



**Shape the future
with confidence**

Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Daire: 57 34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

(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, 2025, 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, 2025, 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.



Shape the future
with confidence

(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>Trade receivables recoverability and impairment</p> <p>Trade receivables are considered as a significant balance sheet item since they represent 24% 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, 2025, there is impairment amounting to TL 340.438 thousand on trade receivables amounting to TL 16.039.932 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">· Evaluation of the Group's trade receivable process related to collections,· Analytical analysis of the receivable aging tables and comparison of the trade receivable collection ratio with the previous year,· Testing of trade receivable balances by sending confirmation letters via sample,· Testing of subsequent collections made in the following period by sampling method,· Testing of the collaterals received for the receivables through sampling and evaluating of the convertible ability of cash,· Evaluation of the compliance of the accounting policies applied to the Group's past history performance, local and global practices,· Investigation of disputes and lawsuits related to receivables for the purpose of checking the appropriateness of specific provisions for trade receivables, and obtaining confirmation letter regarding the proceedings from legal counsel,· Evaluation of the adequacy of disclosures on impairment of trade receivables and trade receivables to TFRS.



Shape the future
with confidence

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

Key audit matter	Audit procedures in relation to key audit matter
Application of the hyperinflationary accounting	
<p>As stated in 2.1 to the consolidated financial statements, the Group has continued 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, 2025.</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>



**Shape the future
with confidence**

(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>Revenue from customer contracts</p> <p>Revenue is recognized in the financial statements based on the transaction price, in accordance with the provisions of TFRS 15 "Revenue from Customer Contracts". The transaction price is the consideration the Group expects to receive in exchange for delivering the goods it has undertaken to the customer. A significant portion of the Group's revenue is derived from obligations performed at a point in time.</p> <p>Revenue is the most important indicator in evaluating the Group's performance. Revenue is of critical importance for evaluating the results of strategies implemented during the year and for monitoring performance, and because it is the most important financial statement item for the profit or loss and comprehensive income statement for the accounting period ended on December 31, 2025, it has been identified as a key audit matter for our audit.</p> <p>The Group's accounting policies and related disclosures regarding revenue from customer contracts are included in Notes 2.5 and 20.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> - Understanding the sales processes, - Identifying controls related to sales processes and conducting tests on the effectiveness of these controls, - Evaluating the compliance of the accounting policies applied by the Group management regarding the accounting of revenue with TFRS, - Conducting tests on the accuracy of sales invoices using a sampling method and matching these invoices with delivery notes, - Testing that the control over the products in the invoices selected using the sampling method has been transferred to the customer, - Testing the completeness of revenue by matching the selections made by sampling from the shipping documents with the accounting records and the relevant invoices, - Obtaining confirmation letters from customers for the trade receivables balances selected using the sampling method and checking the consistency of the responses with the accounting records, - Evaluation of whether the footnote disclosures made comply with the disclosures required under TFRS 15.

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.



**Shape the future
with confidence**

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

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.



**Shape the future
with confidence**

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

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 9, 2026.
- 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, 2025 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 Cem Uçarlar.

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



Cem Uçarlar, Partner

February 9, 2026
İstanbul, Türkiye

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2025 AND 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

	Notes	(Audited) December 31, 2025	(Audited) (*) December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	5	6.730.623	1.925.922
Trade receivables	9	15.821.940	15.561.725
Due from related parties	28	2.853.525	5.461.020
Due from other parties	9	12.968.415	10.100.705
Other receivables	10	4.615	6.401
Due from other parties		4.615	6.401
Inventories	11	16.229.975	15.657.946
Prepaid expenses	18	2.115.262	503.236
Other current assets	18	2.214.362	877.000
Total current assets		43.116.777	34.532.230
Non-current assets			
Financial investments	12	100.662	97.283
Trade receivables		217.992	276.449
Due from other parties	9	217.992	276.449
Other receivables		11.128	19.302
Due from other parties	10	11.128	19.302
Investments accounted by equity method	7	55.074	95.679
Property, plant and equipment	13	7.058.204	6.805.913
Right of use assets	13	83.717	83.808
Intangible assets	14	9.672.188	8.863.777
Goodwill		21.950	20.920
Other intangible assets	14	9.650.238	8.842.857
Prepaid expenses	18	2.942.483	29.842
Deferred income tax asset	26	1.941.673	1.427.848
Other non-current assets	18	384.842	--
Total non-current assets		22.467.963	17.699.901
Total assets		65.584.740	52.232.131

(*) Reclassified – Note 2.7

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, 2025 AND 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

	Notes	(Audited) December 31, 2025	(Audited) ^(*) December 31, 2024
Liabilities			
Short-term liabilities			
Short-term borrowings	6	7.989.272	8.997.256
<i>Bank loans</i>	6	7.952.411	8.912.736
<i>Short-term lease liabilities</i>	6	36.861	84.520
Short-term portion of long-term borrowings	6	11.984.405	3.190.996
<i>Bank Loans</i>	6	11.984.405	1.101.212
<i>Issue of debt instruments</i>	6	--	2.089.784
Trade Payables	9	7.477.844	6.856.668
<i>Due to related parties</i>	28	546.842	606.755
<i>Due to other parties</i>	9	6.931.002	6.249.913
Employee benefit obligations	18	721.056	874.749
Other payables	10	2.977.822	44.659
<i>Due to other parties</i>		2.977.822	44.659
Liabilities from customer contracts	18	7.592.674	2.021.208
Derivative instruments	8	--	10.031
Government incentives and grants	15	9.150	5.917
Short-term provisions	16	2.390.660	2.181.084
<i>Provisions for employee benefits</i>	17	147.522	183.579
Other provisions	16	2.243.138	1.997.505
Other short-term liabilities	18	225.446	447.503
Total current liabilities		41.368.329	24.630.071
Non-current liabilities			
Long-term borrowings	6	14.577.593	15.646.279
<i>Bank loans</i>	6	14.537.375	15.514.081
<i>Long-term lease liabilities</i>	6	40.218	132.198
Liabilities from customer contracts	18	417.476	660.360
Government incentives and grants	15	33.196	27.029
Long-term provisions	17	639.339	550.652
<i>Provisions for employee benefits</i>	17	639.339	550.652
Total long-term liabilities		15.667.604	16.884.320
Total liabilities		57.035.933	41.514.391
Equity			
Paid-in share capital	19	120.000	120.000
Inflation adjustment on share capital	19	2.365.255	2.365.255
Accumulated other comprehensive income and expense that will not be reclassified to statement of profit or loss	19	(906.383)	(825.530)
Defined benefit plans remeasurement losses		(906.383)	(825.530)
Accumulated other comprehensive income and expense that will be reclassified to statement of profit or loss		(1.656.480)	(1.027.359)
<i>Currency translation differences</i>		(1.656.480)	(1.027.359)
Restricted reserves	19	1.922.288	1.922.288
Retained earnings	19	8.163.086	12.226.535
Net loss for the period	19	(1.458.959)	(4.063.449)
Total equity		8.548.807	10.717.740
Total liabilities and equity		65.584.740	52.232.131

(*) Reclassified – Note 2.7

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS JANUARY 1 - DECEMBER 31, 2025 AND 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

	Notes	(Audited) December 31, 2025	(Audited) ^(*) December 31, 2024
Revenue	20	51.962.379	44.112.223
Cost of sales (-)	20	(42.024.307)	(37.129.846)
Gross profit		9.938.072	6.982.377
Marketing expenses (-)	21	(5.785.851)	(5.728.802)
General administrative expenses (-)	21	(2.584.758)	(2.724.564)
Research and development expenses (-)	21	(1.440.879)	(1.522.839)
Other operating income	23	5.481.975	9.297.315
Other operating expenses (-)	23	(3.504.023)	(7.222.748)
Operating profit (loss)		2.104.536	(919.261)
Expense from investing activities		(22.649)	(6.894)
Loss from investments accounted by equity method	7	(34.746)	(45.039)
Operating profit (loss) before financial income (expense)		2.047.141	(971.194)
Financial income	24	724.017	1.593.229
Financial expense (-)	25	(10.062.176)	(10.452.243)
Monetary gain	31	5.432.356	5.918.938
Loss before taxation from continuing operations		(1.858.662)	(3.911.270)
Income (expense) tax from continuing operations			
Current year tax expense / (income)	26	(87.172)	(44.531)
Deferred tax income (expense)	26	486.875	(107.648)
Profit/loss for the period		(1.458.959)	(4.063.449)
Items that will not be reclassified to profit or loss			
Defined benefit plans remeasurement gains (losses)	17	(107.803)	(258.055)
Defined benefit plans remeasurement gains, tax effect	26	26.950	64.514
Items that will be reclassified to profit or loss			
Currency translation differences		(623.262)	486.540
Currency translation differences of investments accounted by equity method	7	(5.859)	(20.589)
Other comprehensive income (expense)		(709.974)	272.410
Total comprehensive income (expense)		(2.168.933)	(3.791.039)
Losses per share (Kr)	27	(12,158)	(33,862)

(*) Reclassified – Note 2.7

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, 2025 AND 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, 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 on share capital	Remeasurement profits on defined benefit plans	Currency translation differences	Restricted reserves	Retained earnings	Net loss for the period	Total equity	
January 1, 2024	120.000	2.365.255	(631.989)	(1.493.310)	1.805.021	9.807.267	3.719.062	15.691.306	
Transfers	--	--	--	--	117.267	3.601.795	(3.719.062)	--	
Dividens paid	--	--	--	--	--	(1.182.527)	--	(1.182.527)	
Total comprehensive income	--	--	(193.541)	465.951	--	--	(4.063.449)	(3.791.039)	
December 31, 2024	120.000	2.365.255	(825.530)	(1.027.359)	1.922.288	12.226.535	(4.063.449)	10.717.740	
January 1, 2025	120.000	2.365.255	(825.530)	(1.027.359)	1.922.288	12.226.535	(4.063.449)	10.717.740	
Transfers	--	--	--	--	--	(4.063.449)	4.063.449	--	
Total comprehensive income	--	--	(80.853)	(629.121)	--	--	(1.458.959)	(2.168.933)	
December 31, 2025	120.000	2.365.255	(906.383)	(1.656.480)	1.922.288	8.163.086	(1.458.959)	8.548.807	

