

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

**OTOKAR OTOMOTİV VE SAVUNMA  
SANAYİ ANONİM ŞİRKETİ**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS AND EXPLANATORY NOTES FOR THE  
PERIOD 1 JANUARY - 31 MARCH 2026**

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TURKISH**

**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ**

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FOR THE PERIOD 1 JANUARY - 31 MARCH 2026**

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**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 MARCH 2026 AND 31 DECEMBER 2025**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 March 2026, unless otherwise indicated.)

	Notes	Unaudited March 31, 2026	Audited December 31, 2025
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	10,726,622	7,406,377
Trade receivables		12,075,771	17,410,463
Trade receivables from related parties	23	2,731,609	3,140,019
Trade receivables from third parties	8	9,344,162	14,270,444
Other receivables		7,435	5,078
Other receivables from third parties	9	7,435	5,078
Inventories	10	18,372,990	17,859,465
Prepaid expenses	15	2,052,291	2,327,635
Other current assets	15	2,296,825	2,436,684
<b>Total current assets</b>		<b>45,531,934</b>	<b>47,445,702</b>
<b>Non-current assets</b>			
Financial investments	11	95,570	110,769
Trade receivables		209,238	239,878
Trade receivables from third parties	8	209,238	239,878
Other receivables		11,250	12,246
Other receivables from third parties	9	11,250	12,246
Investments accounted for using the equity method	6	50,172	60,604
Property, plant and equipment	12	7,892,189	7,766,848
Right of use assets	12	86,000	92,123
Intangible assets		10,840,882	10,643,276
Goodwill		24,154	24,154
Other intangible assets	13	10,816,728	10,619,122
Prepaid expenses	15	2,485,204	3,237,906
Deferred tax assets	21	2,513,986	2,136,617
Other non-current assets	15	544,931	423,481
<b>Total non-current assets</b>		<b>24,729,422</b>	<b>24,723,748</b>
<b>Total assets</b>		<b>70,261,356</b>	<b>72,169,450</b>

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

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**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 MARCH 2026 AND 31 DECEMBER 2025**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 March 2026, unless otherwise indicated.)

	Notes	Unaudited March 31, 2026	Audited December 31, 2025
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short term borrowings		8,584,046	8,791,395
Bank loans	5	8,486,505	8,750,834
Lease liabilities	5	21,294	40,561
Other short term borrowings	5	76,247	-
Short term portion of long term borrowings		9,292,007	13,187,639
Bank loans	5	9,046,686	13,187,639
Debt securities	5	245,321	-
Trade payables		6,611,016	8,228,619
Trade payables to related parties	23	390,129	601,744
Trade payables to third parties	8	6,220,887	7,626,875
Liabilities for employee benefits	15	627,167	793,450
Other payables		2,634,968	3,276,795
Other payables to third parties	9	2,634,968	3,276,795
Contract liabilities	15	5,232,619	8,354,979
Derivative instruments	7	67,259	-
Government grants		9,169	10,068
Short term provisions		2,622,738	2,630,683
Short term provisions for employment benefits	14	212,790	162,334
Other short term provisions	14	2,409,948	2,468,349
Other current liabilities	15	346,014	248,075
<b>Total current liabilities</b>		<b>36,027,003</b>	<b>45,521,703</b>
<b>Non-current liabilities</b>			
Long term borrowings		25,293,094	16,041,183
Bank loans	5	20,247,070	15,996,927
Lease liabilities	5	46,024	44,256
Debt securities	5	5,000,000	-
Contract liabilities	15	421,566	459,393
Government grants		34,854	36,529
Long term provisions		660,378	703,528
Long term provisions for employment benefits	14	660,378	703,528
<b>Total non-current liabilities</b>		<b>26,409,892</b>	<b>17,240,633</b>
<b>Total liabilities</b>		<b>62,436,895</b>	<b>62,762,336</b>
<b>Equity</b>			
Paid in share capital	16	120,000	120,000
Adjustment to share capital	16	2,614,782	2,614,782
Other comprehensive income/expense not to be reclassified to profit or loss		(976,965)	(997,383)
Funds for actuarial gain/loss on employee termination benefits		(976,965)	(997,383)
Other comprehensive income/expense to be reclassified to profit or loss		(1,824,651)	(1,822,791)
Foreign currency translation reserve		(1,824,651)	(1,822,791)
Restricted reserves		2,115,291	2,115,291
Retained earnings		7,377,215	8,982,654
Profit/(loss) for the period		(1,601,211)	(1,605,439)
<b>Total equity</b>		<b>7,824,461</b>	<b>9,407,114</b>
<b>Total liabilities and equity</b>		<b>70,261,356</b>	<b>72,169,450</b>

