementioned nominal values are as follows :

#### December 31, 2024

	Historical value	Inflation adjustments on equity items	Indexed value
Share capital	120,000	1,778,712	1,898,712
Legal reserves	183,398	1,285,207	1,468,605
	<b>303,398</b>	<b>3,063,919</b>	<b>3,367,317</b>

#### December 31, 2023

	Historical value	Inflation adjustments on equity items	Indexed value
Share capital	120,000	1,778,712	1,898,712
Legal reserves	183,398	1,195,616	1,379,014
	<b>303,398</b>	<b>2,974,328</b>	<b>3,277,726</b>

Historical value of legal and extraordinary reserves in the statutory financial statements are as follows:

	December 31, 2024	December 31, 2023
Legal reserves	1,468,605	1,379,014
Retained earnings	9,340,934	7,492,641
	<b>10,809,539</b>	<b>8,871,655</b>

As of the years ending on December 31, 2024, the dividend amount distributed per share is 5,400 cents (Earnings per share is 6,000 cents as of the date of the Board of Directors' decision).

As of December 31, 2024, all of the Company's capital has been paid up and it consists of 120,000,000,000 shares each with a nominal value of 0.1 cent.



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### NOTE 20 - REVENUE AND COST OF SALES

#### Net sales

	January 1, - December 31, 2024	January 1, - December 31, 2023
Domestic sales	12,244,565	10,753,067
Export sales	21,916,695	28,753,670
<b>Gross Sales</b>	<b>34,161,260</b>	<b>39,506,737</b>
Less: sales discount and returns	(275,480)	(179,552)
<b>Net sales</b>	<b>33,885,780</b>	<b>39,327,185</b>

Sales of the Group for the years ended December 31, 2024 and 2023 in terms of the products are as follows:

	January 1, - December 31, 2024	January 1, - December 31, 2023
Commercial vehicle	23,301,114	24,659,796
Military vehicle	5,538,013	9,025,744
Other sales (*)	5,046,653	5,641,645
	<b>33,885,780</b>	<b>39,327,185</b>

(\*) Consists of spare parts, service and other sales income.

#### Cost of sales

	January 1, - December 31, 2024	January 1, - December 31, 2023
Cost of finished goods sold	(26,256,800)	(26,529,770)
Cost of merchandise goods sold	(2,109,980)	(3,691,660)
	<b>(28,366,780)</b>	<b>(30,221,430)</b>

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#### NOTE 21 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

	January 1, - December 31, 2024	January 1, - December 31, 2023
Sales and marketing expenses	(4,561,283)	(5,275,231)
General administrative expenses	(2,081,536)	(1,690,724)
Research and development expenses	(1,163,432)	(1,068,268)
	<b>(7,806,251)</b>	<b>(8,034,223)</b>

#### NOTE 22 - EXPENSES BY NATURE

	January 1, - December 31, 2024	January 1, - December 31, 2023
Cost of raw material and consumption goods	(22,063,390)	(23,139,970)
Personnel expenses	(5,798,503)	(4,769,173)
Cost of merchandises sold	(1,391,587)	(2,869,638)
Depreciation and amortization expense	(1,385,287)	(1,162,282)
Sales, incentives and premiums	(1,129,194)	(1,464,435)
Administrative expenses	(1,111,485)	(973,380)
Warranty expenses	(1,060,059)	(1,243,671)
Operational expenses	(940,124)	(937,564)
Transportation, distribution and storage expenses	(475,441)	(826,941)
Advertising, promotion and promotion costs	(396,613)	(307,224)
Other expenses	(421,348)	(561,375)
	<b>(36,173,031)</b>	<b>(38,255,653)</b>

The breakdown of personnel expenses for the years 2024 and 2023 is as follows:

	January 1, - December 31, 2024	January 1, - December 31, 2023
<b>Based on the account it's booked:</b>		
Cost of sales and inventories on hand	(3,619,720)	(3,012,271)
Capitalized development expenditures	(1,316,159)	(1,059,838)
General administrative expenses	(1,071,839)	(780,824)
Sales and marketing expenses	(1,034,401)	(931,372)
Research and development expenses	(72,543)	(44,705)
	<b>(7,114,662)</b>	<b>(5,829,010)</b>

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#### NOTE 22 - EXPENSES BY NATURE (Continued)

	January 1, - December 31, 2024	January 1, - December 31, 2023
<b>By nature:</b>		
Wages and salaries	(5,253,758)	(4,306,198)
Other social benefits	(904,762)	(791,034)
Social security premiums	(727,845)	(476,530)
Provision for employment termination benefits	(134,607)	(105,967)
Provision for vacation pay liability	(47,853)	(107,909)
Other	(45,837)	(41,372)
	<b>(7,114,662)</b>	<b>(5,829,010)</b>

#### *Fees for Services Obtained from Independent Auditor/Independent Audit Firm*

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

	January 1, - December 31, 2024	January 1, - December 31, 2023
Independent audit fee for the reporting period	6,063	4,313
Fee for other assurance services	80	87
Fees for services other than independent auditing	689	1,675
	<b>6,832</b>	<b>6,075</b>

The fees above have been determined by including the legal audit and other related service fees of all subsidiaries, and the foreign currency fees of foreign subsidiaries have been converted into TRY using the annual average rates of the relevant years. It is regulated according to changes in the purchasing power of TL in order to comply with TFRS.