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, 2025 AND 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

	Notes	(Audited) December 31, 2025	(Audited) December 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		3.598.154	(272.518)
Adjustments to reconcile net profit (loss) for the period to cash flows from operating activities		(1.458.959)	(4.063.449)
		5.475.946	8.337.374
Adjustments for depreciation and amortization	13, 14	2.026.709	1.986.169
Adjustments in relation to impairment		482.091	541.286
- Provision for inventories	11	482.091	541.286
Adjustments in relation to provision		2.235.247	896.549
- Provision for employee benefits	17	183.618	235.806
- Provision for warranty expenses	16	1.693.324	1.375.424
- Adjustments for other provisions		358.305	(714.681)
Adjustments in relation to interest income and expenses:		7.399.057	8.127.837
- Adjustment in relation to interest income	24	(386.698)	(1.119.778)
- Adjustment in relation to interest expense	25	7.785.755	9.247.615
Adjustments in relation to unrealised foreign exchange gains and losses		2.155.369	784.336
Adjustments in relation to fair value gains and losses		11.917	(21.352)
- Fair value losses/(gains) on financial assets		19.581	(43.070)
- Fair value losses/(gains) on financial derivative instruments		(7.664)	21.718
Adjustments for undistributed profits of investments accounted for using equity method		34.746	45.039
Adjustments for tax income/(expenses)		(399.703)	152.179
Adjustments in relation to gains or losses on sales of property, plant and equipment		22.649	6.894
- Losses / (gains) on sale of property, plant and equipment		(8.492.136)	(4.181.563)
Changes in net working capital		1.073.215	(3.035.445)
Adjustments for increase/decrease in trade receivables		(224.670)	(3.834.037)
Adjustments for increase/decrease in inventories		(1.054.120)	(2.157.434)
Adjustments for increase/decrease in trade payables		655.677	1.491.590
Adjustments for other increase (decrease) in working capital		1.696.328	1.464.436
- Increase/(decrease) in other assets related to activities		(6.324.083)	380.574
- Increase/(decrease) in other liabilities related to activities		8.020.411	1.083.862
Cash flows from operations		5.090.202	1.238.480
Payments in relation to employee benefits	17	(50.320)	(264.459)
Payments in relation to other provisions	16	(1.334.562)	(1.161.197)
Deductions/(payments) in relation to income tax		--	(39.816)
Other cash collections/(payments)		(107.166)	(45.526)
CASH FLOWS FROM INVESTMENT ACTIVITIES		(2.614.276)	(3.261.970)
Cash inflows due to sales of property, plant and equipment and intangible assets		74.720	8.660
- Sales of property, plant and equipment		74.720	8.660
Cash outflows due to purchase of property, plant and equipment and intangible assets		(3.070.367)	(4.509.963)
- Purchase of property, plant and equipment	13	(1.040.118)	(1.732.209)
- Purchase of intangible assets	14	(2.030.249)	(2.777.754)
Interest received		381.371	1.239.333
CASH FLOWS FROM FINANCING ACTIVITIES		4.791.108	(3.838.213)
Cash inflow from due to borrowings		29.654.064	32.741.117
- Proceeds from bank borrowings	6	29.654.064	32.741.117
Cash outflow due to repayment of borrowings		(17.184.754)	(26.172.561)
- Repayments of borrowings	6	(17.184.754)	(26.172.561)
Cash outflows related to loan payments arising from lease agreements	6	(109.352)	(126.141)
Dividends paid		--	(1.182.527)
Interest paid		(7.568.850)	(9.098.101)
Effect of monetary loss on cash and cash equivalents		(346.164)	(3.970.791)
Net decrease in cash and cash equivalents before the effect of currency translation differences		5.428.822	(11.343.492)
Effect of foreign currency translation differences on cash and cash equivalents		(629.448)	470.693
Net (decrease)/increase in cash and cash equivalents		4.799.374	(10.872.799)
Cash and cash equivalents at the beginning of the period		1.925.922	12.798.021
Cash and cash equivalents at the end of the period		6.725.296	1.925.222

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi (“Otokar” or the “Company”) was founded in 1963, is registered in Istanbul, Türkiye, and operates under the provisions of the Turkish Commercial Code.

Otokar manufactures minibuses, midibuses, and buses for public transportation; light trucks for the transportation and logistics sector; and wheeled and tracked armored vehicles as well as turrets for the defense industry. In addition, in the last quarter of 2024, the Company began selling Foton Tunland brand pick-up type vehicles.

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 industry
Otokar Land Systems Limited	United Arab Emirates	Sales and marketing	Automotive and defense industry
Otokar Europe Filiala Bucuresti S.R.L	Romania	Sales and marketing	Automotive and defense industry
Otokar Central Asia Limited (*)	Kazakhstan	Sales and marketing	Automotive industry
Otokar Italia S.R.L	Italy	Sales and marketing	Automotive industry
Otokar Land Systems S.R.L	Romania	Manufacturing, sales and marketing	Automotive and defense industry

Subsidiaries	Country	Main activity	Field of activity
Al Jasoor Heavy Vehicle Industry LLC	United Arab Emirates	Sales and marketing	Automotive and defense industry
Sisteme de Apare Romania (Sarom) SRL	Romania	Manufacturing, sales and marketing	Automotive and defense industry

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

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 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, 2025		December 31, 2024	
	Period end	Average	Period end	Average
White collar	903	928	900	974
Blue collar	2.730	2.773	2.809	2.754
Total	3.633	3.701	3.709	3.728
Temporary blue collar	26	176	63	434
Total	3.659	3.877	3.772	4.162

The consolidated financial statements for the year ended December 31, 2025 were authorized for issue and signed by the Board of Directors of Otokar on February 9, 2026. The accompanying consolidated financial statements may be amended by the General Assembly.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, 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, 2025, 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
Other	27,81
	100,00

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 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 THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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

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.

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, 2024 on a purchasing power basis as of December 31, 2025.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, 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, 2025, the indices and correction coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Correction coefficient	Three-year cumulative inflation rates
December 31, 2025	3.513,87	1,00000	%211
December 31, 2024	2.684,55	1,30892	%291
December 31, 2023	1.859,38	1,88981	%268

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 31).

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOT 2 - PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2025 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, 2025 and thereafter. The effects of these standards and interpretations on the the Group’s financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as of January 1, 2025 are as follows:

Amendments to TAS 21 - Lack of exchangeability

In May 2024, POA issued amendments to TAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows. When applying the amendments, an entity cannot restate comparative information.

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

ii) Standards issued but not yet effective and not early adopted

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

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

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

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2027 with the announcement made by the POA.

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOT 2 - PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 The new standards, amendments and interpretations (Continued)

ii) Standards issued but not yet effective and not early adopted (continued)

Amendments to TFRS 9 and TFRS 7 – Classification and measurement of financial instruments

In August 2025, POA issued amendments to the classification and measurement of financial instruments (amendments to TFRS 9 and TFRS 7). The amendment clarifies that a financial liability is derecognised on the ‘settlement date’. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendment also clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features as well as the treatment of non-recourse assets and contractually linked instruments. Additional disclosures in TFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income are added with the amendment. The amendment will be effective for annual periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings.

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

Annual Improvements to TFRSs – Volume 11

In September 2025, POA issued Annual Improvements to TFRSs – Volume 11, amending the followings:

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOT 2 - PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 The new standards, amendments and interpretations (Continued)

ii) Standards issued but not yet effective and not early adopted (continued)

Improvements are effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted for all.

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

Amendments to TFRS 9 and TFRS 7 - Contracts Referencing Nature-dependent Electricity

In August 2025, POA issued Contracts Referencing Nature-dependent Electricity (Amendments to TFRS 9 and TFRS 7). The amendment clarifies the application of the “own use” requirements and permits hedge accounting if these contracts are used as hedging instruments. The amendment also adds new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows. The amendment will be effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted but will need to be disclosed. The clarifications regarding the ‘own use’ requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application.

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

TFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

In May 2025, POA issued TFRS 18 which replaces TAS 1. TFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. TFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as TAS 7, TAS 8 and TAS 34. TFRS 18 and the related amendments are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted. TFRS 18 will be applied retrospectively.

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOT 2 - PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 The new standards, amendments and interpretations (Continued)

ii) Standards issued but not yet effective and not early adopted (continued)

TFRS 19 – The new Standard for Subsidiaries without Public Accountability: Disclosures

In August 2025, POA issued TFRS 19, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other TFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply TFRS 19 will not need to apply the disclosure requirements in other TFRS accounting standards. An entity that is a subsidiary, does not have public accountability and has a parent (either ultimate or intermediate) which prepares consolidated financial statements, available for public use, which comply with TFRS accounting standards may elect to apply TFRS 19. TFRS 19 is effective for reporting periods beginning on or after 1 January 2027 and earlier adoption is permitted. If an eligible entity chooses to apply the standard earlier, it is required to disclose that fact. An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under TFRS 19.

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

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

The following amendments to IAS 21 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 are issued and become effective under TFRS.