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

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**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME AS OF 31 MARCH 2026 AND 2025**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 March 2026, unless otherwise indicated.)

		Unaudited	Unaudited
		January 1 -	January 1 -
	Notes	March 31, 2026	March 31, 2025
Revenue	17	9,546,905	10,416,443
Cost of sales (-)	17	(9,114,906)	(8,892,151)
<b>Gross profit / (loss)</b>		<b>431,999</b>	<b>1,524,292</b>
Selling, marketing and distribution expenses (-)		(1,542,958)	(1,379,221)
General and administrative expenses (-)		(690,234)	(605,880)
Research and development expenses (-)		(538,656)	(376,031)
Other operating income	18	918,863	1,289,523
Other operating expenses (-)	18	(418,255)	(811,504)
<b>Operating profit / (loss)</b>		<b>(1,839,241)</b>	<b>(358,821)</b>
Income from investing activities		718	-
Expense from investing activities (-)		(121)	-
Income from investments in associates and JV's	7	(6,875)	(9,925)
<b>Operating profit/(loss) before financial income / (expense)</b>		<b>(1,845,519)</b>	<b>(368,746)</b>
Financial income	19	713,963	213,648
Financial expense (-)	20	(3,197,986)	(2,976,962)
Net monetary position gains / (losses)	26	2,359,549	2,165,940
<b>Profit / (loss) before tax</b>		<b>(1,969,993)</b>	<b>(966,120)</b>
<b>Tax income/(expense) from continued operations</b>			
Current tax expense for the year	21	(15,393)	-
Deferred tax income/(expense)	21	384,175	359,774
<b>Profit / (loss) for the period</b>		<b>(1,601,211)</b>	<b>(606,346)</b>
<b>Items not to be reclassified to profit or loss</b>			
Gain / (loss) arising from defined benefit plans	14	27,224	5,605
Tax effect	21	(6,806)	(1,402)
<b>Items to be reclassified to profit or loss</b>			
Currency translation differences		1,697	(170,646)
Equity method investments foreign currency translation gains (losses)	7	(3,557)	(2,926)
<b>Other comprehensive income/(expense)</b>		<b>18,558</b>	<b>(169,369)</b>
<b>Total comprehensive income</b>		<b>(1,582,653)</b>	<b>(775,715)</b>
<b>Earnings (losses) per share (Kr)</b>	22	<b>(13,34)</b>	<b>(5,05)</b>

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

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**OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIODS ENDED 31 MARCH 2026 AND 2025**

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2026, unless otherwise indicated.)