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#### NOTE 23 - OTHER OPERATING INCOME AND EXPENSES

	January 1, - December 31, 2024	January 1, - December 31, 2023
<b>Other operating income</b>		
Foreign exchange gains on operating activities	5,711,408	5,054,425
Revenue from charge of due date receivables	929,103	964,787
Gain on forward transactions	318,446	287,034
Incentive income	3,313	3,878
Other income	140,773	224,511
	<b>7,103,043</b>	<b>6,534,635</b>
	January 1, - December 31, 2024	January 1, - December 31, 2023
<b>Other operating expenses</b>		
Foreign exchange loss on operating activities	(4,989,276)	(3,606,997)
Loss on forward transactions	(492,542)	(345,925)
Doubtful provision	(35,581)	(46,945)
Other expenses	(697)	(8,313)
	<b>(5,518,096)</b>	<b>(4,008,180)</b>

#### NOTE 24 - FINANCIAL INCOME

	January 1, - December 31, 2024	January 1, - December 31, 2023
Interest income from time deposits	855,498	1,430,246
Foreign exchange gains on deposits	159,282	437,090
Foreign exchange gains on bank borrowings	202,429	168,780
	<b>1,217,209</b>	<b>2,036,116</b>

#### NOTE 25 - FINANCIAL EXPENSES

	January 1, - December 31, 2024	January 1, - December 31, 2023
Interest expense on bank borrowings	(7,075,052)	(5,294,009)
Foreign exchange losses on bank borrowings	(801,651)	(1,774,272)
Foreign exchange losses on deposits	(108,692)	(171,776)
Other	-	(36,063)
	<b>(7,985,395)</b>	<b>(7,276,120)</b>

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### NOTE 26 - TAX ASSETS AND LIABILITIES

The general corporate tax rate in Turkey is 25% (31.12.2023: 25%). Article 15 of Law No. 7351 published in the Official Gazette No. 31727 and dated January 22, 2022. Article 32 of the Corporate Tax Law No. 5520. The article has been amended, and the corporate tax rate has started to be applied with a discount of 1 point to the earnings of the exporting institutions exclusively from exports and the earnings of the institutions that have an industrial registration certificate and are actually engaged in production activities. Article 21 of Law No. 7456 published in the Official Gazette No. 32249 and dated July 15, 2023. With the article, the corporate tax discount rate to be applied to the earnings of institutions exclusively from exports has been increased to 5 points.

Corporate tax is declared until the evening of the last day of the fourth month following the end of the accounting period to which it relates and paid in a single installment. In accordance with the tax legislation, the earnings incurred as of quarterly periods are separated, and a provisional tax of 20% is calculated and paid on export earnings, 24% on manufacturing earnings arising from actual productions with an industrial registration certificate, and 25% on external earnings, and the amounts paid in this way are deducted from the tax calculated on annual earnings.

This law came into effect on April 1, 2008. Accordingly, corporate taxpayers can take into account 100% of the expenditures they have made since 2008 within the framework of research and development activities aiming at new technology and knowledge search when determining corporate income.

The company, which has an R&D center certificate, has an R&D deduction of TL 1,762,988 (As of December 31, 2023: TL 1,252,131) incurred in 2024, and it can benefit from an R&D deduction of 100% without withholding tax from its tax base due to research and development expenses

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### NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

As of December 31, 2024 and 2023, income tax payables are presented net of prepaid taxes in the balance sheet as follows:

	December 31, 2024	December 31, 2023
Income tax payable	-	30,419
Prepaid taxes (-)	-	-
	-	30,419

The breakdown of total tax expense for the years ended December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Current tax charge	(34,021)	(324,093)
<b>Deferred tax income/expense reflected in profit or loss</b>		
Charged to profit for the period	(82,242)	1,060,343
	<b>(116,263)</b>	<b>736,250</b>

The reconciliation of profit before tax to total tax expense is as follows:

	December 31, 2024	December 31, 2023
<b>Profit before tax</b>	<b>(2,988,166)</b>	<b>2,105,071</b>
Income tax charge at effective tax rate	747,042	(526,268)
Disallowable expenses	(172,554)	(271,935)
Discounts and exceptions	167,601	495,162
Tax effect on gain on investments accounted for using the equity method	(8,602)	(1,112)
Monetary gain/ (loss) and other	(849,750)	1,040,403
<b>Total</b>	<b>(116,263)</b>	<b>736,250</b>

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

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

### NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

In Turkey, the corporate tax rate is 25% as of December 31, 2024 (December 31, 2023: 25%). The corporate tax rate is applied to the net corporate income, which is determined by adding non-deductible expenses as per tax laws to the commercial profit, and deducting the exemptions and deductions specified in the tax laws. As of December 31, 2024, and 2023, the distribution of the net deferred tax liability calculated using temporary differences subject to deferred tax and effective tax rates is summarized below:

	Cumulative		Deferred tax	
	temporary differences		assets/(liability)	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Property, plant and equipment and intangible assets	3,515,009	(92,000)	(875,752)	21,820
R&D incentive	1,762,988	-	440,747	-
Deferred maintenance income	(849,661)	(1,256,684)	189,433	293,457
Provision for warranty expenses	(841,510)	(997,681)	210,378	249,491
Inventories	(648,771)	(306,122)	162,193	76,531
Other provisions	(620,838)	(820,010)	155,210	205,002
Severance pay liability	(420,692)	(474,277)	105,173	118,570
Investment incentives (*)	196,617	-	196,617	-
Deferred financial income	(161,218)	(419,777)	56,982	104,945
Provision for unused vacation	(140,252)	(157,571)	35,063	39,392
Deferred financial expense	(33,356)	(36,869)	(8,339)	(9,217)
Deductible current period loss (**)	-	-	395,000	-
Other	(130,592)	120,368	28,155	23,823
<b>Deferred tax assets, net</b>			<b>1,090,860</b>	<b>1,123,814</b>

(\*) The application of Investment Incentive Certificate made by the Group to T.C. Ministry of Industry and Technology, General Directorate of Incentive Implementation and Foreign Capital has been approved and an Investment Incentive Certificate numbered 512845 with a total amount of TRY 1,335,630 thousand was issued for the modernization investment envisaged to be made in the next 4 years.

(\*\*) The total amount of the Group's deductible tax losses for which deferred tax assets can be calculated is TL 1,975,010 and all of them belong to 2024.

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### NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

#### Tax advantages obtained within the scope of investment incentive system:

(\*) Earnings from the Group's investments subject to incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment starts to be operated partially or completely until the investment contribution amount is reached. In this context, as of December 31, 2024, the tax advantage amounting to TL 196,617 (December 31, 2023: None) that the Group will benefit from in the foreseeable future is reflected in the consolidated financial statements as deferred tax asset. As a result of the recognition of the aforementioned tax advantage as of December 31, 2024. For the period January 1 - December 31, 2024, deferred tax income amounting to TL 196,617 has been recognised in the consolidated statement of profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deferred tax assets can be utilised. Where it is probable that taxable income will be available, deferred tax assets are recognised on deductible temporary differences, tax losses and tax benefits arising from investment incentives with indefinite useful lives that allow for the payment of reduced corporate income tax. In this context, the Group bases the recognition of deferred tax assets arising from investment incentives in the consolidated financial statements on long-term plans and assesses the recoverability of deferred tax assets related to such investment incentives at each balance sheet date based on business models including taxable profit forecasts. These deferred tax assets are expected to be recovered within 5 years from the balance sheet date.

As of December 31, 2024, in the sensitivity analysis performed, when the inputs in the basic macroeconomic and sectoral assumptions that make up the business plans are increased / decreased by 10%, there is no change in the recovery periods of deferred tax assets related to investment incentives, which are foreseen as 5 years.

The movement of deferred tax asset for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
<b>January 1</b>	1,123,814	21,076
<b>Deferred tax income/(expense) reflected in profit or loss and other comprehensive income statement</b>		
Charged to profit for the period	(82,242)	1,060,343
Charged to other comprehensive income	49,288	42,395
<b>As of December 31</b>	<b>1,090,860</b>	<b>1,123,814</b>



# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

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### AT December 31, 2024 AND 2023

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#### NOTE 27 - EARNINGS PER SHARE

Earnings per share are determined by dividing net profit by the weighted average number of shares available in the corresponding year.

Companies can increase their capital by distributing shares to existing shareholders in proportion to their shares from the accumulated profits. When calculating earnings per share, this issue of bonus shares is counted as issued shares. Therefore, the average of the weighted number of shares used in the calculation of earnings per share is obtained by retrospectively applying the issuance of shares free of charge.

Fundamental profit per share is calculated by dividing the net profit of shareholders by the weighted average number of ordinary shares issued.

	December 31, 2024	December 31, 2023
Net profit/(loss) for the period	(3,104,429)	2,841,321
Weighted average number of issued shares	12,000,000,000	12,000,000,000
Earnings per share (Kr)	(25,870)	35,275

#### NOTE 28 - RELATED PARTY DISCLOSURES

The balance of receivables from related parties and payables to related parties as of the end of the period, as well as the summary of transactions with related parties during the accounting period, are presented below:

- i) As of December 31, 2024 and December 31, 2023, the receivables and payables from related parties are as follows:

Due from related parties	December 31, 2024	December 31, 2023
Ram Dış Ticaret A.Ş. (1) (*)	4,141,200	4,357,471
Al Jasoor Heavy Vehicles Industry LLC (3) (**)	-	400,685
Other (1)	30,958	27,621
	<b>4,172,158</b>	<b>4,785,777</b>

(\*) Some of the overseas sales are carried out through Ram Dış Ticaret A.Ş. with export registration, and the balance consists of trade receivables arising from these transactions.