Amendments to IAS 21 - Translation to a Hyperinflationary Presentation

The amendments issued by the Board in November 2025 require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. Accordingly, if an entity’s functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the end of the current reporting period. Furthermore, an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with IAS 29, to the foreign operation’s comparative figures. The amendments also introduce certain additional disclosure requirements.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOT 2 - PRINCIPLES FOR THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Changes and errors in accounting policies and estimates

Accounting policy changes resulting from the first application of a new standard are applied retrospectively or prospectively, if any, in accordance with transitional provisions. Changes where no transitional provisions exist, such as voluntary significant changes to accounting policy or identified accounting errors, are applied retrospectively, and the prior period's financial statements are restated. Changes in accounting estimates are applied in the current period in which the change is made if they relate to only one period, and both in the period in which the change is made and prospectively if they relate to future periods.

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 THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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 THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, 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, 2025 and December 31, 2024:

Subsidiaries	2025		2024	
	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	100,00	100,00
Otokar Land Systems SRL (*)	100,00	100,00	-	-

(*) Otokar Land Systems SRL was established on March 24, 2025 in Romania for the purpose of carrying out manufacturing, sales, and marketing activities in the automotive and defense industries.

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, 2025 and December 31, 2024:

Subsidiaries	2025		2024	
	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
Sisteme de Apare Romania (Sarom) SRL (**)	50,00	50,00	-	-

(*) 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.

(**) Sisteme de Apare Romania (Sarom) SRL, in which the Group's subsidiary Otokar Land Systems Limited holds a 50% ownership interest, was established on May 28, 2025 in Romania for the purpose of carrying out manufacturing, sales, and marketing activities in the automotive and defense industries.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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

2.5 Summary of key 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 THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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

2.5 Summary of key 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.

Transaction fees vary due to factors such as discounts and performance bonuses given to customers. The transaction fee is determined using the most likely amount method, especially in cases where a specific performance bonus is promised if the product sales reach a certain target. Additionally, penalties may apply depending on the nature of the work, and adjustments related to these penalties are deducted from revenue.

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 THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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 THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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 THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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 THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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 THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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 THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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 THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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:

- a) Increasing the carrying amount to reflect interest on lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) 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 THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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 THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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 accordance with TFRS 15 Revenue from Contracts with Customers, in the consolidated financial statements as of December 31, 2024, the Group made netting/reclassification adjustments relating to advances received that have been invoiced but are not yet due for payment, reclassifying (TL 3.292.239) from Short-term trade receivables, TL (705.801) from Long-term trade receivables and TL 4.096.733 to Contract Liabilities, and with respect to advances paid that have been invoiced but are not yet due, reclassifying TL (2.229.330) from Inventories, TL 57.637 from Prepaid expenses, TL 329.429 from Other current assets, TL (2.073.001) from Trade payables and TL 329.429 to Other short-term liabilities; furthermore, domestic discount premium expenses amounting to TL 241.553 were reclassified from Marketing, selling and distribution expenses to revenue TL (241.553) in the consolidated financial statements as of December 31, 2024.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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.

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

Cash and cash equivalents	132.726
Financial investments	11.892
Trade and other receivables	236.206
Inventories	121.917
Other current assets	53.151
Property, plant, and equipment	6.186
Intangible non-current assets (*)	79.877
Trade and other payables	(365.991)
Bank loans	(58.077)
Short and long-term provisions	(47.265)
Deferred tax liability	(22.163)
Other liabilities	(33.152)
Value of total identifiable net assets (100%)	115.307
Goodwill	20.920
Total purchase price	136.227

(*) 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	(136.227)
Cash and cash equivalents - acquired	132.726
Cash outflow from the acquisition (net)	(3.501)

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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.

NOTE 5 - CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
Banks		
- Time deposits	5.629.492	1.209.361
- Demand deposits	1.095.398	715.750
Other	406	111
Cash and cash equivalents in the cash flow statement	6.725.296	1.925.222
Interest accrual	5.327	700
	6.730.623	1.925.922

As of December 31, 2025, time deposits amounting to a total of TL 5.629.492 include TL 615.219 denominated in foreign currencies, bearing an effective annual interest rate of 1.80% with a maturity of 2 days. The remaining TL 5.014.273 bears an effective annual interest rate of 38.56% with a maturity of 2 days.

(As of December 31, 2024 time deposits amounting to a total of TL 1.209.361 included TL 681.287 denominated in foreign currencies, bearing an effective annual interest rate of 1.35% with a maturity of 2 days, while the remaining TL 528.074 bore an effective annual interest rate of 47.00% with a maturity of 2 days.)

As of December 31, 2025, the Group has blocked deposits amounting to TL 393 (December 31, 2024: TL 82).

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 6 – BORROWINGS

The details of the Group’s borrowings as of December 31 are as follows:

	December 31, 2025	December 31, 2024
Short-term		
Short-term bank loans	7.952.411	8.912.736
Lease liabilities	36.861	84.520
Total short-term borrowings	7.989.272	8.997.256
Short-term portion of long-term borrowings		
Short-term portion of long-term loans	11.984.405	1.101.212
Issued debt instruments	--	2.089.784
Short-term portions of total long-term borrowings	11.984.405	3.190.996
Long-term		
Long-term bank loans	14.537.375	15.514.081
Lease liabilities	40.218	132.198
Total long-term borrowings	14.577.593	15.646.279
Total borrowings	34.551.270	27.834.531

The repayment terms of bank loans are as follows:

	December 31, 2025	December 31, 2024
Within 1 year	19.936.816	10.013.948
Within 1–2 years	14.537.375	15.514.081
Total bank loans	34.474.191	25.528.029

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOT 6 – BORROWINGS (continued)

The foreign currency and interest rate details of the Group’s bank borrowings as of December 31 are as follows:

	December 31, 2025			December 31, 2024		
	Effective interest rate (%)	Original currency	Equivalent in TL	Effective interest rate (%)	Original currency	Equivalent in TL
Short-term						
TL loans	36,26	4.002.314	4.002.314	35,77	5.341.864	5.341.863
EUR loans	5,35	40.330	2.034.797	6,49	86.883	3.192.322
USD loans (*)	4,88	44.685	1.915.300	5,54	10.747	378.551
Total short-term bank loans			7.952.411			8.912.736
Short-term portions of long-term loans						
TL loans	50,48	8.632.142	8.632.142	50,12	1.101.212	1.101.212
EUR loans	5,64	66.443	3.352.263	--	--	--
Total short-term portions of long-term loans			11.984.405			1.101.212
Long-term						
TL loans	43,92	10.554.134	10.554.134	53,66	12.369.294	12.369.294
EUR loans	5,64	78.949	3.983.241	5,65	85.589	3.144.787
Total long-term bank loans			14.537.375			15.514.081

(*) These are CNY rediscount loans. The amounts are presented in USD.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 6 – BORROWINGS (continued)

The foreign currency and interest rate details of the Group’s lease liabilities as of December 31, are as follows:

	December 31, 2025			December 31, 2024		
	Effective interest rate (%)	Original currency	Equivalent in TRY	Effective interest rate (%)	Original currency	Equivalent in TRY
Short-term						
TL lease liabilities	26,37	28.662	28.662	34,49	65.720	65.721
EUR lease liabilities	2,31	163	8.199	2,02	512	18.799
Total short-term liabilities			36.861			84.520
Long-term						
TL lease liabilities	26,30	31.272	31.272	34,49	126.783	126.783
EUR lease liabilities	1,56	177	8.946	2,02	147	5.415
Total long-term liabilities			40.218			132.198

The details of the Group’s issued debt instruments as of December 31 are as follows:

	December 31, 2025			December 31, 2024		
	Effective interest rate (%)	Original currency	Equivalent in TRY	Effective interest rate (%)	Original currency	Equivalent in TRY
TL Bonds (*)	--	--	--	40,50	2.089.784	2.089.784
Total issued debt instruments			--			2.089.784

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOT 6 – BORROWINGS (continued)

(*) The Group issued a bond with a nominal value of TL 500.000, with a maturity of 740 days, bearing a fixed annual interest rate of 33% and paying coupons semi-annually, to be sold to qualified investors without a public offering in Turkey; the settlement date was March 3, 2023, and the bond was redeemed on March 12, 2025.

The Group issued a bond with a nominal value of TL 500.000, with a maturity of 752 days, bearing a fixed annual interest rate of 41.50% and paying coupons quarterly, to be sold to qualified investors without a public offering in Turkey; the settlement date was June 9, 2023, and the bond was redeemed on June 30, 2025.

The Group issued a bond with a nominal value of TL 500.000, with a maturity of 733 days, bearing a fixed annual interest rate of 47% and paying coupons semi-annually, to be sold to qualified investors without a public offering in Türkiye; the settlement date was October 18, 2023, and the bond was redeemed on October 20, 2025.

As of December 31, 2025, the Group has not provided any collateral for its borrowings (December 31, 2024: None)

The Group has no financial commitments arising from its borrowings.

Movements in borrowings for the years ended 31 December are as follows:

	2025	2024
1 January	27.834.531	30.487.246
Borrowing received during the period	29.654.064	32.741.117
Principal payments (-)	(17.184.754)	(26.172.561)
Changes in lease obligations	(81.434)	146.158
Cash outflows related to debt payments from leasing agreements	(109.352)	(126.141)
Change in interest accruals	216.905	149.514
Change in foreign exchange	2.155.369	784.336
Monetary gain/(loss)	(7.934.059)	(10.175.138)
31 December	34.551.270	27.834.531

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 7 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As of December 31, 2025 and December 31, 2024, the carrying amounts of the Joint Ventures and the consolidation percentages applied under the equity method are as follows:

Joint ventures	2025		2024	
	(%)	Amount	(%)	Amount
Al Jasoor	49	55.074	49	95.679
		55.074		95.679

The summary of the financial statements of Al Jasoor as of December 31, 2025 and December 31, 2024 is as follows:

	2025	2024
January 1	95.679	161.307
Shares of profit/(loss)	(34.746)	(45.039)
Foreign currency exchange differences	(5.859)	(20.589)
December 31	55.074	95.679

The financial information regarding Al Jasoor Heavy Vehicle Industry LLC, which is valued using the equity method as of December 31, 2025 and December 31, 2024, is as follows:

	December 31, 2025	December 31, 2024
Total assets	197.567	280.588
Total liabilities	(85.170)	(85.324)
Net assets	112.397	195.264
Ownership of the Group	0,49	0,49
Net asset share of the Group	55.074	95.679

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments consist of forward foreign exchange contracts entered into by the Group to hedge the foreign currency risk arising from its foreign currency denominated sales.