				Other comprehensive income/expense not to be reclassified to profit or loss	Other comprehensive income/expense to be reclassified to profit or loss				
		Paid in share capital	Adjustment to share capital	Funds for actuarial gain/loss on employee termination benefits	Foreign currency translation reserve	Restricted reserves	Retained earnings	Profit/(loss) for the period	Total
<b>January 1, 2025</b>	<b>Opening</b>	<b>120,000</b>	<b>2,614,782</b>	<b>(908,416)</b>	<b>(1,130,511)</b>	<b>2,115,291</b>	<b>13,454,133</b>	<b>(4,471,438)</b>	<b>11,793,841</b>
	Transfers	-	-	-	-	-	(4,471,438)	4,471,438	-
	Total comprehensive income	-	-	4,203	(173,572)	-	-	(606,346)	(775,715)
<b>March 31, 2025</b>	<b>Closing</b>	<b>120,000</b>	<b>2,614,782</b>	<b>(904,213)</b>	<b>(1,304,083)</b>	<b>2,115,291</b>	<b>8,982,695</b>	<b>(606,346)</b>	<b>11,018,126</b>
<b>January 1, 2026</b>	<b>Opening</b>	<b>120,000</b>	<b>2,614,782</b>	<b>(997,383)</b>	<b>(1,822,791)</b>	<b>2,115,291</b>	<b>8,982,654</b>	<b>(1,605,439)</b>	<b>9,407,114</b>
	Transfers	-	-	-	-	-	(1,605,439)	1,605,439	-
	Total comprehensive income	-	-	20,418	(1,860)	-	-	(1,601,211)	(1,582,653)
<b>March 31, 2026</b>	<b>Closing</b>	<b>120,000</b>	<b>2,614,782</b>	<b>(976,965)</b>	<b>(1,824,651)</b>	<b>2,115,291</b>	<b>7,377,215</b>	<b>(1,601,211)</b>	<b>7,824,461</b>

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**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIODS ENDED 31 MARCH 2026 AND 2025**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 March 2026, unless otherwise indicated.)

	Notes	Unaudited January 1 – March 31 2026	Unaudited January 1 – March 31 2025
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit/loss for the period		(1,601,211)	<b>(606,346)</b>
Adjustments to reconcile profit before tax to net cash provided by operating activities		503,045	<b>2,006,796</b>
Adjustments for depreciation and amortisation	12, 13	690,886	572,292
Adjustments for impairments		116,139	207,072
-Adjustments for inventory impairments	10	116,139	207,072
Adjustments for provisions		387,877	557,811
-Adjustments for employee benefits provisions	14	119,507	96,231
-Adjustments for guarantee provisions	14	246,888	329,712
-Adjustments for other provisions		21,482	131,868
Interest income and expense related adjustments		2,204,553	2,156,592
-Adjustments for interest income	19	(545,621)	(84,492)
-Adjustments for interest expenses	20	2,750,174	2,241,084
Adjustments for unrealized foreign exchange (gain)/losses		202,504	683,102
Adjustments for profit or loss due to change in fair value		82,457	8,895
-Adjustments for financial assets fair value (gains) losses		15,198	6,147
-Adjustments for fair value (gains) losses on derivative financial instruments		67,259	2,748
Adjustments for undistributed profits of investments accounted for using equity method		6,875	9,925
Adjustments for tax expense/income		(368,782)	(359,774)
Monetary (gain)/loss		(2,819,464)	(1,829,119)
Changes in operating assets and liabilities:		<b>(415,261)</b>	<b>10,154,317</b>
Adjustment for decrease (increase) in trade receivables		3,789,417	7,247,998
Adjustment for decrease (increase) in inventories		(629,664)	(4,118,682)
Adjustment for increase (decrease) in trade payables		(866,827)	(1,757,196)
Adjustments for other increases (decreases) in working capital		(2,708,187)	8,782,197
-Decrease (increase) in other assets related to operating activities		767,160	(371,559)
-Increase (decrease) in other liabilities related to operating activities		(3,475,347)	9,153,756
Cash flows from operating activities		<b>(1,513,427)</b>	<b>11,554,767</b>
Payments under provisions for employee benefits	14	(7,680)	(14,941)
Payments under other provisions	14	(101,559)	(326,648)
Other cash inflows/outflows		-	(12,776)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash inflows from sale of property, plant and equipment and intangible assets		1,066	--
Cash inflows from the sales of property, plant and equipment		1,066	--
Cash outflows from purchases of property, plant and equipment and intangible assets		(900,587)	(761,107)
Cash outflows from the purchase of property, plant and equipment (-)		(224,962)	(146,305)
Cash outflows from the purchase of intangible assets (-)	13	(675,625)	(614,802)
Interest received		540,251	84,758
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		15,314,667	4,386,687
-Cash inflows from loans	5	10,178,003	4,386,687
-Cash inflows from debt instruments	5	5,136,664	-
Cash outflows from payments of borrowings (-)		(7,698,753)	(7,412,662)
-Cash outflows for loan repayments	5	(7,683,444)	(7,412,662)
-Cash outflows from other financial debt repayments	5	(15,309)	-
Payments of lease liabilities	5	(4,456)	(29,861)
Interest paid		(1,635,187)	(1,241,049)
Net increase/(decrease) in cash and cash equivalents before currency translation differences		<b>3,318,580</b>	<b>6,033,407</b>
D. CURRENCY TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS		<b>(3,705)</b>	<b>(205,630)</b>
Effect of monetary gain changes on cash and cash equivalents		<b>(675,755)</b>	<b>(193,761)</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		<b>3,314,875</b>	<b>5,827,777</b>
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4	<b>7,406,377</b>	<b>2,118,523</b>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D+E)	4	<b>10,721,252</b>	<b>7,946,300</b>