(\*\*) Trade receivables arising from sales to Al Jasoor Heavy Vehicle Industry LLC, a joint venture of the Group.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT December 31, 2024 AND 2023

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### NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

Due to related parties	December 31, 2024	December 31, 2023
Ram Dış Ticaret A.Ş. (1)	155,220	468,841
Zer Merkezi Hizmetler A.Ş. (1)	81,260	86,347
Koç Holding A.Ş. (2)	71,124	93,806
Wat Motor Sanayi ve Ticari A.Ş. (1)	42,063	-
Koç Digital Çözümler A.Ş. (1)	21,611	28,640
Ark İnşaat (1)	19,593	8,237
Opet Fuchs Madeni Yağ A.Ş. (1)	17,530	7,307
Ford Otosan A.Ş.(2)	8,342	3,806
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	7,493	12,258
Setur Servis Turistik A.Ş. (1)	5,918	24,240
Al Jasoor Heavy Vehicles Industry LLC (3)	5,154	-
Koç Sistem Bilgi ve İletişim Hiz. A.Ş. (1)	4,475	23,987
Düzey A.Ş. (1)	4,288	-
Akpa Dayanıklı Tük.Paz. A.Ş.(1)	3,636	4,473
Ingage Dijital (1)	2,951	897
Opet Petrolcülük A.Ş. (1)	2,588	3,035
Divan Turizm İşletmeleri A.Ş. (1)	2,274	13,931
Other (1)	8,034	23,878
	<b>463,554</b>	<b>803,683</b>

- (1) Related parties of the group parent partner  
(2) Shareholder of the Group  
(3) Joint venture

Advances received from related parties	December 31, 2024	December 31, 2023
Ram Dış Ticaret A.Ş. (1)	677,891	81,931
Al Jasoor Heavy Vehicles Industry LLC (3) (**)	-	35,236
	<b>677,891</b>	<b>117,167</b>

(\*\*) It consists of an advance received in relation to the sales to be made to Al Jasoor Heavy Vehicle Industry LLC, a Joint Venture of the Group.

ii) Sales to related parties and purchases from related parties are as follows:

Sales of products and services	January 1 - December 31, 2024	January 1 - December 31, 2023
Ram Dış Ticaret A.Ş. (1) (*)	6,453,038	8,796,634
Al Jasoor Heavy Vehicles Industry LLC (3)	205,502	1,516,014
Other (1)	4,135	4,191
	<b>6,662,675</b>	<b>10,316,839</b>

(\*) Sales made to Ram Dış Ticaret A.Ş. consist of export registered sales made to unrelated third parties.

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

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### NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

<b>Fixed asset purchases</b>	<b>January 1 - December 31, 2024</b>	<b>January 1 - December 31, 2023</b>
Koç Sistem Bilgi ve İletişim Hiz. A.Ş. (1)	95,721	105,398
Ark İnşaat (1)	39,197	-
Zer Merkezi Hizmetler A.Ş. (1)	23,924	12,697
Other (1)	2,892	12,748
	<b>161,734</b>	<b>130,843</b>

<b>Inventory purchases</b>	<b>January 1 - December 31, 2024</b>	<b>January 1 - December 31, 2023</b>
Zer Merkezi Hizmetler A.Ş. (1)	714,649	628,854
Ram Dış Ticaret A.Ş. (1)	207,971	180,879
Wat Motor Sanayi ve Ticari A.Ş. (1)	138,462	1,751
Opet Fuchs Madeni Yağ A.Ş. (1)	58,970	53,521
Opet Petrolcülük A.Ş. (1)	38,324	51,364
Akpa Dayanıklı Tük. Paz. A.Ş. (1)	29,015	39,234
Ford Otosan A.Ş. (2)	22,725	26,990
Düzey A.Ş. (1)	7,087	62
Koçtaş Yapı Marketleri A.Ş.(2)	4,643	7,269
Other (1)	6,154	10,402
	<b>1,228,000</b>	<b>1,000,326</b>

- (1) Related parties of the group parent partner
- (2) Group shareholder
- (3) Partnership

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### NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

Service purchases	January 1 - December 31, 2024	January 1 - December 31, 2023
Ram Sigorta Aracılık Hiz. A.Ş. (1) (**)	159,348	113,509
Ram Dış Ticaret A.Ş. (1)	147,924	464,374
Setur Servis Turistik A.Ş. (1)	144,956	173,471
Koç Holding A.Ş. (2) (*)	103,451	145,296
Eltek Elektrik Enerji İth. İhr. Top. Tic. A.Ş. (1)	100,080	142,779
Koç Sistem Bilgi ve İlt. Hiz. A.Ş. (1)	86,073	104,933
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	71,641	61,312
Token Finansal Teknolojileri A.Ş.	29,233	15,589
KoçDigital Çözümler A.Ş. (2)	25,873	28,828
Divan Turizm İşletmeleri A.Ş. (1)	22,604	29,336
Ingage Dijital (1)	16,236	11,734
Koç Topluluğu Spor Kulübü Derneği İktisadi	11,837	4,772
Temel Ticaret A.Ş.	8,961	3,767
Ark İnşaat A.Ş. (1)	-	68,610
Other (1)	23,615	32,358
	<b>951,832</b>	<b>1,400,668</b>

(\*) It includes the service fee invoiced to the Group as a result of the distribution of expenses incurred in relation to the companies for which services are provided by Koç Holding A.Ş., including personnel and senior management expenses, within the framework of the "11- Intra-Group Services" regulation of the General Communiqué No.lu Series 1 on the Distribution of Implicit Earnings Through Transfer Pricing, in return for the services provided by the main shareholder Koç Holding A.Ş. to its companies in matters such as finance, law, planning, tax, and senior management.