	Contract amount	Current period	Fair value liabilities
December 31, 2025			
Forward transactions	--	--	--
Short-term derivative financial instruments	--	--	--
Total derivative financial instruments	--	--	--

	Contract amount	Current period	Fair value liabilities
December 31, 2024			
Forward transactions	3.373.010	January 2025	10.031
Short-term derivative financial instruments	3.373.010		10.031
Total derivative financial instruments	3.373.010		10.031

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Trade receivables

	December 31, 2025	December 31, 2024
Trade receivables from third parties	13.308.853	10.462.819
Trade receivables from related parties (Note 28)	2.853.525	5.461.020
Provisions for doubtful trade receivables (-)	(340.438)	(362.114)
Short-term trade receivables	15.821.940	15.561.725
Long-term trade receivables	217.992	276.449
Long-term trade receivables	217.992	276.449

As of December 31, 2025, the average maturity of trade receivables (excluding notes receivable) ranges between 30 and 60 days (December 31, 2024: 60 to 90 days).

As of December 31, 2025 and 2024, the fair values of the Group’s trade receivables approximate their carrying amounts due to the short-term nature of their average collection periods.

Guarantees received for trade receivables

The Group’s receivables mainly arise from sales to dealers of minibuses, small buses, buses, trucks, and pick-ups, as well as from sales of defense industry vehicles and turrets.

As of December 31, 2025, domestic receivables from the Group’s dealers, amounting to TL 3.001.477 after the provision for doubtful receivables (December 31, 2024: TL 2.990.836), are secured by guarantees totaling TL 3.001.477 (December 31, 2024: TL 2.990.836) and by the Direct Debit System (“DBS”). The Group manages the credit risk related to its remaining receivables through the methods described in the Credit Risk section of Note 29 to the consolidated financial statements.

The movements in the provision for doubtful trade receivables for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
1 January	362.114	433.140
Provisions recognized during the period (Note 23)	--	46.572
Collections	(44.589)	(77)
Currency translation differences	108.376	37.169
Monetary gain/ (loss)	(85.463)	(154.690)
December 31	340.438	362.114

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade payables

	December 31, 2025	December 31, 2024
Trade payables to third parties	6.931.002	6.249.913
Trade payables to related parties (Note 28)	546.842	606.755
Short-term trade payables	7.477.844	6.856.668

As of December 31, 2025, the average maturity of trade payables ranges between 45 and 60 days (December 31, 2024: between 45 and 60 days).

As of 31 December 2025 and 2024, the fair values of the Group’s trade payables approximate their carrying amounts due to the short-term nature of their average settlement periods

NOTE 10 – OTHER RECEIVABLE AND PAYABLES

Other c urrent receivables

	December 31, 2025	December 31, 2024
Receivables from personnel	269	2.388
Deposits and guarantees given	4.346	4.013
	4.615	6.401

Other non-current receivables

	December 31, 2025	December 31, 2024
Deposits and guarantees given	11.128	19.302
	11.128	19.302

Other current payables

	December 31, 2025	December 31, 2024
Contractual penalty payments and accruals	2.926.861	--
Other payables	50.961	44.659
	2.977.822	44.659

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 11 - INVENTORIES

	December 31, 2025	December 31, 2024
Raw material	7.494.788	6.898.793
Goods in transit	2.927.198	2.681.167
Finished goods	4.074.170	4.772.015
Merchandise goods	2.351.833	1.764.147
Semi-finished goods	808.167	485.914
Less: Impairment for inventories (*)	(1.426.181)	(944.090)
	16.229.975	15.657.946

(*) Of the inventory impairment, TL 29.019 relates to finished goods (December 31, 2024: TL 51.664), TL 10.892 relates to merchandise (December 31, 2024: TL 10.525), TL 933.981 relates to raw materials (December 31, 2024: TL 619.617) and TL 452.289 relates to advances given for inventories (December 31, 2024: TL 262.284). The inventory impairment provision has been recognized under cost of goods sold.

The movements of impairment for inventories in 2025 and 2024 are as follows:

	2025	2024
January 1	(944.090)	(402.804)
Current year provisions	(482.091)	(541.286)
December 31	(1.426.181)	(944.090)

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 comprise the capital contribution of TL 1.157 to Otokar Central Asia Limited and the investment of TL 99.505 in the Private Equity Investment Fund (December 31, 2024: comprise the capital contribution of TL 1.157 to Otokar Central Asia Limited and the investment of TL 96.126 in the Private Equity Investment Fund).

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Movements of property, plant and equipment and related accumulated depreciation for the year ended December 31, 2025.

	January 1, 2025	Additions	Disposal	Transfers	Currency translation differences	December 31, 2025
Cost						
Land	906.922	--	--	--	--	906.922
Land improvements	359.748	44.528	(433)	9.914	--	413.757
Buildings	3.038.485	17.062	--	156.586	--	3.212.133
Machinery and equipment	4.282.639	212.510	(332.024)	130.690	7.962	4.301.777
Vehicles	285.710	54.851	(98.478)	--	--	242.083
Furniture and fixtures	2.871.122	153.039	(259.741)	86.517	9.769	2.860.706
Leasehold improvements	284.649	1.203	--	--	--	285.852
Construction in progress	206.911	556.925	--	(383.707)	1.943	382.072
Total	12.236.186	1.040.118	(690.676)	--	19.674	12.605.302
Accumulated depreciation						
Land improvements	(171.682)	(14.189)	198	--	--	(185.673)
Buildings	(1.483.635)	(84.296)	--	--	--	(1.567.931)
Machinery and equipment	(2.644.402)	(287.739)	294.629	--	(6.860)	(2.644.372)
Vehicles	(164.087)	(21.279)	88.859	--	--	(96.507)
Furniture and fixtures	(938.627)	(234.641)	209.620	--	(6.776)	(970.424)
Leasehold improvements	(27.840)	(54.351)	--	--	--	(82.191)
Total	(5.430.273)	(696.495)	593.306	--	(13.636)	(5.547.098)
Net book value	6.805.913					7.058.204
	January 1, 2024	Additions	Disposal	Transfers	Currency translation differences	December 31, 2024
Cost						
Land	906.922	--	--	--	--	906.922
Land improvements	294.418	27.803	--	37.527	--	359.748
Buildings	2.732.698	9.666	--	296.121	--	3.038.485
Machinery and equipment	3.808.538	443.717	(12.698)	40.044	3.038	4.282.639
Vehicles	310.416	38.402	(63.108)	--	--	285.710
Furniture and fixtures	2.277.429	483.350	(5.412)	112.572	3.183	2.871.122
Leasehold improvements	43.176	9.933	(10.461)	242.001	--	284.649
Construction in progress	215.838	719.338	--	(728.265)	--	206.911
Total	10.589.435	1.732.209	(91.679)	--	6.221	12.236.186
Accumulated depreciation						
Land improvements	(161.506)	(10.176)	--	--	--	(171.682)
Buildings	(1.407.788)	(75.847)	--	--	--	(1.483.635)
Machinery and equipment	(2.403.058)	(251.471)	12.698	--	(2.571)	(2.644.402)
Vehicles	(191.046)	(21.867)	48.826	--	--	(164.087)
Furniture and fixtures	(734.105)	(206.489)	4.186	--	(2.219)	(938.627)
Leasehold improvements	(28.377)	(9.874)	10.411	--	--	(27.840)
Total	(4.925.880)	(575.724)	76.121	--	(4.790)	(5.430.273)
Net book value	5.663.555					6.805.913

As of December 31, 2025, there are no mortgages over the Group’s property, plant and equipment (December 31, 2024: None).

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

For the interim accounting periods ending December 31, 2025 and 2024, the distribution of current period depreciation and amortization expenses, consisting of property, plant and equipment, other intangible assets, and right-of-use assets, is as follows:

	2025	2024
Research and development expenses	1.166.850	1.183.115
Cost of goods sold	415.615	378.043
General administrative expenses	125.507	68.195
Developments projects in progress	116.477	109.708
Right-of-use assets	96.642	157.054
Depreciation on inventories	70.395	63.203
Selling and marketing expenses	35.223	26.851
Currency translation differences	13.666	4.792
	2.040.375	1.990.961

Right-of-use assets

The allocation of right of use assets for the periods ended December 31, 2025 and 2024 is as follows:

As of December 31, 2025	Buildings	Vehicles	Furniture and Fixtures	Total
Cost	178.659	509.511	239	688.409
Accumulated depreciation	(138.493)	(465.960)	(239)	(604.692)
	40.166	43.551	-	83.717
As of December 31, 2024	Buildings	Vehicles	Furniture and Fixtures	Total
Cost	208.188	313.577	9.183	530.948
Accumulated depreciation	(173.598)	(267.886)	(5.656)	(447.140)
	34.590	45.691	3.527	83.808

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 14 – OTHER INTANGIBLE ASSETS

The movements in intangible assets and the related amortization for the year ended December 31, 2025 are as follows:

	January 1, 2025	Addition	Disposal	Transfers	Currency translation differences	December 31, 2025
Cost						
Other intangible assets	614.694	15.538	--	--	119	630.351
Development costs	12.675.494	--	--	3.121.595	--	15.797.089
Developments projects in progress	5.167.224	2.014.711	--	(3.121.595)	--	4.060.340
Customer relations	79.877	--	--	--	--	79.877
	18.537.289	2.030.249	--	--	119	20.567.657
Accumulated amortizations						
Other intangible assets	(475.573)	(56.130)	--	--	(30)	(531.733)
Development costs	(9.192.171)	(1.165.331)	--	--	--	(10.357.502)
Customer relations	(26.688)	(1.496)	--	--	--	(28.184)
	(9.694.432)	(1.222.957)	--	--	(30)	(10.917.419)
Net book value	8.842.857					9.650.238

	January 1, 2024	Addition	Disposal	Transfers	Currency translation differences	December 31, 2024
Cost						
Other intangible assets	558.041	23.253	--	33.364	36	614.694
Development costs	12.093.659	23.812	--	558.023	--	12.675.494
Developments projects in progress	3.027.922	2.730.689	--	(591.387)	--	5.167.224
Customer relations	79.877	--	--	--	--	79.877
	15.759.499	2.777.754	--	--	36	18.537.289
Accumulated amortizations						
Other intangible assets	(418.420)	(57.153)	--	--	(1)	(475.574)
Development costs	(8.028.545)	(1.163.626)	--	--	--	(9.192.171)
Customer relations	(24.729)	(1.958)	--	--	--	(26.687)
	(8.471.694)	(1.222.737)	--	--	(1)	(9.694.432)
Net book value	7.287.805					8.842.857

NOTE 15 - GOVERNMENT GRANTS AND INCENTIVES

	December 31, 2025	December 31, 2024
Short-term	9.150	5.917
Long-term	33.196	27.029
	42.346	32.946

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.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions

	December 31, 2025	December 31, 2024
Provision for warranty expenses	1.152.029	1.101.470
Employee benefits short-term provisions (Note 17)	147.522	183.579
Litigation provisions	51.929	50.194
Purchases costs provisions	37.793	83.406
Other provision	1.001.387	762.435
	2.390.660	2.181.084

Provision for warranty expenses

The Group provides standard warranty coverage for the vehicles it sells and, in line with customer requirements and tender specifications, also offers extended warranty options. Accordingly, as of the balance sheet date, provisions have been recognized for the estimated warranty expenses expected to be incurred in future periods for all vehicles covered under the various warranty types.

The movements of the provision for warranty expenses during the periods ending on December 31, 2025 is as follows:

	2025	2024
January 1	1.101.470	1.305.885
Additional provisions	1.693.324	1.375.424
Disposals/payments (-)	(1.334.562)	(1.161.197)
Monetary gain/(loss)	(308.203)	(418.642)
As of December 31	1.152.029	1.101.470

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

Commitments and contingencies

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

	December 31, 2025	December,31 2024
a. Total amount of guarantees, pledges and mortgages given the name of legal entity	33.556.712	36.859.036
b. Total amount of guarantees, pledges and mortgages given in favour of the parties which are included in the scope of full consolidation	621.087	395.085
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	--	--
	34.177.799	37.254.121

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

	December 31, 2025		December 31, 2024	
	Original currency	TL equivalent	Original currency	TL equivalent
TRY	4.910.641	4.910.641	10.691.644	10.691.644
USD	68.374	2.930.648	75.778	3.493.726
EUR	58.925	2.972.941	57.257	2.753.706
RON	2.348.880	23.127.778	2.086.962	20.054.308
GEL	1.430	22.783	11.817	194.407
CZK	34.690	211.530	34.690	66.330
CNY	242	1.478	-	-
	7.423.182	34.177.799	12.958.148	37.254.121

a) Guarantees given as of December 31, 2025 and December 31, 2025 are as follows:

	December 31, 2025	December 31, 2024
Bank letters of guarantee	34.177.799	37.254.121
	34.177.799	37.254.121

b) Guarantees received as of December 31, 2025 and December 31, 2024 are as follows:

	December 31, 2025	December 31, 2024
Bank letters of guarantee	5.883.781	5.970.884
Guarantee notes	2.523	2.404
	5.886.304	5.973.288

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 17 - EMPLOYEE BENEFITS

	December 31, 2025	December 31, 2024
Provision for employment termination benefits	639.339	550.652
Provision for unused vacation	147.522	183.579
	786.861	734.231

Employment termination benefits

The amount payable consists of one month’s salary limited to a maximum of TRY 53.919,60 in full for each year of service as of December 31, 2025 (December 31, 2024: TRY 41.828,42 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 64.948,77 in full (January 1, 2025: TRY 46.665.43 in full), which is effective from January 1, 2026, 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, 2025	December 31, 2024
Net discount rate (%)	3,65	3,41
Turnover rate to estimate the probability of retirement (%)	97,83	97,81

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

	2025	2024
January 1	550.652	633.091
Interest expense and charge for the period	170.667	173.170
Payments	(50.320)	(264.459)
Remeasurement differences	107.803	258.055
Monetary gain/ (loss)	(139.463)	(249.205)
As of December 31	639.339	550.652

As of December 31, 2025, 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	22.025	(21.846)	(22.636)	22.836

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 17 - EMPLOYEE BENEFITS (Continued)

Provision for unused vacation

The movements of provision for unused vacation are as follows:

	2025	2024
January 1	183.579	206.248
Charge for the period, net	12.951	62.636
Monetary gain/ (loss)	(49.008)	(85.305)
December 31	147.522	183.579

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

a) Prepaid expenses

	December 31, 2025	December 31, 2024
Short-term prepaid expenses		
Advances given	1.642.976	57.638
Prepaid expenses	472.286	445.598
	2.115.262	503.236

	December 31, 2025	December 31, 2024
Long-term prepaid expenses		
Advances given	2.784.079	21.957
Prepaid expenses	158.404	7.885
	2.942.483	29.842

b) Other current asset

	December 31, 2025	December 31, 2024
Other current asset – short-term		
Value added tax receivables	1.973.715	759.845
Other	240.647	117.155
	2.214.362	877.000

c) Other non-current asset

	December 31, 2025	December 31, 2024
Other non-current asset		
Value added tax receivables	384.842	--
	384.842	--

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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

d) Liabilities arising from customer contracts

Liabilities arising from customer contracts – short term	December 31, 2025	December 31, 2024
Advances received	7.265.678	1.599.336
Deferred maintenance revenues	326.996	421.872
	7.592.674	2.021.208

Liabilities arising from customer contracts - long- term	December 31, 2025	December 31, 2024
Deferred maintenance revenues	417.476	660.360
	417.476	660.360

e) Employee benefits obligation

	December 31, 2025	December 31, 2024
Payables to employees	325.406	423.838
Social security payables	180.232	197.910
Other	215.418	253.001
	721.056	874.749

f) Other current liabilities

	December 31, 2025	December 31, 2024
Taxes and funds payable	225.446	447.503
	225.446	447.503

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 19 - EQUITY

Share capital

The Group's shareholders as of December 31, 2025 and December 31, 2024 and their shares in the capital are as follows, with historical values:

	December 31, 2025		December 31, 2024	
	TL	(%)	TL	(%)
Koç Holding A.Ş.	56.850	47.38	56.850	47.38
Ünver Holding A.Ş.	29.775	24.81	29.775	24.81
Other	33.375	27.81	33.375	27.81
Total capital	120.000	100.00	120.000	100.00
Capital adjustment differences	2.365.255		2.365.255	

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.

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.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 19 – EQUITY (continued)

As of December 31, 2025 and December 31, 2024, TFRS adjusted values and capital adjustment differences of the items shown above with their historical values are as follows:

December 31, 2025

	Historical value	Inflation adjustments on share capital	Indexed value
Capital	120.000	2.365.255	2.485.255
Restricted reserves	183.398	1.738.890	1.922.288
	303.398	4.104.145	4.407.543

December 31, 2024

	Historical value	Inflation adjustments on share capital	Indexed value
Capital	120.000	2.365.255	2.485.255
Restricted reserves	183.398	1.738.890	1.922.288
	303.398	4.104.145	4.407.543

The historical values of the legal and extraordinary reserves recorded in the Company’s statutory books maintained in accordance with the Tax Procedure Law (VUK) are as follows.

	December 31, 2025	December 31, 2024
Legal reserves	1.922.288	1.922.288
Retained earning	8.163.086	12.226.535
	10.085.374	14.148.823

No dividends were distributed during the year ended December 31, 2025 (for the year ended December 31 2024, the dividend distributed per share amounted to 5.400 cents (the earnings per share as of the date of the Board of Directors’ resolution was 6.000 cents)).

As of December 31, 2025, the Company’s share capital is fully paid and consists of 12.000.000.000 shares, each with a nominal value of 1 cents.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOT 20 - REVENUE AND COST OF SALES

Net sales

	January 1 - December 31 2025	January 1 - December 31 2024
Domestic sales	18.672.142	16.027.156
Export sales (*)	37.361.213	28.687.201
Gross sales	56.033.355	44.714.357
Less: Contractual penalty charges and accruals (*)	(2.915.162)	--
Less: sales discount and returns	(1.155.814)	(602.134)
Net sales	51.962.379	44.112.223

(*) On 27 November 2024, the Group signed a contract with C.N. Romtehnica S.A. (“Romtehnica”), a company of the Ministry of National Defence of Romania, covering a five-year period and the delivery of a total of 1059 Cobra II vehicles. The contract includes the supply of vehicles manufactured both at the Group’s facilities in Türkiye and at a facility in Romania where the necessary production capabilities will be established. The contract contains damages provisions to be paid in case of non-compliance with the vehicle delivery schedule and the interim milestones related to local production preparations. In line with the reasons disclosed by the Group on the Public Disclosure Platform (KAP) on 16 January 2026, Romtehnica submitted payment demands amounting to RON 191.848 (TRY 1.877.289) on 17 December 2025 and RON 7.296 (TRY 71.842) on 24 December 2025, totaling TRY 1.949.132. In the KAP announcement, it was publicly disclosed that an annulment lawsuit has been filed before the Romanian court regarding the compensation claim of RON 191.848 (TRY 1.877.289) notified to the Group, and that the delays and disputes may adversely affect the continuation of the project and may give rise to additional payment claims.