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2026**

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2026, unless otherwise indicated.)

**NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF OPERATIONS**

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

Otokar manufactures minibuses, small buses and buses for public transportation; light trucks for the transportation and logistics sector; and wheeled and tracked armoured vehicles and turret systems for the defense industry. Additionally, it started selling Foton Tunland brand pick-up vehicles in the last quarter of 2024.

The registered addresses of the Group are as follows:

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

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

The information regarding the subsidiaries, joint ventures and branches of the Group within the scope of consolidation is as follows:

<b>Subsidiaries</b>	<b>Country</b>	<b>Main activity</b>	<b>Field of activity</b>
Otokar Europe SAS	France	Sales and marketing	Automotive Automotive and defense industry
Otokar Land Systems LLC	United Arab Emirates	Sales and marketing	Automotive Automotive and defense industry
Otokar Europe Filiala Bucuresti S.R.L	Romania	Sales and marketing	Automotive and defense industry
Otokar Central Asia Limited (*)	Kazakhstan	Sales and marketing	Automotive
Otokar Italia S.R.L	Italy	Sales and marketing	Automotive and defense industry
Otokar Land Systems S.R.L	Romania	Production, Sales and marketing	Automotive and defense industry
<b>Joint Ventures</b>	<b>Country</b>	<b>Main activity</b>	<b>Field of activity</b>
Al Jasoor Heavy Vehicle Industry LLC	United Arab Emirates	Sales and marketing	Automotive and defense industry
Sisteme de Aparare Romania (Sarom) SRL	Romania	Production, Sales and marketing	Automotive and defense industry

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

Since the financial activities of Otokar Central Asia Limited Company have not started yet, the investment was presented under ‘Financial Investments’ in the interim condensed consolidated financial statements.

The Group established the Sucursala branch in Romania on August 20, 2024, to ensure that local projects are conducted in compliance with Romanian legislation.

In line with its European growth strategy, the Group inaugurated a branch in Germany in July 2024.

Otokar and its subsidiaries and joint ventures will be referred as the “Group” for the purpose of the preparation of these consolidated financial statements.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2026**

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2026, unless otherwise indicated.)

**NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF OPERATIONS (Continued)**

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

	<b>31 March 2026</b>		<b>31 December 2025</b>	
	<b>Period end</b>	<b>Average</b>	<b>Period end</b>	<b>Average</b>
Office worker	922	916	903	928
Permanent field worker	2,694	2,713	2,730	2,773
<b>Total</b>	<b>3,616</b>	<b>3,629</b>	<b>3,633</b>	<b>3,702</b>
Temporary field worker	79	45	26	176
<b>Total</b>	<b>3,695</b>	<b>3,675</b>	<b>3,659</b>	<b>3,877</b>

The interim condensed consolidated financial statements for the interim period ended 31 March 2026 were approved for issue by the Board of Directors of Otokar on May 5, 2026. The consolidated financial statements may be amended by the General Assembly. Otokar is registered with the Capital Markets Board (“CMB”) and its shares have been listed on Borsa İstanbul A.Ş. (“BIST”) since 1995. As of 31 March 2026, 27.81% of Otokar’s shares are listed on BIST.

As of 31 March 2026, the principal shareholders and their respective shareholding percentages are as follows:

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

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

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

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

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

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(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2026, unless otherwise indicated.)

