

**OTOKAR OTOMOTİV VE SAVUNMA
SANAYİ ANONİM ŞİRKETİ**

CONVENIENCE TRANSLATION INTO ENGLISH
OF CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 30 JUNE 2025

(ORIGINALLY ISSUED IN TURKISH)



**Shape the future
with confidence**

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

Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi;

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi (“the Company”) and its subsidiaries (“the Group”) as of June 30, 2025 and the interim condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and explanatory notes. Group management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Turkish Accounting Standard 34, Interim Financial Reporting (“TAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with TAS 34.

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

Ferzan Ülgen, SMMM
Partner

July 29, 2025
İstanbul, Türkiye

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**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 30 JUNE 2025 AND 31 DECEMBER 2024**

(Unless otherwise stated, the amounts are expressed as one thousand TL on the basis of purchasing power of the Turkish Lira ("TL") as of 30 June 2025.)

		(Limited Reviewed)	(Audited) (*)
		30 June 2025	31 December 2024
	Notes		
Assets			
Current assets			
Cash and cash equivalents	4	2,197,189	1,716,719
Trade receivables	9	9,988,320	13,242,209
-Due from related parties	23	3,165,347	4,867,817
-Due from third parties	9	6,822,973	8,374,392
Other receivables		11,067	5,706
-Other receivables from third parties		11,067	5,706
Inventories	10	18,897,016	14,008,484
Prepaid expenses	14	1,927,483	397,196
Other current assets	14	1,016,950	781,736
Total current assets		34,038,025	30,152,050
Non-current assets			
Trade receivables	9	865,108	875,553
-Due from third parties		865,108	875,553
Other receivables		69,436	17,206
-Due from from third parties		69,436	17,206
Investments accounted for using the equity method	6	59,413	85,286
Financial investments	7	79,681	86,716
Property, plant, and equipment	11	6,112,675	6,066,621
Right of use assets	11	68,001	74,704
Intangible assets	12	8,337,223	7,900,950
-Goodwill		20,253	18,648
-Other intangible assets	12	8,316,970	7,882,302
Deferred tax asset	21	1,543,403	1,272,748
Prepaid expenses	14	2,637,900	26,600
Total non-current assets		19,772,840	16,406,384
Total assets		53,810,865	46,558,434

(*) Reclassified – Note 2.5

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 30 JUNE 2025 AND 31 DECEMBER 2024**

(Unless otherwise stated, the amounts are expressed as one thousand TL on the basis of purchasing power of the Turkish Lira ("TL") as of 30 June 2025.)

	Notes	(Limited Reviewed) 30 June 2025	(Audited) (*) 31 December 2024
Liabilities			
Current liabilities			
Short-term borrowings	5	7,429,590	8,019,929
-Bank loans	5	7,353,332	7,944,590
-Short-term lease liabilities	5	76,258	75,339
Short-term portion of long-term borrowings	5	9,188,061	2,844,374
-Bank loans	5	8,645,820	981,595
-Issue of debt instruments	5	542,241	1,862,779
Trade payables	9	7,776,882	6,111,869
-Due to related parties	23	406,528	540,847
-Due to third parties	9	7,370,354	5,571,022
Employee benefit obligations	14	376,566	779,729
Other payables		295,325	39,808
-Other payables to third parties		295,325	39,808
Derivative instruments	8	-	8,942
Liabilities from customer contracts	14	5,208,505	1,801,664
Government promotion and subsidies		6,518	5,274
Short-term provisions	13	2,018,899	1,944,164
-Provisions for employee benefits	13	182,261	163,638
-Other provisions	13	1,836,638	1,780,526
Other current liabilities	14	85,070	398,892
Total current liabilities		32,385,416	21,954,645
Non-current liabilities			
Long-term borrowings	5	4,116,035	13,946,703
-Bank loans	5	3,996,760	13,828,865
- Long-term lease liabilities	5	119,275	117,838
Liabilities from customer contracts	14	7,822,110	588,629
Government promotion and subsidies		24,773	24,093
Long-term provisions	13	528,277	490,838
- Provisions for employee benefits	13	528,277	490,838
Total non-current liabilities		12,491,195	15,050,263
Total liabilities		44,876,611	37,004,908
Equity			
Paid-in share capital	15	120,000	120,000
Inflation adjustment on share capital	15	2,095,295	2,095,295
Restricted reserves	15	1,713,479	1,713,479
Accumulated other comprehensive expense that will not be reclassified to statement of loss		(769,700)	(735,857)
- <i>Defined benefit plans remeasurement losses</i>		(769,700)	(735,857)
Accumulated other comprehensive expense that may be reclassified to statement of loss		(1,422,053)	(915,762)
- <i>Currency translation differences</i>		(1,422,053)	(915,762)
Retained earnings		7,276,371	10,898,428
Net profit/(loss) for the period		(79,138)	(3,622,057)
Total equity		8,934,254	9,553,526
Total liabilities and equity		53,810,865	46,558,434

(*) Reclassified – Note 2.5

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

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS **ORIGINALLY ISSUED IN TURKISH**

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 30 JUNE 2025
AND 2024**

(Unless otherwise stated, the amounts are expressed as one thousand TL on the basis of purchasing power of the Turkish Lira ("TL") as of 30 June 2025.)

		(Limited Reviewed)	(Not Reviewed)	(Limited Reviewed)	(Not Reviewed)
		1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
	Notes				
Revenue	16	19,838,251	11,400,459	17,517,394	10,349,804
Cost of sales (-)	16	(15,448,462)	(8,245,418)	(14,884,339)	(8,614,833)
GROSS PROFIT		4,389,789	3,155,041	2,633,055	1,734,971
Marketing expenses (-)	17	(2,346,914)	(1,229,683)	(2,569,573)	(1,375,647)
General administrative expenses (-)	17	(1,094,448)	(603,658)	(1,199,699)	(535,232)
Research and development expenses (-)	17	(618,148)	(313,546)	(665,361)	(337,747)
Other operating income	18	2,333,222	1,288,650	2,401,154	1,003,610
Other operating expenses (-)	18	(1,432,219)	(774,864)	(1,224,571)	(589,027)
OPERATING PROFIT/(LOSS)		1,231,282	1,521,940	(624,995)	(99,072)
Income from investing activities		-	-	1,109	1,109
Expenses from investing activities (-)		(2,865)	(2,865)	-	-
Share of profit (losses) of investments accounted for using the equity method, net	6	(22,813)	(14,773)	(35,125)	(9,076)
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL INCOME/(EXPENSE)		1,205,604	1,504,302	(659,011)	(107,039)
Financial income	19	365,792	192,728	775,174	278,037
Financial expense (-)	20	(4,703,813)	(2,292,340)	(4,228,733)	(2,129,183)
Monetary gain	26	2,810,951	1,056,442	2,788,048	1,560,487
(LOSS)/PROFIT BEFORE TAX FROM CONTINUED OPERATIONS		(321,466)	461,132	(1,324,522)	(397,698)
Tax income/(expense) from continued operations					
Current year tax expense		(17,046)	(17,046)	-	-
Deferred tax income/(expense)	21	259,374	(32,059)	(530,685)	(845,498)
NET (LOSS)/PROFIT FOR THE PERIOD		(79,138)	412,027	(1,855,207)	(1,243,196)
Items that will not be reclassified to statement of profit or loss					
Defined benefit plans remeasurement losses	13	(45,124)	(49,664)	(210,495)	(316,504)
Deferred tax income	21	11,281	12,416	52,623	26,120
Items that may be reclassified to statement of profit or loss					
Currency translation differences of investments accounted by equity method	6	(3,060)	(1,508)	(12,537)	(6,994)
Currency translation differences		(503,231)	(347,509)	399,738	242,145
Other comprehensive (expense)/income		(540,134)	(386,265)	229,329	(55,233)
TOTAL COMPREHENSIVE (EXPENSE)/ INCOME		(619,272)	25,762	(1,625,878)	(1,298,429)
Losses/(Earnings) per share (Kr)	22	(0.659)	3.434	(15.460)	(10.360)

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

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIODS ENDED 30 JUNE 2025 AND 2024

(Unless otherwise stated, the amounts are expressed as one thousand TL on the basis of purchasing power of the Turkish Lira ("TL") as of 30 June 2025.)