On 4 February 2026, Romtehnica communicated an additional payment demand amounting to RON 4.315 (TL 43.148) due to the late delivery of 46 vehicles sold to date from the first batch manufactured at the Group’s facilities in Türkiye. Of this amount, RON 2.365 (TL 23.286) relates to the 2025 entitlements and has been reflected in the contractual penalty charges and accruals. The remaining portion of the payment demand relates to the 2026 entitlements and will be recognized in the Group’s financial statements for the year 2026.

In addition to the notified payment demands, as it is considered highly probable that the Group will face a payment demand due to the late delivery of 38 vehicles manufactured at the Group’s facilities in Türkiye—of which a certain portion can be associated with the 2025 entitlements—an accrual amounting to RON 1.954 (TRY 19.237) has been recognized.

Furthermore, as it is considered highly probable that the Group will face a payment demand—fully attributable to the 2025 entitlements—on the grounds that the following interim milestone in the contract schedule relating to local production preparations for the vehicles to be manufactured in Romania were not met on time, an accrual amounting to RON 93.792 (TRY 923.507) has been recognized based on the Group’s best estimate using the information available

The related accruals are presented under ‘Other Payables’ in the statement of financial position. If the final amounts of the payment demands will differ from the current accruals, the impact of such differences will be reflected in the Group’s financial statements of the subsequent reporting periods.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 20 - REVENUE AND COST OF SALES (continued)

Net sales (continued)

Sales of the Group for the years ended December 31, 2025 and 2024 in terms of the products are as follows:

	January 1 - December 31, 2025	January 1 - December 31, 2024
Commercial vehicle	33.056.388	30.257.741
Military vehicle	13.921.261	7.248.816
Other sales (*)	4.984.730	6.605.666
	51.962.379	44.112.223

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

Cost of sales

	January 1 - December 31, 2025	January 1 - December 31, 2024
Cost of finished goods sold	38.281.242	34.618.264
Cost of merchandise goods sold	3.743.065	2.511.582
	42.024.307	37.129.846

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

	January 1 - December 31, 2025	January 1 - December 31, 2024
Sales and marketing expenses	(5.785.851)	(5.728.802)
General administrative expenses	(2.584.758)	(2.724.564)
Research and development expenses	(1.440.879)	(1.522.839)
	(9.811.488)	(9.976.205)

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 22 - EXPENSES BY NATURE

	January 1 - December 31, 2025	January 1 - December 31, 2024
Cost of raw material and consumption goods	(32.409.777)	(28.879.212)
Personnel expenses	(6.954.747)	(7.589.777)
Cost of merchandises sold	(3.743.065)	(1.821.476)
Depreciation and amortization expense	(1.839.837)	(1.813.258)
Warranty expenses	(1.693.324)	(1.387.533)
Administrative expenses	(1.384.306)	(1.454.845)
Sales, incentives and premiums	(1.237.682)	(1.236.472)
Operational expenses	(1.157.988)	(1.230.548)
Transportation, distribution and storage expenses	(615.176)	(622.314)
Advertising, promotion and promotion costs	(300.096)	(519.135)
R&D expenses	(192.635)	(241.902)
Other expenses	(307.162)	(309.579)
	(51.835.795)	(47.106.051)

The breakdown of personnel expenses for the years 2025 and 2024 is as follows:

	January 1 - December 31, 2025	January 1 - December 31, 2024
Based on the account:		
Cost of sales and inventories on hand	(4.417.485)	(4.737.924)
Capitalized development expenditures	(1.563.824)	(1.722.747)
General administrative expenses	(1.161.529)	(1.402.952)
Sales and marketing expenses	(1.306.464)	(1.353.948)
Research and development expenses	(69.269)	(94.953)
	(8.518.571)	(9.312.524)

	January 1 - December 31, 2025	January 1 - December 31, 2024
By nature		
Wages and salaries	(6.492.929)	(6.876.749)
Other social benefits	(965.879)	(1.184.261)
Social security premiums	(831.597)	(952.691)
Provision for employment termination benefits	(185.271)	(176.190)
Provision for unused vacation	(12.951)	(62.636)
Other	(29.944)	(59.997)
	(8.518.571)	(9.312.524)

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 23 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	January 1 - December 31, 2025	January 1 - December 31, 2024
Foreign exchange gains on operating activities	4.558.536	7.475.776
Income from charge of due date receivables	709.537	1.216.121
Gain on future transactions	17.629	418.230
Incentive income	8.582	4.336
Other income	187.691	182.852
	5.481.975	9.297.315

Other operating expenses	January 1 - December 31, 2025	January 1 - December 31, 2024
Foreign exchange loss on operating activities	3.472.479	6.531.478
Loss on future transactions	30.111	644.698
Doubtful provision	--	46.572
Other expenses	1.433	--
	3.504.023	7.222.748

NOTE 24 - FINANCIAL INCOME

	January 1 – December 31, 2025	January 1 – December 31, 2024
Interest income from time deposits	386.698	1.119.778
Foreign exchange gains on deposits	328.186	208.487
Foreign exchange gains on bank borrowings	9.133	264.964
	724.017	1.593.229

NOTE 25 - FINANCIAL EXPENSES

	January 1 – December 31, 2025	January 1 – December 31, 2024
Interest expense on bank borrowings	7.785.755	9.247.615
Foreign exchange losses on bank borrowings	2.164.501	1.049.297
Foreign exchange losses on deposits	94.320	142.269
Other	17.600	13.062
	10.062.176	10.452.243

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 26 - TAX ASSETS AND LIABILITIES

The general corporate tax rate in Turkey is 25% (31.12.2024: 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.

In Turkey, the corporate income tax rate is 25% as of 31 December 2025 (31 December 2024: 25%). The corporate income tax rate is applied to the taxable corporate profit, which is calculated by adding non-deductible expenses to the commercial profit in accordance with the tax legislation and deducting exemptions and allowances stipulated by the tax laws.

The Company, which holds an R&D Center certificate, is entitled to benefit from a 100% R&D deduction without any limitation on the tax base due to its R&D expenditures amounting to TRY 1.763.628 in 2025 (31 December 2024: TRY 1.762.988) and the amount of TRY 2.212.374 carried forward from 2024 (calculated by revaluing TRY 1.762.988 using the 25.49% revaluation rate applied in 2025).

The Group’s application for an Investment Incentive Certificate submitted to the General Directorate of Incentive Implementation and Foreign Investment of the Ministry of Industry and Technology of the Republic of Türkiye has been approved, and Investment Incentive Certificate No. 512845 has been issued for the modernization investment planned to be carried out over a four-year period with a total amount of TRY 1.890.028. With the planning of additional investments and the application made in 2024, the validity period of the incentive certificate has been extended by an additional two years.

The breakdown of total tax expense for the years ended 31 December 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
Current tax charge	(87.172)	(44.531)
Deferred tax income/expense	486.875	(107.648)
	399.703	(152.179)

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

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

	December 31, 2025	December 31, 2024
Loss before tax	(1.858.662)	(3.911.270)
Tax rate	%25	%25
Income tax charge at effective tax rate	464.666	977.818
Disallowable expenses	(432.746)	(225.859)
Discounts and exceptions	442.568	219.376
Tax effect on gain on investments accounted for using the equity method	(8.687)	(11.259)
Net loss on which deferred tax is not calculated	98.752	--
Non-taxable inflation adjustments	(164.850)	(1.112.255)
Total	399.703	(152.179)

In Turkey, the corporate tax rate is 25% as of December 31, 2025 (December 31, 2024: 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, 2025, and 2024, the distribution of the net deferred tax liability calculated using temporary differences subject to deferred tax and effective tax rates is summarized below:

	Cumulative temporary differences		Deferred tax assets/(liability)	
	December 31, 2025	December 31, 2024	December 31, 2025	December 3,1 2024
R&D incentive (*)	(3.976.003)	(2.307.610)	994.001	576.903
Deductible accumulated tax losses (**)	--	--	1.250.364	517.023
Investment allowance available for use	--	--	282.825	257.356
Provision for warranty expenses	(1.152.029)	(1.101.470)	288.007	275.368
Severance pay liability	(639.339)	(550.652)	159.835	137.663
Provision for unused vacation	(147.522)	(183.579)	36.881	45.895
Other provisions	(948.123)	(812.630)	237.031	203.157
Net difference between the carrying amounts and the tax bases of inventories	(238.728)	(849.191)	59.682	212.298
Deferred maintenance expenses	(503.896)	(991.811)	125.974	247.953
Property, plant and equipment and intangible assets	6.673.219	4.600.864	(1.668.305)	(1.150.216)
Contractual penalty charges and accruals	(966.030)	--	241.508	--
Other	264.515	(417.792)	(66.130)	104.448
Deferred tax assets, net			1.941.673	1.427.848

(*) The Company, which holds an R&D Center Certificate, is entitled to benefit from a 100% R&D deduction without withholding tax on its corporate tax base for its R&D expenditures amounting to TL 1.763.628 incurred in 2025 (31 December 2024: TL 1.762.988) and TL 2.212.374 carried forward from 2024 (which represents the revalued amount of TL 1.762.988 adjusted by the 2025 revaluation rate).