(\*\*) It includes the amount of premiums paid and accrued in the accounting periods ending December 31, 2024 and December 31, 2023, within the scope of policies signed between non-related insurance companies through Ram Insurance Brokerage Services Inc., which operates as an insurance agency.

Banks deposits	December 31, 2024	December 31, 2023
Yapı ve Kredi Bankası A.Ş. (1)		
- Time deposits	57,112	850,696
- Demand deposits	2,738	4,562
	<b>59,850</b>	<b>855,258</b>

Loans	December 31, 2024	December 31, 2023
Yapı ve Kredi Bankası A.Ş. (1)	512,912	642,370
	<b>512,912</b>	<b>642,370</b>

- (1) Related parties of the group parent partner  
(2) Group shareholder

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#### NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

Other income and expenses from principal activities related to related parties as of the periods ending December 31, 2024 and 2023:

	January 1 - December 31, 2024	January 1 - December 31, 2023
<b>Trade receivables and payables</b>		
<b>foreign exchange gains</b>		
Ram Dış Ticaret A.Ş. (1)	4,399,778	948,956
Other (1)	1,904	3,059
	<b>4,401,682</b>	<b>952,015</b>

	January 1 - December 31, 2024	January 1 - December 31, 2023
<b>Trade receivables and payables</b>		
<b>foreign exchange expenses</b>		
Ram Dış Ticaret A.Ş. (1)	4,375,864	176,922
Other (1)	10,953	11,384
	<b>4,386,817</b>	<b>188,306</b>

Financial income and expenses related to related parties as of the periods ending December 31, 2024 and 2023:

	January 1 - December 31, 2024	January 1 - December 31, 2023
<b>Interest income</b>		
Yapı ve Kredi Bankası A.Ş. (1)	28,040	89,486
	<b>28,040</b>	<b>89,486</b>

	January 1 - December 31, 2024	January 1 - December 31, 2023
<b>Interest expense</b>		
Yapı ve Kredi Bankası A.Ş. (1)	145,337	282,633
	<b>145,337</b>	<b>282,633</b>

	January 1 - December 31, 2024	January 1 - December 31, 2023
<b>Foreign exchange gains</b>		
Yapı ve Kredi Bankası A.Ş. (1)	35,821	105,137
	<b>35,821</b>	<b>105,137</b>

(1) Related parties of the group parent partner

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

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### NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

	January 1 - December 31, 2024	January 1 - December 31, 2023
<b>Foreign exchange expenses</b>		
Yapı ve Kredi Bankası A.Ş. (1)	22,144	24,770
	<b>22,144</b>	<b>24,770</b>

(1) Related parties of the group parent partner

#### Benefits for senior executives

The total benefits provided by the Group to its senior executives in the year ended December 31, 2024 is 375,842 thousand TL, and 220,573 thousand TL of this amount is related to payments made due to termination of employment.(December 31, 2023: The total benefits provided by the Group to its senior executives is 207,897 thousand TL, of which 32,890 thousand TL is related to payments made due to termination of employment.) Senior executives consist of board members, general manager, and deputy general managers.

### NOTE 29 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group is exposed to various financial risks due to its operations, including the effects of changes in debt and capital market prices, exchange rates, and interest rates. These risks are market risk (including currency risk and interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability and volatility of financial markets and aims to minimize the potential negative effects on the Group's financial performance.

#### *Credit risk*

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk from any individual counterparty (excluding related parties) and by receiving guarantees from customers when considered necessary. Credit risk of the Group mainly arises from trade receivables. The Group manages this risk that may arise from its dealers or from other customers by restricting the credit limits determined for the dealers according to the amount of guarantees received, by receiving advance payments or by receiving the pledge of ownership of the vehicles sold. Credit limits are regularly monitored by the Group and the customers' credit quality are regularly evaluated by considering the customer's financial position, past experiences and other factors. All foreign sales are made after receiving confirmed letters of credit. Military vehicle sales are made to domestic or foreign governmental institutions or to companies acting as agents to these institutions; accordingly, the Group does not anticipate any collection risk related to military vehicle sales. Trade receivables are evaluated by management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables (Note 8).

# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

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### NOTE 29 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

December 31, 2024	Trade receivables	Other receivables	Bank deposit
<b>Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)</b>	<b>15,154,642</b>	<b>19,637</b>	<b>1,471,297</b>
- <i>Maximum risk secured by guarantee (2)</i>	2,701,379		
A. Net book value of financial assets neither overdue nor impaired	15,156,778	19,637	1,471,297
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-
C. Net book value of assets overdue but not impaired	-	-	-
D. Net book value of impaired assets	(2,136)	-	-
- <i>Overdue (gross book value)</i>	274,516	-	-
- <i>Impairment (-) (Note 9)</i>	(276,652)	-	-
- <i>Net value under guarantee</i>	(2,136)	-	-
- <i>Not overdue (gross book value)</i>	-	-	-
- <i>Impairment (-)</i>	-	-	-
- <i>Net value under guarantee</i>	-	-	-
E. Off- balance sheet items having credit risk	-	-	-
<b>December 31, 2023</b>	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Bank deposit</b>
<b>Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)</b>	<b>13,070,336</b>	<b>19,051</b>	<b>9,777,394</b>
- <i>Maximum risk secured by guarantee (2)</i>	1,616,746	-	-
A. Net book value of financial assets neither overdue nor impaired	12,738,145	19,051	9,777,394
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-
C. Net book value of assets overdue but not impaired	-	-	-
D. Net book value of impaired assets	638	-	-
- <i>Overdue (gross book value)</i>	331,553	-	-
- <i>Impairment (-) (Note 8)</i>	(330,915)	-	-
- <i>Net value under guarantee</i>	638	-	-
- <i>Not overdue (gross book value)</i>	-	-	-
- <i>Impairment (-)</i>	-	-	-
- <i>Net value under guarantee</i>	-	-	-
E. Off- balance sheet items having credit risk	-	-	-

- (1) Guarantees received and factors increasing the loan reliability are not considered when determining this amount.
- (2) Guarantees consist of guarantee notes, guarantee checks, mortgages and car pledges received from customers.

#### 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 ability to fund existing and prospective debt requirements are managed by maintaining the availability of adequate committed funding lines from high quality lenders.

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#### NOTE 29 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

As of December 31, 2024 and 2023, maturities of gross trade payables and financial liabilities are as follows:

#### December 31, 2024

Maturity per agreements	Book value	Total cash outflow per agreements (=I+II+III+ IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 years (III)	Over 5 years (IV)
<b>Non-derivative financial liabilities</b>						
Bank loans	19,503,124	22,127,773	3,025,669	6,418,281	12,683,823	-
Trade payables	6,822,166	6,855,522	6,855,522	-	-	-
<b>Expected maturity</b>	<b>Book value</b>	<b>Total expected cash outflow</b>	<b>Less than 3 month</b>	<b>Between 3-12 month</b>	<b>Between 1-5 year</b>	<b>Over 5 years</b>
<b>Non-derivative financial liabilities</b>						
Other payables	34,119	34,119	34,119	-	-	-
Other short-term liabilities	90,201	90,201	90,201	-	-	-
<b>Expected (or maturity per agreement)</b>	<b>Book value</b>	<b>Total expected cash outflow</b>	<b>Less than 3 month</b>	<b>Between 3-12 month</b>	<b>Between 1-5 year</b>	<b>Over 5 years</b>
<b>Derivative financial liabilities (net)</b>	<b>(7,664)</b>	<b>(7,664)</b>	<b>(7,664)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Derivative cash inflows	1,286,002	1,286,002	1,286,002	-	-	-
Derivative cash outflows	(1,293,666)	(1,293,666)	(1,293,666)	-	-	-



# OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

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### NOTE 29 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

December 31, 2023

Maturity per agreements	Book value	Total cash outflow per agreements (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 years (III)	Over 5 years (IV)
<b>Non-derivative financial liabilities</b>						
Bank loans	20,796,446	27,698,574	9,199,711	12,835,430	5,654,433	-
Trade payables	5,917,891	5,954,760	5,954,760	-	-	-

Expected maturity	Book value	Total expected cash outflow	Less than 3 month	Between 3-12 month	Between 1-5 year	Over 5 years
<b>Non-derivative financial liabilities</b>						
Other payables	50,959	50,959	50,959	-	-	-
Other short-term liabilities	91,721	91,721	91,721	-	-	-

Expected (or maturity per agreement)	Book value	Total expected cash outflow	Less than 3 month	Between 3-12 month	Between 1-5 year	Over 5 years
<b>Derivative financial liabilities (net)</b>	<b>(37,326)</b>	<b>(37,326)</b>	<b>(37,326)</b>	-	-	-
Derivative cash inflows	3,303,229	3,303,229	3,303,229	-	-	-
Derivative cash outflows	(3,340,556)	(3,340,556)	(3,340,556)	-	-	-

#### Market risk

##### a) Foreign currency risk and related sensitivity analysis

The Group is exposed to the foreign exchange risk through the rate changes at the translation of foreign currency denominated liabilities to local currency. These risks are monitored and limited by analyzing the foreign currency position. Currency risk is monitored and limited by analyzing the foreign currency position. The Group follows a policy of diversifying its foreign currency position in order to manage the foreign currency risk that may arise due to future operations and recognized assets and liabilities.