		Paid-in share capital	Inflation adjustment on share capital	Restricted reserves	Accumulated other comprehensive income/ (expense) that will not be reclassified to statement of profit or loss	Accumulated other comprehensive income/(expense) that may be reclassified to statement of profit or loss	Retained earnings	Net profit/(loss) for the period	Equity
1 January 2024	Beginning of the period	120,000	2,095,295	1,608,950	(563,338)	(1,331,099)	8,741,953	3,315,080	13,986,841
	Transfers	-	-	104,529	-	-	3,210,551	(3,315,080)	-
	Dividends	-	-	-	-	-	(1,054,076)	-	(1,054,076)
	Total comprehensive income	-	-	-	(157,872)	387,201	-	(1,855,207)	(1,625,878)
30 June 2024	Closing balance	120,000	2,095,295	1,713,479	(721,210)	(943,898)	10,898,428	(1,855,207)	11,306,887
1 January 2025	Beginning of the period	120,000	2,095,295	1,713,479	(735,857)	(915,762)	10,898,428	(3,622,057)	9,553,526
	Transfers	-	-	-	-	-	(3,622,057)	3,622,057	-
	Total comprehensive income	-	-	-	(33,843)	(506,291)	-	(79,138)	(619,272)
30 June 2025	Closing balance	120,000	2,095,295	1,713,479	(769,700)	(1,422,053)	7,276,371	(79,138)	8,934,254

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 30 JUNE 2025 AND 2024**

(Unless otherwise stated, the amounts are expressed as one thousand TL on the basis of purchasing power of the Turkish Lira ("TL") as of 30 June 2025.)

		(Limited Reviewed)	(Limited Reviewed) (*)
	Notes	1 January – 30 June 2025	1 January – 30 June 2024
CASH FLOWS FROM OPERATING ACTIVITIES		7,554,213	(4,966,588)
Net profit / (loss) for the period		(79,138)	(1,855,207)
Adjustments to the reconciliation of net profit (loss) for the period		3,643,468	1,261,489
Adjustments for depreciation and amortization	11,12	896,392	894,779
Adjustments in relation to impairment:		208,858	368,130
Provision for inventories		208,858	368,130
Adjustments in relation to provision		853,627	778,157
- Provision for employee benefits		116,612	158,737
- Provision for warranty expenses	13	579,068	544,279
- Adjustments for other provisions		157,947	75,141
Adjustments in relation to interest income and expenses:		3,272,473	3,058,210
- Adjustment in relation to interest income	19	(152,100)	(680,150)
- Adjustment in relation to interest expense	20	3,424,573	3,738,360
Adjustments in relation to unrealised foreign exchange gains and losses	5	1,220,931	422,175
Adjustments in relation to fair value gains and losses		10,003	(68,529)
-Adjustments related to fair value losses (gains) on financial assets		7,035	(37,641)
Fair value losses/(gains) on financial derivative instruments		2,968	(30,888)
Adjustments for undistributed profits of investments accounted for using equity method		22,813	35,125
- Adjustments for undistributed profits of joint ventures	6	22,813	35,125
Adjustment on tax income / (expense)		(259,374)	530,685
Adjustments in relation to gains or losses on sales of property, plant, and equipment		2,865	(1,109)
Monetary gain/ (loss)		(2,585,120)	(4,756,134)
Changes in net working capital		4,542,655	(3,882,559)
Change in trade receivables		1,221,328	532,734
Change in inventories		(5,097,391)	(4,642,446)
Change in trade payables		2,538,460	(1,987,930)
Other changes		5,880,258	2,215,083
- (Increase)/ decrease in other assets related to activities		(4,549,382)	359,099
- Increase/ decrease in other liabilities related to activities		10,429,640	1,855,984
Cash flows from operations		8,106,985	(4,476,277)
Payments in relation to employee benefits	13	(11,417)	(44,068)
Payments for other provisions	13	(541,355)	(446,243)
CASH FLOWS FROM INVESTING ACTIVITIES		(1,154,726)	(1,076,964)
Proceeds from sales of property, plant, and equipment intangible assets		6,963	-
Proceeds from sale of property, plant and equipment and intangible assets		6,963	-
Cash outflows from the purchase of tangible and intangible assets		(1,314,204)	(1,747,858)
Cash outflows due to purchase of property, plant, and equipment	11	(355,454)	(418,423)
Cash outflows due to purchase of intangible assets	12	(958,750)	(1,329,435)
Interest Received		152,515	670,894
CASH FLOWS FROM FINANCING ACTIVITIES		(5,208,445)	(362,406)
Cash inflows from borrowing		5,368,882	19,210,246
Cash inflows from loans	5	5,368,882	19,210,246
Cash outflow due to repayment of borrowings		(7,389,526)	(15,924,687)
Repayments of borrowings	5	(7,389,526)	(15,924,687)
Cash outflows related to debt payments from lease agreements	5	(49,809)	(74,776)
Dividends paid		-	(1,054,076)
Interest paid		(3,137,992)	(2,519,113)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES		945,707	(8,382,693)
The effect of foreign currency translation differences on cash and cash equivalents		(464,822)	387,189
Effect of monetary loss on cash and cash equivalents		(245,335)	(1,976,735)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		480,885	(7,995,504)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	1,716,096	11,407,837
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	2,196,981	3,412,333

(*) Reclassified – Note 2.5

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

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED 30 JUNE 2025

(Unless otherwise stated, the amounts are expressed as one thousand TL on the basis of purchasing power of the Turkish Lira ("TL") as of 30 June 2025.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi ("Otokar" or the "Group") was established in 1963 and is registered in Istanbul, Türkiye and operating under the Turkish Commercial Code.

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

The registered addresses of the Company are as follows:

Headquarters: Taşdelen Mahallesi, Sırrı Çelik Bulvarı No: 5 Çekmeköy/Istanbul

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

The information regarding the subsidiary of the Group within the scope of consolidation is as follows:

Subsidiaries	Country	Main field of activity	Field of activity
Otokar Europe SAS	France	Sales and marketing	Automotive
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
Otokar Central Asia Limited (*)	Kazakhstan	Sales and marketing	Automotive and defense industry
Otokar Italia S.R.L	Italy	Sales and marketing	Automotive
Otokar Land Systems S.R.L	Romania	Production, sales and marketing	Automotive and defense industry

Partnerships	Country	Main field of 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	Production, sales and marketing	Automotive and defense industry

(*) 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 condensed interim 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 period-end and the average number of personnel employed in the Group are as follows:

	30 June 2025		31 December 2024	
	Period end	Average	Period end	Average
White collar	930	936	900	974
Blue collar	2,791	2,791	2,809	2,754
Total	3,721	3,726	3,709	3,728
Temporary blue collar	218	183	63	434
Total	3,939	3,909	3,772	4,162

The condensed interim consolidated financial statements for the period ended June 30, 2025 were authorized for issue and signed by the Board of Directors of Otokar on July 29, 2025.

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED 30 JUNE 2025

(Unless otherwise stated, the amounts are expressed as one thousand TL on the basis of purchasing power of the Turkish Lira ("TL") as of 30 June 2025.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (continued)

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 June 30, 2025 27.81% of the shares are quoted on the BIST.

As of June 30, 2025, the principal shareholders and their respective shareholding percentages 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 Anonim Şirketi 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 of the Group, Ünver Holding A.Ş. is controlled by the 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 interim condensed consolidated financial statements attached herewith have been prepared in accordance with the provisions of the Capital Markets Board ("CMB") Series II-14,1 No, Communique on Principles Regarding Financial Reporting in Capital Markets, published in the Official Gazette on June 13, 2013, based on the Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight, Accounting, and Auditing Standards Authority ("POA").

The interim condensed consolidated financial statements for the period ended June 30, 2025 have been prepared in accordance with TFRS's IAS 34 Interim Financial Reporting, Therefore, these interim condensed consolidated financial statements should be evaluated together with the consolidated financial statements for the year ended December 31, 2024.

The consolidated financial statements have been presented in accordance with the formats specified in the 'Financial Statement Examples User Guide' as announced by the Public Oversight Accounting and Auditing Standards Authority (POA) on July 3, 2024, regarding the 'TMS Taxonomy Announcement'.

The Company and its Subsidiaries registered in Turkey maintain their accounting records and prepare their statutory financial statements in accordance with the principles and conditions set forth by the Capital Markets Board (CMB), the Turkish Commercial Code (TCC), tax regulations, and the Uniform Chart of Accounts issued by the Ministry of Finance. The consolidated financial statements have been prepared on the historical cost basis, except for derivative instruments, which are measured at fair value, and include the necessary adjustments and reclassifications to present them fairly in accordance with TFRS.