(**) The Group's deductible tax losses for which deferred tax assets have been recognized amount to TL 5.001.455 in total, of which TL 3.026.446 relates to 2025 and TL 1.975.010 relates to 2024.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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, 2025, the tax advantage amounting to TL 282.825 (December 31, 2024: 257.356) 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, 2025. For the period January 1 - December 31, 2025, deferred tax income amounting to TL 282.825 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, 2025, 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, 2025 and 2024 are as follows:

	2025	2024
January 1	1.427.848	1.470.982
Deferred tax income/(expense) reflected in profit or loss and other comprehensive income statement		
Charged to profit or loss for the period	486.875	(107.648)
Charged to other comprehensive income/expense	26.950	64.514
As of December 31	1.941.673	1.427.848

As of 2025, the inflation adjustment to be applied under the Tax Procedural Code (VUK) has been deferred for the fiscal years 2025, 2026, and 2027 pursuant to Law No. 7571. In this context, the Company revalued its depreciable assets in accordance with Article 298/Ç (repeated) of the Tax Procedural Code, and the revaluation increase has been recognized in the statutory records under the revaluation reserve fund. This practice is solely for tax purposes and has no impact on the carrying amounts of assets in the TFRS financial statements.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 27 – EARNINGS PER SHARE

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.

Earnings/losses per share is calculated by dividing the net profit/(loss) of shareholders by the weighted average number of ordinary shares issued.

	December 31, 2025	December 31, 2024
Net loss for the period	(1.458.959)	(4.063.449)
Weighted average number of issued shares	12.000.000.000	12.000.000.000
Earnings per share (Kr)	(12,158)	(33,862)

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:

As of December 31, 2025 and December 31, 2024, the receivables and payables from related parties are as follows:

Due from related parties	December 31, 2025	December 31, 2024
Ram Dış Ticaret A.Ş. (1) (*)	2.765.780	5.420.513
Al Jasoor Heavy Vehicles Industry LLC (3) (**)	33.996	--
Otokar Central Asia Limited (4)	26.516	21.271
Temel Ticaret A.Ş. (1)	18.259	--
Other (1)	8.974	19.236
	2.853.525	5.461.020

(*) 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.

(1) Related parties of the group parent partner

(2) Group shareholder

(3) Joint venture

(4) Financial investments

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

Due to related parties	December 31, 2025	December 31, 2024
Zer Merkezi Hizmetler A.Ş. (1)	178.294	106.363
Koç Holding A.Ş. (2)	88.273	93.095
Ark İnşaat A.Ş. (1)	49.909	25.646
Ram Dış Ticaret A.Ş. (1)	32.720	203.171
Entek Elektrik Üretimi A.Ş. (1)	30.171	--
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	22.448	9.808
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	18.335	5.857
Opet Fuchs Madeni Yağ A.Ş. (1)	16.261	22.946
Setur Servis Turistik A.Ş. (1)	13.962	7.746
Divan Turizm İşletmeleri A.Ş. (1)	13.724	2.976
Ram Sigorta Aracılık Hz. A.Ş. (1)	13.361	--
Eltek Elektrik Enerji İth.İhr.Top.Tic. A.Ş. (1)	12.887	--
Other (1)	56.497	129.147
	546.842	606.755

Advances received from related parties	December 31, 2025	December 31, 2024
Ram Dış Ticaret A.Ş. (1)	35.504	887.305
	35.504	887.305

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

Sales of products and services	January 1 - December 31, 2025	January 1 - December 31, 2024
Ram Dış Ticaret A.Ş. (1) (*)	7.063.513	8.446.532
Al Jasoor Heavy Vehicles Industry LLC (3)	79.676	268.986
Other (1)	4.833	5.412
	7.148.022	8.720.930

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

(1) Related parties of the group parent partner

(2) Group shareholder

(3) Joint venture

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

Fixed asset purchases	January 1 - December 31, 2025	January 1 - December 31, 2024
Ark İnşaat A.Ş. (1)	121.661	51.306
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	92.877	125.292
Entek Elektrik Üretimi A.Ş. (1)	50.976	--
Zer Merkezi Hizmetler A.Ş. (1)	34.680	31.314
Other (1)	20.755	3.785
	320.949	211.697

Inventory purchases	January 1 - December 31, 2025	January 1 - December 31, 2024
Zer Merkezi Hizmetler A.Ş. (1)	891.548	935.420
Ram Dış Ticaret A.Ş. (1)	167.659	272.218
Wat Motor Sanayi ve Ticaret A.Ş. (1)	88.278	181.237
Opet Fuchs Madeni Yağ A.Ş. (1)	65.764	77.188
Ford Otosan A.Ş. (1)	54.943	29.745
Akpa Dayanıklı Tük.Paz. A.Ş. (1)	32.211	37.979
Opet Petrolcülük A.Ş. (1)	31.053	50.163
Düzey A.Ş. (1)	29.055	9.276
Other (1)	5.546	14.133
	1.366.057	1.607.359

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

Service purchases	January 1 - December 31, 2025	January 1 - December 31, 2024
Setur Servis Turistik A.Ş. (1)	198.651	189.737
Ram Sigorta Aracılık Hz. A.Ş (1)	171.993	208.574
Ram Dış Ticaret A.Ş. (1)	160.594	193.621
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	140.809	93.773
Koç Holding A.Ş. (2)	135.011	135.410
Eltek Elektrik Enerji İth.İhr.Top.Tic. A.Ş. (1)	107.775	130.997
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	60.100	112.663
Divan Turizm İşletmeleri A.Ş. (1)	33.979	29.587
Token Finansal Teknolojileri A.Ş. (1)	32.172	38.264
Koçdigital Çözümler A.Ş. (1)	22.811	33.866
Ingage Dijital(1)	22.359	21.251
Other (1)	60.013	57.785
	1.146.267	1.245.528
Banks deposits	December 31, 2025	December 31, 2024
Yapı ve Kredi Bankası A.Ş. (1)		
- Demand deposits	1.555	3.584
- Time deposits	2.094.947	74.755
	2.096.502	78.339
Loans	December 31, 2025	December 31, 2024
Yapı ve Kredi Bankası A.Ş. (1)	5.790.002	671.362
	5.790.002	671.362

(1) Related parties of the group parent partner

(2) Group shareholder

(3) Joint venture

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

Other income and expenses from principal activities related to related parties as of the periods ending December 31, 2025 and 2024:

	January 1 - December 31, 2025	January 1 - December 31, 2024
Trade receivables and payables foreign exchange gains		
Ram Dış Ticaret A.Ş. (1)	746.423	5.758.972
Other (1)	1.894	2.491
	748.317	5.761.463

	January 1 - December 31, 2025	January 1 - December 31, 2024
Trade receivables and payables foreign exchange expenses		
Ram Dış Ticaret A.Ş. (1)	488.357	5.727.670
Other (1)	21.351	14.336
	509.708	5.742.006

Financial income and expenses related to related parties as of the periods ending December 31, 2025 and 2024:

	January 1 - December 31, 2025	January 1 - December 31, 2024
Interest income		
Yapı ve Kredi Bankası A.Ş. (1)	137.350	35.170
	137.350	35.170

	January 1 - December 31, 2025	January 1 - December 31, 2024
Interest expense		
Yapı ve Kredi Bankası A.Ş. (1)	575.587	182.295
	575.587	182.295

	January 1 - December 31, 2025	January 1 - December 31, 2024
Foreign exchange gains		
Yapı ve Kredi Bankası A.Ş. (1)	83.125	46.887
	83.125	46.887

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

	January 1 - December 31, 2025	January 1 – December 31, 2024
Foreign exchange expenses		
Yapı ve Kredi Bankası A.Ş. (1)	33.074	28.984
	33.074	28.984

- (1) Related parties of the group parent partner
- (2) Gorup shareholder
- (3) Joint venture

Benefits for senior executives

The total benefits provided by the Group to its senior executives in the year ended December 31, 2025 is 308.786 TL, and 95.596 TL of this amount is related to payments made due to termination of employment (December 31, 2024: The total benefits provided by the Group to its senior executives is 491.948 TL, of which 288.713 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 9).

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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

December 31, 2025	Trade receivables	Other receivables	Bank deposit
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)	15.821.940	4.615	6.724.890
-Maximum risk secured by guarantee (2)	3.482.292	--	--
A. Net book value of financial assets neither overdue nor impaired	15.821.940	4.615	6.724.890
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	--	--	--
- Overdue (gross book value)	--	--	--
- Impairment (-) (Note 9)	--	--	--
- Net value under guarantee	--	--	--
- Not overdue (gross book value)	340.438	--	--
- Impairment (-)	(340.438)	--	--
- Net value under guarantee	--	--	--
E. Off- balance sheet items having credit risk	--	--	--

December 31, 2024	Trade receivables	Other receivables	Bank deposit
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)	15.561.725	6.401	1.925.111
-Maximum risk secured by guarantee (2)	3.535.889	--	--
A. Net book value of financial assets neither overdue nor impaired	15.561.725	6.401	1.925.111
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	--	--	--
- Overdue (gross book value)	--	--	--
- Impairment (-) (Note 9)	--	--	--
- Net value under guarantee	--	--	--
- Not overdue (gross book value)	362.114	--	--
- Impairment (-)	(362.114)	--	--
- Net value under guarantee	--	--	--
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.

Likidite riski

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.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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

As of December 31, 2025 and 2024, maturities of gross trade payables and financial liabilities are as follows:

December 31, 2025

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)
Non-derivative financial liabilities					
Bank loans	34.474.191	44.210.768	7.591.837	14.377.211	22.241.720
Lease liabilities	77.079	93.191	13.878	30.731	48.582
Trade payables	7.477.844	7.477.844	7.477.844	--	--

Expected maturity

Non-derivative financial liabilities					
Other payables	2.977.822	2.977.822	2.977.822	--	--
Other short-term liabilities	225.446	225.446	225.446	--	--

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)
Non-derivative financial liabilities					
Bank loans	27.617.813	35.916.976	4.336.554	7.875.988	23.704.434
Lease liabilities	216.718	283.602	33.464	74.103	176.035
Trade payables	6.856.668	6.856.668	6.856.668	--	--

Expected maturity

Non-derivative financial liabilities					
Other payables	44.659	44.659	44.659	--	--
Other short-term liabilities	447.503	447.503	447.503	--	--

Expected (or maturity per agreement)

Derivative financial liabilities					
Derivative cash inflows	1.683.274	1.683.274	1.683.274	--	--
Derivative cash outflows	(1.693.305)	(1.693.305)	(1.693.305)	--	--

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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

Piyasa riski

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.