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#### NOTE 29 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The accompanying table represents the foreign currency risk of the assets and liabilities of the Group in the original currencies:

December 31, 2024		TRY equivalent (functional currency)	USD	EUR	GBP
1.	Trade receivables	8,137,902	124,224	102,396	-
2a.	Monetary financial assets (including cash, bank accounts)	605,932	1,664	14,895	-
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	64	2	-	-
4.	<b>Current assets (1+2+3)</b>	<b>8,743,898</b>	<b>125,890</b>	<b>117,291</b>	<b>-</b>
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	126	-	3	-
8.	<b>Non-current assets (5+6+7)</b>	<b>126</b>	<b>-</b>	<b>3</b>	<b>-</b>
9.	<b>Total assets (4+8)</b>	<b>8,744,024</b>	<b>125,890</b>	<b>117,294</b>	<b>-</b>
10.	Trade payables	(2,539,545)	(36,542)	(33,967)	(99)
11.	Financial liabilities	(2,707,823)	(8,211)	(65,825)	-
12a.	Monetary other liabilities	(1,200,156)	(7,066)	(25,890)	-
12b.	Non-monetary other liabilities	-	-	-	-
13.	<b>Current liabilities (10+11+12)</b>	<b>(6,447,524)</b>	<b>(51,819)</b>	<b>(125,682)</b>	<b>(99)</b>
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(2,402,582)	-	(65,389)	-
16a.	Monetary other liabilities	-	-	-	-
16b.	Non-monetary other liabilities	-	-	-	-
17.	<b>Non-current liabilities (14+15+16)</b>	<b>(2,402,582)</b>	<b>-</b>	<b>(65,389)</b>	<b>-</b>
18.	<b>Total liabilities (13+17)</b>	<b>(8,850,106)</b>	<b>(51,819)</b>	<b>(191,071)</b>	<b>(99)</b>
	<b>Net balance sheet position (9+18)</b>	<b>(106,082)</b>	<b>74,072</b>	<b>(73,777)</b>	<b>(99)</b>
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	(7,664)	(36,650)	35,000	-
19a.	Hedged total assets amount	1,286,002	-	35,000	-
19b.	Hedged total liabilities amount	(1,293,666)	(36,650)	-	-
20.	<b>Net foreign currency asset/(liability) position (9+18+19)</b>	<b>(113,746)</b>	<b>37,422</b>	<b>(38,777)</b>	<b>(99)</b>
21.	<b>Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(106,272)</b>	<b>74,069</b>	<b>(73,780)</b>	<b>(99)</b>
22.	Total fair value of financial instruments used for foreign currency hedging	7,664	7,664	-	-
23.	Export	21,818,403	123,560	431,804	31,011
24.	Import	9,891,635	92,477	155,575	2,582

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### NOTE 29 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

December 31, 2023	TRY equivalent (functional currency)	USD	EUR	GBP
1. Trade receivables	10,976,180	122,801	122,408	-
2a. Monetary financial assets (including cash, bank accounts)	834,650	7,082	11,347	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. <b>Current assets (1+2+3)</b>	<b>11,810,830</b>	<b>129,883</b>	<b>133,755</b>	<b>-</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	141	-	3	-
8. <b>Non-current assets (5+6+7)</b>	<b>141</b>	<b>-</b>	<b>3</b>	<b>-</b>
9. <b>Total assets (4+8)</b>	<b>11,810,971</b>	<b>129,883</b>	<b>133,758</b>	<b>-</b>
10. Trade payables	(3,143,554)	(42,568)	(28,314)	(50)
11. Financial liabilities	(4,634,467)	(7,675)	(91,607)	-
12a. Monetary other liabilities	(536,714)	(5,940)	(6,044)	-
12b. Non-monetary other liabilities	-	-	-	-
13. <b>Current liabilities (10+11+12)</b>	<b>(8,314,735)</b>	<b>(56,183)</b>	<b>(125,965)</b>	<b>(50)</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16a. Monetary other liabilities	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-
17. <b>Non-current liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18. <b>Total liabilities (13+17)</b>	<b>(8,314,735)</b>	<b>(56,183)</b>	<b>(125,965)</b>	<b>(50)</b>
<b>Net balance sheet position (9+18)</b>	<b>3,496,236</b>	<b>73,700</b>	<b>7,793</b>	<b>(50)</b>
19. Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	(3,180,406)	(67,000)	(7,075)	-
19a. Hedged total assets amount	-	-	-	-
19b. Hedged total liabilities amount	(3,180,406)	(67,000)	(7,075)	-
20. <b>Net foreign currency asset/(liability) position (9+18+19)</b>	<b>315,830</b>	<b>6,700</b>	<b>718</b>	<b>(50)</b>
21. <b>Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>3,496,095</b>	<b>73,700</b>	<b>7,790</b>	<b>(50)</b>
22. Total fair value of financial instruments used for foreign currency hedging	37,326	6,591	19,262	-
23. Export	28,885,447	230,602	382,958	-
24. Import	12,470,741	73,037	201,816	749

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#### NOTE 29 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The following table demonstrates the sensitivity to a possible change of 10% in the USD, Euro and GBP exchange rates, with all other variables held constant, on the Group's income before tax as of December 31, 2024 and 2023:

	Profit before tax Appreciation of foreign currency	Profit before tax Depreciation of foreign currency
<b>December 31, 2024</b>		
<i>In case 10% appreciation of USD against TRY:</i>		
1- USD net asset/liability	131,812	(131,812)
2- Amount hedged for USD risk (-)	-	-
<b>3- USD net effect (1+2)</b>	<b>131,812</b>	<b>(131,812)</b>
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	142,750	(142,750)
5- Amount hedged for EUR risk (-)	-	-
<b>6- EUR net effect (4+5)</b>	<b>142,750</b>	<b>(142,750)</b>
<i>In case 10% appreciation of GBP against TRY</i>		
7- GBP net asset/liability	(436)	436
8- Amount hedged for GBP risk (-)	-	-
<b>9- GBP net effect (7+8)</b>	<b>(436)</b>	<b>436</b>
<b>Total (3+6+9)</b>	<b>(11,374)</b>	<b>11,374</b>
	Profit before tax Appreciation of foreign currency	Profit before tax Depreciation of foreign currency
<b>December 31, 2023</b>		
<i>In case 10% appreciation of USD against TRY:</i>		
1- USD net asset/liability	28,477	(28,477)
2- Amount hedged for USD risk (-)	-	-
<b>3- USD net effect (1+2)</b>	<b>28,477</b>	<b>(28,477)</b>
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	3,377	(3,377)
5- Amount hedged for EUR risk (-)	-	-
<b>6- EUR net effect (4+5)</b>	<b>3,377</b>	<b>(3,377)</b>
<i>In case 10% appreciation of GBP against TRY</i>		
7- GBP net asset/liability	(270)	270
8- Amount hedged for GBP risk (-)	-	-
<b>9- GBP net effect (7+8)</b>	<b>(270)</b>	<b>270</b>
<b>Total (3+6+9)</b>	<b>31,584</b>	<b>(31,584)</b>

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### NOTE 29 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### b) Interest position table and related sensitivity analysis

##### *Interest rate risk*

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are not substantially subject to changes in market interest rates.

The Group's interest rate risk arises from short-term borrowings and time deposits. The Group has obtained fixed rate bearing borrowings and time deposits. However the borrowings and time deposits that the Group is going to obtain in future will be affected from future interest rates.

As of December 31, 2024 and 2023, the financial liabilities of the Group are consisted of fixed rate bank borrowings.

##### *Capital risk management*

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

Consistent with other companies in the industry, the Company monitors capital on the basis of the gearing factor. This factor is calculated as net financial liability divided by total capital. Net financial liability is calculated as total borrowings (including borrowings as shown in balance sheet) less cash and cash equivalents.

	December 31, 2024	December 31, 2023
Total financial liability (Note 7)	21,265,264	23,291,910
Less: Cash and cash equivalents (Note 5)	(1,471,382)	(9,869,414)
Net financial liability	19,793,882	13,422,496
Total equity	8,188,236	11,987,984
<b>Financial debt/shareholders' equity factor</b>	<b>242%</b>	<b>112%</b>

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#### NOTE 30 - FINANCIAL INSTRUMENTS

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2),
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets that are measured at fair value at December 31, 2024 and 2023:

#### December 31, 2024

Liabilities	Level 1	Level 2	Level 3	Total
Derivative financial instruments	-	(7,664)	-	(7,664)
	-	(7,664)	-	(7,664)

#### December 31, 2023

Assets	Level 1	Level 2	Level 3	Total
Derivative financial instruments	-	(37,326)	-	(37,326)
	-	(37,326)	-	(37,326)

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

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

The Group considers that carrying amounts reflect fair values of the financial instruments.

Monetary assets - Short term monetary assets are considered to approximate their respective carrying values due to their short-term nature and low level of credit risk.

Monetary liabilities - Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The fair values of long-term bank borrowings with fixed interest rates are noted that it is close to approximate their respective carrying values, since the interest rate as of balance sheet date is used. The fair values of short-term bank borrowings are considered to approximate their respective carrying values due to their short-term nature.

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### NOTE 31 – EXPLANATIONS ON NET MONETARY POSITION GAINS/(LOSSES)

Non-monetary items	December 31, 2024
<b>Statement of financial position items</b>	
Inventories	2,525,101
Property, plant and equipment	1,755,667
Intangible assets	3,227,081
Paid in capital	(572,667)
Restricted reserves	(442,070)
Other comprehensive expenses not to be reclassified to profit or loss	345,563
Retained earnings	(3,737,924)
Other	164,896
<b>Statement of profit or loss items</b>	
Revenue	(2,981,304)
Cost of sales	3,828,638
Research and development expenses	165,214
Marketing, selling and distribution expenses	471,480
General administrative expenses	143,518
Other operating income/expenses	(1,145,532)
Income from investing activities	4,283
Financial income/expense	770,056
<b>Net monetary gain/(loss)</b>	<b>4,522,000</b>

### NOTE 32 - SUBSEQUENT EVENTS

None.

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