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED 30 JUNE 2025

(Unless otherwise stated, the amounts are expressed as one thousand TL on the basis of purchasing power of the Turkish Lira ("TL") as of 30 June 2025.)

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

2.1 Principles of preparation of consolidated financial statements (Continued)

Functional and presentation currency

Items included in the consolidated financial statements of the Subsidiaries and Joint Ventures of the Group are measured using the currency of the primary economic environment in the entity operates ("the functional currency"). The consolidated financial statements are presented in TRY, which is the Company's functional and presentation currency.

Financial statements of foreign subsidiaries, joint ventures, and associates

The assets and liabilities, presented in the financial statements of the foreign subsidiaries and joint ventures prepared in accordance with the Group's accounting policies, are translated into TRY at the exchange rate at the date of the balance sheet whereas income and expenses are translated at the average exchange rates for the respective periods. Exchange differences resulting from using the exchange rates at the balance sheet date and the average exchange rates are recognised in the currency translation differences under the equity and are adjusted according to the changes in the purchasing power of the TRY in order to comply with TFRS.

Financial reporting in hyperinflationary economies

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on November 23, 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting year ending on or after December 31, 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of June 30, 2024, and December 31, 2024 on the purchasing power basis as of June 30, 2025.

Pursuant to the decision of the Capital Markets Board (SPK) dated December 28, 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of IAS 29 starting from their annual financial reports for the periods ending on December 31, 2023.

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

2.1 Principles of preparation of consolidated financial statements (Continued)

Financial reporting in hyperinflationary economies (Continued)

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK). As of June 30, 2025, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Correction coefficient	Three-year cumulative inflation rates
30 June 2025	3,132.17	1.00000	220%
31 December 2024	2,684.55	1.16674	291%
30 June 2024	2,319.29	1.35048	324%

The main factors of the Group's adjustment process for financial reporting in hyperinflationary economies are as follows:

- Current period condensed consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or 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 are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first represented in the financial statements.
- The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary gain/(loss) account in the condensed consolidated income statement.

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

2.2 Accounting errors and changes in accounting estimates

The Group recognizes, evaluates, and presents similar events and transactions consistently, accounting errors identified are restated retrospectively. The Group has applied the accounting policies consistent with the prior period.

If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively. The accounting policies used in the preparation of these condensed interim consolidated financial statements for the period ended June 30, 2025 are consistent with those used in the preparation of consolidated financial statements for the year ended December 31, 2024.

2.3 Changes in accounting policies

The Group changes accounting policies when it is believed that the change will lead to better presentation of transactions and events in the financial statements. When the intentional change can affect the prior period results, the change is applied retrospectively as though it was already applied before. Accounting policy changes arising from the application of a new standard are applied considering the transition principles of the related standard, if any, retrospectively or forward. If no transition principle for the standard exists, the changes are applied retrospectively.

2.3.1 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of June 30, 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 Group's financial position and performance have been disclosed in the related paragraphs.

a) The new standards, amendments and interpretations which are effective as at 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.

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

2.3 Changes in accounting policies (continued)

2.3.1 The new standards, amendments and interpretations (continued)

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

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

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

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

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. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

The mandatory effective date of the Standard for the following entities has been postponed to accounting periods beginning on or after January 1, 2026 with the announcement made by the POA:

- Insurance, reinsurance and pension companies.
- Banks that have ownership/investments in insurance, reinsurance and pension companies and
- Other entities that have ownership/investments in insurance, reinsurance and pension companies.

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

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

2.3 Changes in accounting policies (continued)

2.3.1 The new standards, amendments and interpretations (continued)

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

IFRS 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 amendments on financial position or performance of the Group.

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

The following two amendments to IFRS 9 and IFRS 7 and Annual Improvements to IFRS Accounting Standards as well as IFRS 19 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS.

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

In May 2024, IASB issued amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7). The amendment clarifies that a financial liability is derecognised on the 'settlement date'. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendment also clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features as well as the treatment of non-recourse assets and contractually linked instruments. Additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income are added with the amendment.

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

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

2.3 Changes in accounting policies (continued)

2.3.1 The new standards, amendments and interpretations (continued)

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

Annual Improvements to IFRS Accounting Standards – Volume 11

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

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

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

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

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendment clarifies the application of the "own use" requirements and permits hedge accounting if these contracts are used as hedging instruments. The amendment also adds new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

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

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

2.3 Changes in accounting policies (continued)

2.3.1 The new standards, amendments and interpretations (continued)

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

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

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

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

2.4 Summary of key accounting policies

Group accounting

The condensed interim consolidated financial statements include the accounts of the parent company, Otokar and its subsidiaries on the basis set out in sections below, the financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with TFRS, the results of subsidiaries are included or excluded from their effective dates of acquisition or disposal, respectively.

The table below sets out the subsidiaries of the Company and shows the total interest of the Company in these companies on 30 June 2025 and 31 December 2024:

Subsidiaries	2025		2024	
	Direct and indirect ownership (%)	Proportion of effective interest (%)	Direct and indirect ownership (%)	Proportion of effective interest (%)
Otokar Europe SAS	100.00	100.00	100.00	100.00
Otokar Land Systems Limited	100.00	100.00	100.00	100.00
Otokar Europe Filiala Bucuresti S.R.L	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 to produce, sell and market the automotive and defense industry.

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

2.4 Summary of key accounting policies (continued)

Group accounting (continued)

Joint Ventures

Joint Ventures are established by Otokar and its subsidiaries through a contract to undertake an economic activity, managed jointly by one or more entrepreneurial partners. Otokar ensures this joint control by leveraging the shares it owns directly or indirectly.

Under the equity method, an investment in a joint venture is initially recognized at acquisition cost. After the acquisition date, the investor's share of the profit or loss of the investee is reflected in the financial statements by increasing or decreasing the carrying amount of the investment. The investor's share of the profit or loss of the investee is recognized as the investor's profit or loss. Distributions received from the investee (such as dividends) reduce the carrying amount of the investment. The carrying amount of the investment should be adjusted for the investor's share of changes in the investee's other comprehensive income. In applying the equity method for Joint Ventures, the proportion of Otokar's direct and indirect voting rights has been considered.

The table below sets out the company and shows the total interest of the Company in these companies on June 30, 2025 and December 31, 2024:

	2025		2024	
	Direct and indirect ownership (%)	Proportion of effective interest (%)	Direct and indirect ownership (%)	Proportion of effective interest (%)
Joint ventures				
Al Jasoor Heavy Vehicle Industry LLC (*)	49.00	49.00	49.00	49.00
Sistema de Apare Romania (Sarom) SRL (**)	50.00	50.00	-	-

(*) Al Jasoor Heavy Vehicles Industry LLC, owned 49% of shares by Otokar Land Systems LLC which is a subsidiary of the Group, was established on May 28, 2017 with the purpose of selling and marketing in the UAE.

(**) Sistema de Apare Romania (Sarom) SRL, which is 50% owned by Otokar Land Systems Limited, a subsidiary of the Group, was established on May 28, 2025 to produce, sell and market the automotive and defense industry in Romania.

2.5 Comparative information and correction of financial statements dated in the previous period

In order to enable the determination of financial position and performance trends, the Group's financial statements for the current period are prepared in comparison with the previous period. Comparative information is reclassified when deemed necessary in order to ensure compliance with the presentation of the financial statements for the current period.

In accordance with the TFRS 15 Revenue from Customer Contracts standard, the Group made a net-off/classification in its consolidated financial statements as of December 31, 2024, for advances received for which invoices have been issued but payment is not yet due: TRY (3,563,744) under Trade Receivables, TRY (3,651,716) under Liabilities Arising from Customer Contracts. Furthermore, for advances given for which invoices have been issued but payment is not yet due: TRY (1,935,788) under Inventory, TRY 293,645 under Other Current Assets, TRY (1,847,816) under Trade Payables, and TRY 293,645 under Other Short-Term Liabilities.

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NOTE 3 - SEGMENT REPORTING

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

The Group's operations are considered as a single operating segment. Chief Executive Decision Makers (composed of key management, board members, general manager, and assistant general managers) follow the activities and the results of these activities holistically in a single segment, therefore segment reporting is not performed.

NOTE 4 - CASH AND CASH EQUIVALENTS

	30 June 2025	31 December 2024
Banks		
- Time deposit	1,750,932	1,077,922
- Demand deposit	445,962	638,074
Other	87	100
Cash and cash equivalents in the cash flow statement	2,196,981	1,716,096
Interest accrual	208	623
	2,197,189	1,716,719

As of June 30, 2025, the amount corresponding to TRY 1,739,432 of the time deposit accounts with a total amount of TRY 1,750,932 is in foreign currency, and the effective interest rate is 3.90% per annum and the maturity is 1 day. The effective interest rate of the remaining amount of TRY 11,500 is 47.25% per annum, and the maturity is 1 day.