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

December 31, 2025	TRY equivalent (functional currency)	USD	EUR	GBP
1. Trade receivables	13.407.185	133.286	152.503	--
2a. Monetary financial assets (including cash, bank accounts)	618.473	418	11.903	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	113.368	1.339	1.109	--
4. Current assets (1+2+3)	14.139.026	135.043	165.515	--
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	--	--	--	--
9. Total assets (4+8)	14.139.026	135.043	165.515	--
10. Trade payables	(3.051.170)	(24.007)	(40.066)	(12)
11. Financial liabilities	(7.285.766)	(44.685)	(106.445)	--
12a. Monetary other liabilities	(87.115)	(1.931)	(86)	--
12b. Non-monetary other liabilities	--	--	--	--
13. Current liabilities (10+11+12)	(10.424.051)	(70.623)	(146.597)	(12)
14. Trade payables	--	--	--	--
15. Financial liabilities	(3.983.241)	--	(78.949)	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Non-current liabilities (14+15+16)	(3.983.241)	--	(78.949)	--
18. Total liabilities (13+17)	(14.407.292)	(70.623)	(225.546)	(12)
19. Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	--	--	--	--
19a. Hedged total assets amount	--	--	--	--
19b. Hedged total liabilities amount	--	--	--	--
20. Net foreign currency asset/(liability) position (9+18+19)	(268.266)	64.420	(60.031)	(12)
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(381.634)	63.080	(61.140)	(12)
22. Total fair value of financial instruments used for foreign currency hedging	--	--	--	--
23. Export	35.155.760	164.127	552.038	268.833
24. Import	32.336.808	520.003	199.178	552

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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

December 31, 2024	TRY equivalent (functional currency)	USD	EUR	GBP
1. Trade receivables	10.651.863	124.224	102.396	--
2a. Monetary financial assets (including cash, bank accounts)	793.117	1.664	14.895	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	83	2	--	--
4. Current assets (1+2+3)	11.445.063	125.890	117.291	--
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	165	--	3	--
8. Non-current assets (5+6+7)	165	--	3	--
9. Total assets (4+8)	11.445.228	125.890	117.294	--
10. Trade payables	(3.324.061)	(36.542)	(33.967)	(99)
11. Financial liabilities	(3.544.324)	(8.211)	(65.825)	--
12a. Monetary other liabilities	(1.570.908)	(7.065)	(25.890)	--
12b. Non-monetary other liabilities	--	--	--	--
13. Current liabilities (10+11+12)	(8.439.293)	(51.818)	(125.682)	(99)
14. Trade payables	--	--	--	--
15. Financial liabilities	(3.144.788)	--	(65.389)	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Non-current liabilities (14+15+16)	(3.144.788)	--	(65.389)	--
18. Total liabilities (13+17)	(11.584.081)	(51.818)	(191.071)	(99)
19. Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	(6.456)	(36.650)	35.000	--
19a. Hedged total assets amount	1.683.273	--	35.000	--
19b. Hedged total liabilities amount	(1.689.729)	(36.650)	--	--
20. Net foreign currency asset/(liability) position (9+18+19)	(145.309)	37.422	(38.777)	(99)
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(139.102)	177.706	308.362	99
22. Total fair value of financial instruments used for foreign currency hedging	10.032	10.032	--	--
23. Export	28.259.647	123.560	431.804	31.011
24. Import	11.895.288	92.477	155.575	2.582

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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, 2025 and 2024:

	Profit before tax	Profit before tax
	Appreciation of	Depreciation of
December 31, 2025	foreign currency	foreign currency
<i>In case 10% appreciation of USD against TRY</i>		
1- USD net asset/liability	276.120	(276.120)
2- Amount hedged for USD risk (-)	--	--
3- USD net effect (1+2)	276.120	(276.120)
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	(302.879)	302.879
5- Amount hedged for EUR risk (-)	--	--
6- EUR net effect (4+5)	(302.879)	302.879
<i>In case 10% appreciation of GBP against TRY</i>		
7- GBP net asset/liability	(68)	68
8- Amount hedged for GBP risk (-)	--	--
9- GBP net effect (7+8)	(68)	68
Total (3+6+9)	(26.827)	26.827
	Profit before tax	Profit before tax
	Appreciation of	Depreciation of
December 31, 2024	foreign currency	foreign currency
<i>In case 10% appreciation of USD against TRY</i>		
1- USD net asset/liability	172.532	(172.532)
2- Amount hedged for USD risk (-)	--	--
3- USD net effect (1+2)	172.532	(172.532)
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	(186.492)	186.492
5- Amount hedged for EUR risk (-)	--	--
6- EUR net effect (4+5)	(186.492)	186.492
<i>In case 10% appreciation of GBP against TRY</i>		
7- GBP net asset/liability	(570)	570
8- Amount hedged for GBP risk (-)	--	--
9- GBP net effect (7+8)	(570)	570
Total (3+6+9)	(14.530)	14.530

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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, 2025 and 2024, 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, 2025	December 31, 2024
Total financial debt (Note 6)	34.551.270	27.834.531
Less: Cash and cash equivalents (Note 5)	(6.730.623)	(1.925.922)
Net financial debt	27.820.647	25.908.609
Total equity	8.548.807	10.717.740
Financial debt/shareholders’ equity factor	% 325	% 242

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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, 2025 and 2024:

December 31, 2025

Liabilities	Level 1	Level 2	Level 3	Total
Derivative financial instruments	--	--	--	--
	--	--	--	--

December 31, 2024

Assets	Level 1	Level 2	Level 3	Total
Derivative financial instruments	--	10.031	--	--
	--	10.031	--	--

Fair value is the amount for which a financial instrument could be exchanged between willing parties in an arm’s length transaction, other than in a forced sale or liquidation, and is best determined, if available, by reference to a quoted market price.

The estimated fair values of the financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. Estimates are used in interpreting market data and in the fair value estimation process. Accordingly, the estimates presented herein may not necessarily represent the amounts that the Group could realize in a current market transaction.

The Group considers that the carrying amounts of its financial instruments approximate their fair values.

Financial assets – It is assumed that the fair values of financial assets approximate their carrying amounts due to their short-term nature and the insignificance of credit losses.

Financial liabilities – It is assumed that the fair values of trade payables and other monetary liabilities approximate their carrying amounts due to their short-term nature. The fair value of long-term fixed-interest bank borrowings, when evaluated using the prevailing fixed interest rates as of the reporting date, has been determined to approximate their carrying amounts. Short-term borrowings are also assumed to reflect their fair values due to their short maturities.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

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

Non-monetary items	December 31, 2025	December 31, 2024
Statement of financial position items	4.253.405	4.876.516
Inventories	2.884.874	3.305.155
Property, plant and equipment and intangible assets	4.550.369	4.223.991
Deferred tax assets	337.226	452.148
Contract liabilities	(1.073.045)	(339.630)
Capital adjustment differences	(586.555)	(749.575)
Restricted reserves	(453.687)	(578.634)
Other comprehensive expenses not to be reclassified to profit or loss	207.948	452.314
Other comprehensive income to be reclassified to profit or loss	352.438	398.649
Retained earnings	(1.956.453)	(2.270.027)
Other	(9.710)	(17.875)
Statement of profit or loss items	1.178.951	1.042.423
Revenue	(4.330.952)	(3.308.798)
Cost of sales	3.559.066	2.719.086
Research and development expenses	471.484	216.252
Marketing, selling and distribution expenses	458.590	617.130
General administrative expenses	187.276	187.854
Other operating income/expenses	255.857	195.472
Income from investing activities	41.207	5.606
Financial income/expense	536.423	409.821
Net monetary gain/(loss)	5.432.356	5.918.939

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2025, unless otherwise indicated.)

NOTE 32 – FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITORS

The Group’s disclosure regarding the fees for services provided by independent audit firms, which has been prepared in accordance with the Board Decision published by the Public Oversight Authority (KGK) in the duplicate Official Gazette dated 30 March 2021, and based on the KGK letter dated 19 August 2021 setting out the preparation principles, is presented below:

	January 1 - December 31, 2025	January 1- December 31, 2024
Independent audit fee for the reporting period	9.710	7.936
Fee for other assurance services	599	105
Fees for services other than independent auditing	828	902
	11.137	8.943

The fees above have been determined by including statutory audit and other related service fees of all subsidiaries, and the fees of foreign subsidiaries denominated in foreign currencies have been translated into TL using the annual average exchange rates of the respective years. In order to present the information in accordance with TFRS, the amounts have been adjusted for changes in the purchasing power of TL.

NOTE 33 – SUBSEQUENT EVENTS

The Company has signed a memorandum of understanding with the shareholders of Automecanica S.A., a defense industry company operating in Romania, setting out the main principles for the acquisition of shares representing 96.77% of its share capital. The transaction value is expected to be determined based on an enterprise value of approximately EUR 87.8 million and will be subject to net debt and working capital closing adjustments. Completion of the transaction is contingent upon the satisfactory outcome of the due diligence process, the execution of the Share Purchase Agreement, and obtaining the necessary approvals from the relevant authorities in Romania. The closing is targeted to be finalized by the end of April 2026, and the Company may transfer its rights and obligations under the transaction to its wholly owned subsidiary, Otokar Land Systems SRL.