(As of December 31, 2024, the amount corresponding to TRY 607,283 of the time deposit accounts with a total amount of TRY 1,077,922 is in foreign currency, the effective interest rate is 1.35% per annum, and the maturity is 2 days. The effective interest rate of the remaining amount of TRY 470,639 is 47.00% per annum and the maturity is 2 days.)

As of June 30, 2025, the Group has blocked bank deposit of TRY 2,644 (December 31, 2024: TRY 73).

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NOTE 5 – BORROWINGS

The details of the Group's borrowings as of June 30 and December 31 are as follows:

	30 June 2025	31 December 2024
Short-term		
Short-term bank loans	7,353,332	7,944,590
Lease liabilities	76,258	75,339
Total short-term borrowings	7,429,590	8,019,929
Short-term portion of long-term borrowings		
Short-term portion of long-term loans	8,645,820	981,595
Issued debt instruments	542,241	1,862,779
Short-term portions of total long-term borrowings	9,188,061	2,844,374
Long-term		
Long-term bank loans	3,996,760	13,828,865
Lease liabilities	119,275	117,838
Total long-term borrowings	4,116,035	13,946,703
Total borrowings	20,733,686	24,811,006

The repayment terms of bank loans are as follows:

	30 June 2025	31 December 2024
Within 1 year	15,999,152	8,926,185
Within 1–2 years	3,996,760	13,828,865
Total bank loans	19,995,912	22,755,050

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NOTE 5 – BORROWINGS (continued)

The foreign currency and interest details of the Group's bank loans as of June 30 and December 31 are as follows;

	30 June 2025			31 December 2024		
	Effective interest rate (%)	Original currency	Equivalent in TRY	Effective interest rate (%)	Original currency	Equivalent in TRY
Short-term						
TRY loans	27.50	5,284,879	5,284,879	35.77	4,761,603	4,761,603
EUR loans	5.35	30,430	1,416,613	6.49	77,445	2,845,557
USD loans	4.73	16,402	651,840	5.54	9,580	337,430
Total short-term bank loans			7,353,332			7,944,590
Short-term portions of long-term loans						
TRY loans	53.96	8,355,455	8,355,455	50.126	981,595	981,595
EUR loans	6.14	6,237	290,365	-	-	-
Total short-term portions of long-term loans			8,645,820			981,595
Long-term						
TRY loans	46.40	700,000	700,000	53.66	11,025,680	11,025,680
EUR loans	5.60	70,818	3,296,760	5.65	60,215	2,803,185
Total long-term bank loans			3,996,760			13,828,865

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NOTE 5 – BORROWINGS (continued)

As of June 30 and December 31, the foreign currency and interest details of the Group's leasing transactions are as follows:

	30 June 2025			31 December 2024		
	Effective interest rate (%)	Original currency	Equivalent in TRY	Effective interest rate (%)	Original currency	Equivalent in TRY
Short-term						
TRY lease liabilities	34.49	59,296	59,296	34.49	58,582	58,582
EUR lease liabilities	2.02	364	16,962	2.02	456	16,757
Total short-term rentals			76,258			75,339
Long-term						
TRY lease liabilities	34.49	114,390	114,390	34.49	113,012	113,012
EUR lease liabilities	2.02	104	4,885	2.02	131	4,826
Total long-term rentals			119,275			117,838

The details of the Group's debt instruments issued as of June 30 and December 31 are as follows:

	30 June 2025			31 December 2024		
	Effective interest rate (%)	Original currency	Equivalent in TRY	Effective interest rate (%)	Original currency	Equivalent in TRY
TRY Bonds (*)	52.52	542,241	542,241	45.55	1,862,779	1,862,779
Total issued debt instruments		542,241	542,241		1,862,779	1,862,779

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NOTE 5 – BORROWINGS (continued)

(*) The Group issued a bond with a maturity of 733 days, a coupon payment every 6 months at a fixed interest rate of 47%, and a redemption date of October 20, 2025, in the amount of TRY 500,000, the clearing transaction of which took place on October 18, 2023, to be sold to qualified investors without a domestic public offering.

As of June 30, 2025, the Group does not have any collateral against the loans it has used (December 31, 2024: None).

The Group has no financial commitments arising from its borrowings.

The movements of borrowings in the years ending June 30 are as follows:

	2025	2024
1 January	24,693,168	27,175,570
Borrowing received during the period	5,368,882	19,210,246
Principal payments (-)	(7,389,526)	(15,924,687)
Changes in lease obligations	180,770	114,048
Cash outflows related to debt payments from leasing agreements	(49,809)	(74,776)
Change in interest accruals	286,581	1,219,247
Change in exchange rates	1,220,931	422,175
Monetary gain/(loss)	(3,577,311)	(7,330,817)
30 June	20,733,686	24,811,006

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NOTE 6 - INVESTMENTS VALUED BY EQUITY METHOD

As of June 30, 2025, and December 31, 2024, the details of carrying value and ownership rate subject to equity accounting of the joint venture is as follows:

Joint ventures	2025		2024	
	(%)	Amount	(%)	Amount
Al Jasoor	49	59,413	49	85,286
		59,413		85,286

The movements of joint ventures for the periods ended on June 30, 2025 and 2024 are as follows:

	2025	2024
Beginning - 1 January	85,286	143,786
Shares of profit /(loss)	(22,813)	(35,125)
Currency translation differences	(3,060)	(12,537)
30 June	59,413	96,124

The summary of the financial statements of Al Jasoor Heavy Vehicle Industry LLC as of June 30, 2025 and December 31, 2024 is as follows:

	30 June 2025	31 December 2024
Total assets	181,798	250,109
Total liabilities	(60,547)	(76,055)
Net assets	121,251	174,054
Ownership of the Group	%49	%49
Net asset share of the Group	59,413	85,286

NOTE 7 - FINANCIAL INVESTMENTS

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

Financial investments include Otokar Central Asia Limited's capital participation amount of TRY 1,031 and its investments in the Private Venture Capital Investment Fund of TRY 78,650 (December 31, 2024: Otokar Central Asia Limited capital participation amount includes TRY 1,031 and its investments in the Private Venture Capital Investment Fund of TRY 85,685).

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NOTE 8 - DERIVATIVE INSTRUMENTS

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

30 June 2025	Contract amount	Current period Contract maturity	Fair value Liabilities
Forward transactions	-	-	-
Short-term derivatives	-	-	-
Total derivative instruments	-	-	-

31 December 2024	Contract amount	Previous period Contract maturity	Fair value Liabilities
Forward transactions	3,006,610	January 2025	(8,942)
Short-term derivatives	3,006,610		(8,942)
Total derivative instruments	3,006,610		(8,942)

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Trade receivables

	30 June 2025	31 December 2024
Trade receivables from third parties	6,822,973	8,374,392
Trade receivables from related parties (Note 23)	3,165,347	4,867,817
Doubtful trade receivables	348,183	322,779
Provisions for doubtful trade receivables (-)	(348,183)	(322,779)
Short-term trade receivables	9,988,320	13,242,209
Long-term trade receivables	865,108	875,553
Long-term trade receivables	865,108	875,553

As of June 30 2025, the average maturity of short-term trade receivables is between 30-60 days (December 31, 2024: 60-90 days).

Guarantees received for trade receivables

The Group's receivables mainly arise from sales to small buses, trucks, pick-ups and bus dealers, as well as sales of defense vehicles. As of June 30, 2025, a total of TRY 2,474,706 (December 31, 2024: TRY 2,665,960) of receivables remaining after the provision for doubtful receivables from the receivables originating from the Group's domestic dealers was secured with a total of TRY 2,307,088 (December 31, 2024: TRY 2,665,960) with a total amount of collateral and mortgage.

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (continued)

The movements of the provision for doubtful trade receivables in the interim accounting periods ending on June 30, 2025 and 2024 are as follows:

	2025	2024
1 January	322,779	386,093
Monetary gain/(loss)	(24,811)	(83,294)
Collections	(32)	-
Currency translation differences	50,247	2,195
Increase during the year	-	22,811
30 June	348,183	327,805

Trade payables

	30 June 2025	31 December 2024
Trade payables to third parties	7,370,354	5,571,022
Trade payables to related parties (Note 23)	406,528	540,847
Short-term trade payables	7,776,882	6,111,869

As of June 30, 2025, the average maturity of trade payables is between 45-60 days (December 31, 2024: between 45-60 days).

As of June 30, 2025 and December 31, 2024, the fair values of trade payables approximate to their carrying values due to short-term maturity of those payables.

NOTE 10 - INVENTORIES

	30 June 2025	31 December 2024
Raw material	6,608,226	6,149,411
Semi-finished goods	1,740,810	433,132
Finished goods	5,752,077	4,253,655
Merchandise goods	1,769,071	1,572,516
Other goods	4,077,227	2,441,307
Less: Impairment for inventories (*)	(1,050,395)	(841,537)
	18,897,016	14,008,484

(*) TRY 647,136 of the impairment loss of inventory is related to raw materials (December 31, 2024: TRY 552,309), TRY 57,555 to finished goods (December 31, 2024: TRY 46,052), TRY 6,713 to merchandise goods (December 31, 2024: TRY 9,382), and TRY 338,991 to advances (December 31, 2024: TRY 233,794). The provision for impairment of inventory has been recognized in the cost of goods sold account.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Movements of property, plant and equipment and related accumulated depreciation for the periods ended June 30, 2025 and 2024 is as follows:

	1 January 2025	Additions	Currency translation differences	Disposal	Transfers	30 June 2025
Cost						
Land	808,408	-	-	-	-	808,408
Land improvements	320,670	945	-	-	-	321,615
Buildings	2,708,430	3,477	-	-	-	2,711,907
Machinery and equipment	3,817,438	99,017	5,696	(31,905)	10,725	3,900,971
Vehicles	254,675	35,550	-	(4,644)	-	285,581
Furniture and fixtures	2,559,240	42,541	6,974	(4,534)	-	2,604,221
Leasehold improvements	253,729	440	-	-	-	254,169
Construction in progress	184,436	173,484	1,525	-	(10,725)	348,720
	10,907,026	355,454	14,195	(41,083)	-	11,235,592
Accumulated depreciation						
Land improvements	(153,033)	(5,209)	-	-	-	(158,242)
Buildings	(1,322,475)	(37,877)	-	-	-	(1,360,352)
Machinery and equipment	(2,357,155)	(126,821)	(4,900)	30,338	-	(2,458,538)
Vehicles	(146,260)	(9,546)	-	3,569	-	(152,237)
Furniture and fixtures	(836,669)	(103,025)	(4,721)	213	-	(944,202)
Leasehold improvements	(24,813)	(24,533)	-	-	-	(49,346)
	(4,840,405)	(307,011)	(9,621)	34,120	-	(5,122,917)
Net book value	6,066,621					6,112,675

As of June 30, 2025, there are no pledges or collaterals on property, plant, and equipment (December 31, 2024: No mortgages).

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

	1 January 2024	Additions	Currency translation differences	Disposal	Transfers	30 June 2024
Cost						
Land	808,408	-	-	-	-	808,408
Land improvements	262,437	22,136	-	-	-	284,573
Buildings	2,435,859	5,496	-	-	-	2,441,355
Machinery and equipment	3,394,836	103,882	1,920	(3,230)	-	3,497,408
Vehicles	276,697	5,130	-	-	-	281,827
Furniture and fixtures	2,030,044	150,170	2,010	-	63	2,182,287
Leasehold improvements	38,486	-	-	-	-	38,486
Construction in progress	192,393	131,609	-	-	(63)	323,939
	9,439,159	418,423	3,930	(3,230)	-	9,858,283
Accumulated depreciation						
Land improvements	(143,963)	(4,358)	-	-	-	(148,321)
Buildings	(1,254,867)	(33,353)	-	-	-	(1,288,220)
Machinery and equipment	(2,142,026)	(104,455)	(1,621)	3,230	-	(2,244,872)
Vehicles	(170,293)	(9,659)	-	-	-	(179,952)
Furniture and fixtures	(654,364)	(85,499)	(1,383)	-	-	(741,246)
Leasehold improvements	(25,295)	(2,316)	-	-	-	(27,611)
	(4,390,808)	(239,640)	(3,004)	3,230	-	(4,630,222)
Net book value	5,048,352					5,228,061

Right-of-use assets

The allocation of right of use assets for the periods ended June 30, 2025 and 2024 is as follows:

As of 30 June 2025	Buildings	Vehicles	Furniture and Fixtures	Total
Cost	210,385	316,882	9,165	536,432
Accumulated depreciation	(181,912)	(280,716)	(5,803)	(468,431)
	28,473	36,166	3,362	68,001
As of 30 June 2024	Buildings	Vehicles	Furniture and Fixtures	Total
Cost	191,898	289,039	8,359	489,297
Accumulated depreciation	(126,158)	(194,679)	(4,024)	(324,862)
	65,740	94,360	4,335	164,435

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NOTE 12 – INTANGIBLE ASSETS

Movements of intangible assets and related accumulated amortisation for the periods ended June 30, 2025 and 2024 are as follows:

	1 January 2025	Additions	Currency translation differences	30 June 2025
Cost				
Other intangible assets	547,923	6,741	85	554,749
Development costs	11,298,619	-	-	11,298,619
Developments projects in progress	4,605,935	952,009	-	5,557,944
Customer relations	71,200	-	-	71,200
	16,523,677	958,750	85	17,482,512
Accumulated amortizations				
Other intangible assets	(423,915)	(25,560)	(21)	(449,496)
Development costs	(8,177,950)	(487,395)	-	(8,665,345)
Customer relations	(39,510)	(11,191)	-	(50,701)
	(8,641,375)	(524,146)	(21)	(9,165,542)
Net book value	7,882,302			8,316,970
	1 January 2024	Additions	Currency translation differences	30 June 2024
Cost				
Other intangible assets	497,427	6,793	23	504,243
Development costs	10,779,986	12,019	-	10,792,005
Developments projects in progress	2,723,170	1,310,623	-	4,033,793
	14,000,583	1,329,435	23	15,330,041
Accumulated amortizations				
Other intangible assets	(372,969)	(25,435)	(1)	(398,405)
Development costs	(7,178,487)	(537,855)	-	(7,716,342)
	(7,551,456)	(563,290)	(1)	(8,114,747)
Net book value	6,449,127			7,215,294

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NOTE 12 – INTANGIBLE ASSETS (continued)

For the interim accounting periods ending June 30, 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:

	30 June 2025	30 June 2024
Research and development expenses	497,466	537,853
Cost of goods sold	166,589	121,483
Right-of-use assets	65,235	91,849
Developments projects in progress	47,540	49,085
Depreciation on inventories	51,624	58,377
General administrative expenses	39,667	25,831
Selling and marketing expenses	28,271	10,301
Currency translation differences	9,597	3,005
	905,989	897,784

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NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions

	30 June 2025	31 December 2024
Provision for warranty expenses	879,987	981,822
Provision for employee benefits	182,261	163,638
Provision for purchase costs	110,217	74,347
Litigation provisions	35,665	44,741
Other	810,769	679,616
	2,018,899	1,944,164

Provision for warranty expenses

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

As of June 30, 2025 and 2024, the movement of provision for warranty expenses is follows:

	2025	2024
1 January -	981,822	1,164,032
Monetary gain/(loss)	(139,548)	(238,313)
Additional provisions	579,068	544,279
Disposals/payments (-)	(541,355)	(446,243)
As of June 30	879,987	1,023,755

Provision for employment termination benefits

	30 June 2025	31 December 2024
Provision for employment termination benefits	528,277	490,838
Provision for unused vacation	182,261	163,638
	710,538	654,476

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NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

Provision for employment termination benefits

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate shows the real rate adjusted for the expected effects of inflation. As of June 30, 2025, the Company's severance pay provision is revised every six months and is calculated on the basis of 53,919.68 TRY in full (January 1, 2025: 46,655.43 TRY in full), which is valid as of July 1, 2025.

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.

Turkish Accounting Standards issued 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:

	30 June 2025	31 December 2024
Net discount rate (%)	2.90	2.90
Turnover rate to estimate the probability of retirement (%)	98.29	98.00

Provisions for employee benefits

The principal assumption is that the ceiling provision set for each year of service increases in proportion to inflation. Thus, the applied discount rate shows the real rate adjusted for the expected effects of inflation.

As of June 30, 2025 and 2024, the movements of provision for employment termination benefits are as follows:

	2025	2024
1 January -	490,838	564,320
Interest expense and charge for the period	84,298	81,275
Actuarial loss/gain	45,124	210,495
Payments	(11,417)	(44,068)
Monetary gain/(loss)	(80,565)	(130,080)
30 June	528,277	681,942

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NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

Provision for unused vacation

As of June 30, 2025 and 2024, the movements of provision for unused vacation are as follows:

	2025	2024
1 January -	163,638	183,844
Monetary gain/(loss)	(13,690)	(45,806)
Charge for the period, net	32,314	77,462
As of June 30	182,261	215,500

Commitments and contingencies

As of June 30, 2025 and December 31, 2024, , the tables which represent the position of guarantees, pledges and mortgages are as follows:

	30 June 2025	31 December 2024
a. Total amount of guarantees, pledges and mortgages given the name of legal entity	36,758,588	32,855,143
b. Total amount of guarantees, pledges and mortgages given in favour of the parties which are included in the scope of full consolidation	499,371	352,168
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	-	-
	37,257,959	33,207,311

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

	30 June 2025		31 December 2024	
	Original currency	TRY equivalent	Original currency	TRY Equivalent
TRY	10,229,012	10,229,012	9,530,241	9,530,241
USD	75,166	2,987,297	75,778	3,114,212
EUR	55,853	2,600,081	57,257	2,454,579
RON	2,342,518	21,360,252	2,086,962	17,875,865
CNY	242	1,337	-	-
CZK	34,690	65,301	34,690	59,124
GEL	1,005	14,679	11,817	173,290
	12,738,486	37,257,959	11,796,745	33,207,311

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NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

Guarantee letters

a) Guarantees given as of June 30, 2025 and December 31, 2024 are as follows:

	30 June 2025	31 December 2024
Bank letters of guarantee	37,257,959	33,207,311
	37,257,959	33,207,311

b) Guarantees received as of June 30, 2025 and December 31, 2024 are as follows:

	30 June 2025	31 December 2024
Bank letters of guarantee	6,469,673	5,322,284
Guarantee notes	2,035	2,143
	6,471,708	5,324,427

NOTE 14 - PREPAID EXPENSES, DEFERRED REVENUE, OTHER ASSETS AND LIABILITIES

a) **Prepaid expenses**

Prepaid expenses - short-term

	30 June 2025	31 December 2024
Advances given	1,473,771	-
Prepaid expenses	453,712	397,196
	1,927,483	397,196

Prepaid expenses - long-term

	30 June 2025	31 December 2024
Advances given	2,538,286	19,571
Prepaid expenses	99,614	7,029
	2,637,900	26,600

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NOTE 14 - PREPAID EXPENSES, DEFERRED REVENUE, OTHER ASSETS AND LIABILITIES (continued)

b) Other current assets

Other current assets - short-term	30 June 2025	31 December 2024
Value added tax receivables	824,410	677,306
Other	192,540	104,430
	1,016,950	781,736

c) Liabilities arising from customer contracts

Liabilities arising from customer contracts – short term	30 June 2025	31 December 2024
Advances received	4,910,195	1,425,618
Deferred maintenance revenues	298,310	376,029
Other deferred income	-	17
	5,208,505	1,801,664

Liabilities arising from customer contracts - long- term	30 June 2025	31 December 2024
Advances received	7,345,461	-
Deferred maintenance revenues	476,649	588,629
	7,822,110	588,629

d) Employee benefits obligation

	30 June 2025	31 December 2024
Social security payables	158,179	176,412
Payables to employees	113,822	377,798
Taxes and funds payable	104,565	225,519
	376,566	779,729

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NOTE 14 - PREPAID EXPENSES, DEFERRED REVENUE, OTHER ASSETS AND LIABILITIES (continued)

e) Other current liabilities

	30 June 2025	31 December 2024
Taxes and funds payable	72,366	358,164
Deferred special consumption tax	169	5,893
Other	12,535	34,835
	85,070	398,892

NOTE 15 - EQUITY

Share capital

The Group's shareholders as of June 30, 2025 and December 31, 2024 and their shares in the capital are as follows, with historical values:

	30 June 2025		31 December 2024	
	TRY	(%)	TRY	(%)
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	2,095,295		2,095,295	

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.

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

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NOTE 15 – EQUITY (continued)

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.

As of June 30, 2025 and December 31, 2024, TFRS adjusted values and capital adjustment differences of the items shown above with their historical values are as follows:

30 June 2025	Historical Value	Inflation adjustments on equity items	Indexed value
Capital	120,000	2,095,295	2,215,295
Restricted reserves	183,398	1,530,081	1,713,479
	303,398	3,625,376	3,928,774

31 December 2024	Historical Value	Inflation adjustments on equity items	Indexed value
Capital	120,000	2,095,295	2,215,295
Restricted reserves	183,398	1,530,081	1,713,479
	303,398	3,625,376	3,928,774

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NOTE 16 - REVENUE AND COST OF SALES

Net Sales

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
Domestic sales	8,025,334	3,950,677	6,151,306	2,809,640
Export sales	12,038,915	7,546,814	11,505,315	7,621,235
Gross sales	20,064,249	11,497,491	17,656,621	10,430,875
Less: sales discounts and returns	(225,998)	(97,032)	(139,227)	(81,071)
Net sales	19,838,251	11,400,459	17,517,394	10,349,804

Sales of the Group for the periods ended June 30, 2025 and 2024 in terms of the products are as follows:

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
Commercial vehicle	13,429,810	6,984,022	13,211,803	7,181,630
Military vehicle	3,968,109	2,998,955	2,091,711	2,081,059
Other sales (*)	2,440,332	1,417,482	2,213,880	1,087,115
	19,838,251	11,400,459	17,517,394	10,349,804

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

Cost of sales

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
Cost of finished goods sold	(13,915,042)	(7,527,583)	(13,781,253)	(7,963,307)
Cost of merchandise goods sold	(1,533,420)	(717,835)	(1,103,086)	(651,526)
Cost of sales	(15,448,462)	(8,245,418)	(14,884,339)	(8,614,833)

NOTE 17 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 024	1 April - 30 June 2024
Marketing expenses	(2,346,914)	(1,229,683)	(2,569,573)	(1,375,647)
General administrative expenses	(1,094,448)	(603,658)	(1,199,699)	(535,232)
Research and development expenses	(618,148)	(313,546)	(665,361)	(337,747)
	(4,059,510)	(2,146,887)	(4,434,633)	(2,248,626)

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NOTE 18 - OTHER OPERATING INCOME AND EXPENSES

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
Other operating income				
Foreign exchange gains on operating activities	1,856,989	1,050,231	1,599,061	569,345
Revenue from charge of due date receivables	390,971	203,912	576,997	303,669
Gain on forward transactions	16,208	-	140,942	85,110
Incentive income	3,071	1,482	1,992	947
Other income	65,983	33,025	82,162	44,539
	2,333,222	1,288,650	2,401,154	1,003,610
Other operating expenses				
Foreign exchange loss on operating activities	(1,389,802)	(772,369)	(1,025,604)	(488,749)
Loss on forward transactions	(26,840)	-	(197,704)	(196,635)
Expected credit losses on trade receivables	(2,001)	(2,495)	(1,018)	(618)
Doubtful provision	-	-	(240)	96,976
Other expenses	(13,576)	-	(5)	(1)
	(1,432,219)	(774,864)	(1,224,571)	(589,027)

NOTE 19 - FINANCIAL INCOME

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
Foreign exchange gains on bank deposits	207,956	109,070	65,427	29,618
Interest income from bank deposits	152,100	83,658	680,150	221,062
Foreign exchange gains from bank loans	5,736	-	29,597	27,357
	365,792	192,728	775,174	278,037

NOTE 20 - FINANCIAL EXPENSES

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
Interest expense	(3,424,573)	(1,609,194)	(3,738,360)	(2,032,330)
Foreign exchange losses on bank borrowings	(1,225,297)	(666,216)	(451,772)	(80,322)
Foreign exchange losses on bank deposits	(53,943)	(16,930)	(38,601)	(16,531)
	(4,703,813)	(2,292,340)	(4,228,733)	(2,129,183)

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NOTE 21 - TAX ASSETS AND LIABILITIES

The general corporate tax rate in Turkey is 25% (December 31, 2024: 25%). With Article 15 of Law No. 7351, published in the Official Gazette dated January 22, 2022, and numbered 31727, an amendment was made to Article 32 of the Corporate Tax Law No. 5520. The corporate tax rate for institutions that exclusively earn income from exports and institutions holding an industrial registration certificate and actively engaged in manufacturing activities is applied at a reduced rate of 1 percentage point. With Article 21 of Law No. 7456, published in the Official Gazette dated July 15, 2023, and numbered 32249, the corporate tax reduction rate applied to the income exclusively earned from exports by these institutions was increased to 5 percentage points.

Corporate tax is declared by the end of the fourth month following the end of the relevant fiscal period and is paid in a single installment. In accordance with tax legislation, profits generated over quarterly periods are separated. Temporary tax is calculated and paid at the rate of 20% on export earnings, 24% on manufacturing earnings derived from actual production with an industrial registration certificate, and 25% on other earnings. The amounts paid in this manner are deducted from the tax calculated on the annual profit.

As of June 30, 2025 and December 31, 2024, the distribution of the net deferred tax asset, calculated using the temporary differences subject to deferred tax and the effective tax rates, is summarized below:

	Cumulative		Deferred tax	
	Temporary differences		Asset/(liability)	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Research and development incentive	(2,704,426)	(2,056,946)	676,107	514,237
Deductible accumulated losses	-	-	460,862	460,862
Inventories	(1,379,959)	(756,946)	344,990	189,237
Other provisions	(1,122,786)	(724,356)	280,696	181,090
Provision for warranty expenses	(879,987)	(981,822)	219,997	245,456
Investment incentives	(199,755)	(229,401)	199,755	229,401
Deferred maintenance income	(805,513)	(991,332)	179,554	221,019
Provision for employment termination benefits	(528,277)	(490,838)	131,995	122,709
Deferred financial income and expenses	(148,153)	(227,017)	37,038	56,754
Provision for unused vacation	(182,261)	(163,637)	45,565	40,909
Property, plant and equipment intangible assets	4,080,533	4,101,097	(1,020,133)	(1,021,774)
Other	52,092	(152,367)	(13,023)	32,848
Deferred tax asset			1,543,403	1,272,748

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NOTE 21 - TAX ASSETS AND LIABILITIES (continued)

The movement of deferred tax asset for the periods ended June 30, 2025 and 2024 are as follows:

	1 January - 30 June 2025	1 January - 30 June 2024
1 January - Deferred tax income charged to profit or loss and other comprehensive income/expense for the period	1,272,748	1,311,197
Charged to profit for the period	259,374	(530,685)
Charged to other comprehensive income /(expense)	11,281	52,623
30 June	1,543,403	833,135

NOTE 22 - EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned.

Companies are allowed to increase their capital by distributing free shares to shareholders from accumulated profits with respect to their shares. In calculation of earnings per share, such free shares are considered as issued shares. Therefore, weighted average number of shares in the calculation of earnings per share is found by applying distribution of free shares retrospectively.

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

	30 June 2025	30 June 2024
Net profit/(loss) for the period	(79,138)	(1,855,207)
Weighted average number of issued shares	12,000,000,000	12,000,000,000
Earnings/(Loss) per share at per value of 1 cent (KR)	(0.659)	(15.460)

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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(Unless otherwise stated, the amounts are expressed as one thousand TL on the basis of purchasing power of the Turkish Lira ("TL") as of 30 June 2025.)

NOTE 23 - RELATED PARTY DISCLOSURES

Due from and due to the related parties at the period end and transactions with related parties during the periods are as follows:

i) Due from and due to related party balances as of June 30, 2025 and December 31, 2024:

Due from related parties	30 June 2025	31 December 2024
Ram Dış Ticaret A.Ş. (1) (*)	3,140,821	4,831,698
Otokar Central Asia Limited (3)	21,877	18,961
Opet Fuchs Madeni Yağ A.Ş. (1)	2,649	3,092
Ford Otosan A.Ş. (1)	-	1,918
Türk Traktör ve Ziraat Makineleri A.Ş. (1)	-	12,148
	3,165,347	4,867,817

(*) 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.

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

Due to related parties	30 June 2025	31 December 2024
Ram Dış Ticaret A.Ş. (1)	180,582	181,101
Zer Merkezi Hizmetler A.Ş. (1)	135,017	94,809
Ark İnşaat A.Ş. (1)	20,022	22,860
Ford Otosan A.Ş. (1)	14,679	9,733
Opet Fuchs Madeni Yağ A.Ş. (1)	14,363	20,453
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	10,108	8,742
Ram Sigorta Aracılık Hz. A.Ş. (1)	8,457	-
Al Jasoor Heavy Vehicle Industry LL (3)	8,366	6,014
Setur Servis Turistik A.Ş. (1)	5,397	6,905
Akpa Dayanıklı Tük.Paz. A.Ş. (1)	2,669	4,242
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	2,639	5,221
Token Finansal Teknolojileri A.Ş. (1)	2,489	1,465
Other (1)	1,740	179,302
	406,528	540,847

Advances received from related parties	30 June 2025	31 December 2024
Ram Dış Ticaret A.Ş. (1)	83,543	790,922
	83,543	790,922

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

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NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

ii) Sales to related parties and purchases from related parties:

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
Sales of products and services				
Ram Dış Ticaret A.Ş. (1) (*)	4,177,548	3,194,409	2,089,104	2,047,887
Al Jasoor Heavy Vehicle Industry (3)	24,387	-	214,491	195,538
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	2,751	1,400	-	-
Opet Fuchs Madeni Yağ A.Ş. (1)	-	-	19	19
	4,204,686	3,195,809	2,303,614	2,243,444

(*) The export registered sales to Ram Dış Ticaret A.Ş. comprise export sales made to third party customers.

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
Fixed asset purchases				
Ark İnşaat A.Ş. (1)	46,173	40,131	-	-
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	25,602	12,900	27,843	9,498
Zer Merkezi Hizmetler A.Ş. (1)	3,611	625	5,366	4,530
Arçelik Pazarlama A.Ş. (1)	220	-	474	341
Koçdigital Çözümler A.Ş. (1)	4,666	-	-	-
	80,272	53,656	33,683	14,369

- (1) Related parties of the parent company
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NOTE 23 - RELATED PARTY DISCLOSURES (continued)

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
Inventory purchases				
Zer Merkezi Hizmetler A.Ş. (1)	419,081	148,295	381,958	269,616
Ram Dış Ticaret A.Ş. (1)	77,340	42,788	101,293	49,753
Opet Fuchs Madeni Yağ A.Ş. (1)	30,800	16,144	29,962	18,825
Ford Otosan A.Ş. (1)	23,418	15,358	8,515	6,231
Akpa Dayanıklı Tük.Paz. A.Ş. (1)	14,645	6,969	18,072	11,097
Düzey A.Ş. (1)	12,210	5,724	13	13
Opet Petrolcülük A.Ş. (1)	12,041	5,808	20,797	12,626
Koçtaş Yapı Marketleri A.Ş. (1)	1,447	1,072	1,997	1,641
Arçelik Pazarlama A.Ş. (1)	871	383	1,115	928
Aygaz A.Ş. (1)	421	218	1,054	1,054
Wat Motor Sanayi ve Ticaret A.Ş. (1)	72,688	14,667	19,361	19,054
Other (1)	-	-	1,444	897
	664,962	257,426	585,581	391,735

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
Service purchases				
Ram Sigorta Aracılık Hz. A.Ş. (1) (**)	123,220	9,637	148,575	22,425
Setur Servis Turistik A.Ş. (1)	79,653	39,178	79,621	46,674
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	50,687	29,581	38,502	21,002
Eltek Elektrik Enerji İth.İhr.Top.Tic. A.Ş.	47,943	19,348	54,111	31,386
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	46,818	13,774	63,937	25,564
Ram Dış Ticaret A.Ş. (1)	30,138	18,620	136,904	35,311
Koç Holding A.Ş. (2) (*)	23,201	11,249	23,395	22,339
Palmira Turizm Ticaret A.Ş. (1)	15,357	7,522	20,261	18,855
Token Finansal Teknolojileri A.Ş. (1)	14,936	7,291	18,781	9,390
Ingage Dijital (1)	7,960	2,991	9,939	4,208
Temel Ticaret A.Ş. (1)	6,301	3,482	4,535	2,924
Other (1)	14,293	5,241	27,509	24,659
	460,507	167,914	626,070	264,737

(*) It includes service cost that are based on finance, law, planning, tax and management provided by Koç Holding A.Ş. to the companies within the group organization, invoiced to Company with the contest of "11-Intercompany Services" in numbered 1 General Communiqué about Concealed Gain Distribution by Transfer Pricing.

(**) It includes paid and accrued premium as of June 30, 2025 and June 30, 2024 in accordance with insurance policies signed between third party insurance companies via Ram Sigorta Aracılık Hizmetleri A.Ş. which is an insurance agency.

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NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

Bank deposits	30 June 2025	31 December 2024
Yapı ve Kredi Bankası A.Ş. (1)		
- Demand deposits	986	3,195
- Time deposits	-	66,635
	986	69,830

Loans	30 June 2025	31 December 2024
Yapı ve Kredi Bankası A.Ş. (1)	511,168	598,434
	511,168	598,434

Other income and expenses from related parties as of the periods ending June 30, 2025 and 2024:

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
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**Trade receivables and payables
foreign exchange gains**

Ram Dış Ticaret A.Ş. (1)	284,362	182,265	461,625	216,416
Zer Merkezi Hizmetler A.Ş. (1)	265	263	243	174
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	48	33	30	26
Al Jasoore Heavy Vehicle Industry LL (1)	-	-	1,061	41
Setair Hava Taşımacılığı ve Hizm. A.Ş. (1)	-	-	14	14
	284,675	182,561	462,973	216,671

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
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**Trade receivables and payables
foreign exchange expenses**

Ram Dış Ticaret A.Ş. (1)	375,335	373,114	204,749	161,172
Zer Merkezi Hizmetler A.Ş. (1)	7,506	1,937	80	80
Other (1)	6,012	5,530	794	222
	388,853	380,581	205,623	161,474

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

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NOTE 23 - RELATED PARTY DISCLOSURES (continued)

For the periods ended June 30, 2025 and 2024, financial income and expense with related parties are as follows:

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
Interest income				
Yapı ve Kredi Bankası A.Ş. (1)	297	230	33,651	13,369
	297	230	33,651	13,369
	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
Interest expense				
Yapı ve Kredi Bankası A.Ş. (1)	122,717	122,717	23,467	17,675
	122,717	122,717	23,467	17,675

Financial income and expenses from related parties for the periods ending 30 June 2025 and 2024:

	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
Foreign exchange income				
Yapı ve Kredi Bankası A.Ş. (1)	49,908	29,719	15,584	3,276
	49,908	29,719	15,584	3,276
	1 January - 30 June 2025	1 April - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2024
Foreign exchange expenses				
Yapı ve Kredi Bankası A.Ş. (1)	17,733	9,893	9,259	4,091
	17,733	9,893	9,259	4,091

(1) Related parties of the parent company

Benefits provided to senior executives

For the period ended June 30, 2025, the Group's short-term benefits to its senior executives totaled TRY 124,644 (June 30, 2024: TRY 200,880). It consists of top-level executives, board members, general manager, and deputy general managers.

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED 30 JUNE 2025

(Unless otherwise stated, the amounts are expressed as one thousand TL on the basis of purchasing power of the Turkish Lira ("TL") as of 30 June 2025.)

NOTE 24 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Foreign currency risk and related sensitivity analysis

The Group is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. These risks are market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

The recorded amounts of foreign currency assets and liabilities held by the Group by foreign currency type are as follows:

30 June 2025	TRY equivalent (functional currency)	USD	EUR	GBP
1. Trade receivables	8,532,630	82,827	112,580	-
2a. Monetary financial assets (including cash, bank accounts)	394,898	7,791	1,827	4
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	8,927,528	90,618	114,407	4
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)	8,927,528	90,618	114,407	4
10. Trade payables	(4,784,393)	(37,732)	(70,557)	(4)
11. Financial liabilities	(2,338,783)	(16,402)	(36,237)	-
12a. Other monetary liabilities	(370,642)	(4,296)	(4,295)	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	(7,493,818)	(58,430)	(111,089)	(4)
14. Trade payables	-	-	-	-
15. Financial liabilities	(3,296,760)	-	(70,818)	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	(3,296,760)	-	(70,818)	-
18. Total liabilities (13+17)	(10,790,578)	(58,430)	(181,907)	(4)
Net Balance Sheet Position (9+18)	(1,863,050)	32,188	(67,500)	-
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)	(1,863,050)	32,188	(67,499)	(1,863,050)
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(1,863,050)	32,188	(67,499)	(1,863,050)
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-
23. Export	12,004,439	36,138	226,818	12,004,439
24. Import	9,102,735	119,606	122,305	9,102,735

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**NOT 24 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

31 December 2024		TRY equivalent (functional currency)	USD	EUR	GBP
1.	Trade receivables	9,494,805	124,224	102,396	-
2a.	Monetary financial assets (including cash, bank accounts)	706,964	1,664	14,895	-
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	75	2	-	-
4.	Current assets (1+2+3)	10,201,844	125,890	117,291	-
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	147	-	3	-
8.	Non-current assets (5+6+7)	147	-	3	-
9.	Total assets (4+8)	10,201,991	125,890	117,294	-
10.	Trade payables	(2,962,985)	(36,542)	(33,967)	(99)
11.	Financial liabilities	(3,159,322)	(8,211)	(65,825)	-
12a.	Other monetary liabilities	(1,400,268)	(7,066)	(25,890)	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	(7,522,575)	(51,818)	(125,682)	(99)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(2,803,185)	-	(65,389)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	(2,803,185)	-	(65,389)	-
18.	Total liabilities (13+17)	(10,325,760)	(51,818)	(191,071)	(99)
	Net Balance Sheet Position (9+18)	(123,769)	74,072	(73,777)	(98)
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	(5,755)	(36,650)	35,000	-
19a.	Hedged total assets amount	1,500,428	-	35,000	-
19b.	Hedged total liabilities amount	(1,506,183)	(36,650)	-	-
20.	Net foreign currency asset/(liability) position (9+18+19)	(129,524)	37,422	(38,777)	(98)
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(123,991)	74,070	(73,780)	(98)
22.	Total fair value of financial instruments used for foreign currency hedging	7,664	7,664	-	-
23.	Export	12,411,871	123,560	431,804	31,011
24.	Import	6,125,871	92,477	155,575	2,582

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**NOT 24 - 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, EUR and GBP exchange rates, with all other variables held constant, on the Group's income before tax as of June 30, 2025 and December 31, 2024:

	Profit before tax Appreciation Foreign currency	Profit before tax Depreciation Foreign currency
30 June 2025		
<i>In case 10% appreciation of USD against TRY:</i>		
1- USD net asset/liability	127,922	(127,922)
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	127,922	(127,922)
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	(314,500)	314,500
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	(314,500)	314,500
<i>In case 10% appreciation of GBP against TRY:</i>		
7- GBP net asset/liability	1	(1)
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	1	(1)
Total (3+6+9)	(186,577)	186,577
	Profit before tax Appreciation Foreign currency	Profit before tax Depreciation Foreign currency
31 December 2024		
<i>In case 10% appreciation of USD against TRY:</i>		
1- USD net asset/liability	153,791	(153,791)
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	153,791	(153,791)
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	(166,235)	166,235
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	(166,235)	166,235
<i>In case 10% appreciation of GBP against TRY:</i>		
7- GBP net asset/liability	(508)	508
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(508)	508
Total (3+6+9)	(12,952)	12,952

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NOTE 25 - FAIR VALUE DISCLOSURES OF 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 June 30, 2025 and December 31, 2024:

30 June 2025

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

31 December 2024

Liabilities	Level 1	Level 2	Level 3	Total
Derivative financial instruments	-	(8.942)	-	(8.942)
	-	(8.942)	-	(8.942)

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

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

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

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

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NOTE 25 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS (Continued)

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

NOTE 26 - EXPLANATIONS ON NET MONETARY POSITION GAINS/(LOSSES)

Non-monetary items	30 June 2025
Statement of financial position items	
Inventories	1,822,543
Prepaid expenses	24,304
Property, plant and equipment	986,010
Intangible assets	1,304,790
Deferred tax assets	14,840
Liabilities arising from the customer contracts	(363,048)
Government incentives and aids	(4,994)
Paid in capital	(316,589)
Restricted reserves	(244,874)
Other comprehensive expenses not to be reclassified to profit or loss	213
Retained earnings	(1,396,548)
Other	839
Profit or loss statement items	
Revenue	(768,449)
Cost of sales	1,244,746
Research and development expenses	255,180
Marketing, selling and distribution expenses	106,662
General administrative expenses	34,956
Other operating income/expenses	(92,941)
Income/expenses from investing activities	402
Financial income/expenses	202,909
Net monetary gain/(loss)	2,810,951

NOTE 27 - SUBSEQUENT EVENTS

None.

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