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

**2.1 Basis of presentation of consolidated financial statements**

The interim condensed consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards (“TFRS”) and interpretations promulgated by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) in line with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (the “Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) on 13 June 2013 which is published in the Official Gazette No. 28676. TFRS are updated by the communiqués in harmony with the changes and updates in International Financial Reporting Standards (“IFRS”).

The Group maintains its accounting records and statutory financial statements in Turkish Lira (“TRY”) in accordance with the requirements of the prevailing commercial legislation, tax regulations in Turkey, and the Uniform Chart of Accounts (“UCA”) issued by the Ministry of Finance. Subsidiaries operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations applicable in the respective countries in which they operate.

The consolidated financial statements are presented in accordance with the formats specified in the ‘Announcement on TMS Taxonomy’ and ‘Financial Table Samples Usage Guide’ published by the POA on 3 July 2024.

The consolidated financial statements have been prepared from statutory financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with Turkish Accounting Standards as prescribed by POA, The adjustments are mainly related with deferred taxation, retirement pay liability, depreciation calculation of fixed assets in accordance with useful life and prorata basis, accounting of provisions, reclassification of deferred maintenance income and discount of receivables and payables.

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except derivative financial assets and liabilities carried at fair value.

**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 which the entity operates (“the functional currency”). The interim condensed 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.

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

**2.1 Basis of presentation of consolidated financial statements (Continued)**

**Financial reporting in hyperinflationary economy**

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 period ending on or after 31 December 2023 with the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 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.

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

In accordance with the relevant standard, financial statements prepared using the currency of a hyperinflationary economy have been adjusted to reflect the purchasing power of that currency as of the balance sheet date. Comparative information for prior periods has also been expressed in terms of the measuring unit current at the end of the reporting period for comparative purposes. Therefore, the Group has presented its consolidated financial statements as of 31 December 2025 on a purchasing power basis as of 31 March 2026.

Pursuant to the decision of the Capital Markets Board (CMB) dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying the Turkish Accounting/Financial Reporting Standards are required to implement inflation accounting in accordance with the provisions of TAS 29, starting with the annual financial reports for the fiscal periods ending on 31 December 2023.

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

**2.1 Basis of presentation of consolidated financial statements (Continued)**

The restatements made in accordance with TAS 29 have been carried out using the adjustment coefficients obtained from the Consumer Price Index (CPI) in Türkiye, published by the Turkish Statistical Institute (“TurkStat”). As of 31 March 2026, the indices and adjustment coefficients used for the restatement of the consolidated financial statements are as follows:

<b>Date</b>	<b>Index</b>	<b>Correction Coefficient</b>	<b>Three-year cumulative inflation rates</b>
31 March 2026	121.47	1.00000	205%
31 December 2025	110.39	1.10040	211%
31 March 2025	92.82	1.30865	250%

The main components of the adjustments made by the Group for financial reporting purposes in hyperinflationary economies are as follows:

- The consolidated financial statements for the current period, prepared in Turkish Lira (TRY), are expressed at the purchasing power as of the balance sheet date, and amounts for prior reporting periods have also been 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 at the current purchasing power as of 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 have been applied accordingly.
- Non-monetary assets and liabilities, as well as equity items, that are not expressed at the current purchasing power as of the balance sheet date, have been adjusted using the relevant adjustment coefficients.
- Non-monetary assets and liabilities, as well as equity items, that are not expressed at the current purchasing power as of the financial position statement date, have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for the ones that affect non-monetary items in the financial position statement, have been indexed using the coefficients calculated based on the periods in which income and expense accounts were first reflected in the financial statements.
- The effect of inflation on the Group’s net monetary asset position for the current period has been recorded in the consolidated income or loss statement under the net monetary position gains/(losses) account. (Note 26)

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

**2.2 Changes in the accounting estimates and errors**

The Group consistently recognizes, values and presents similar transactions, events and situations in the interim condensed consolidated financial statements, identified significant accounting errors are applied retrospectively and prior period financial statements are restated, 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 estimates used in the preparation of these interim condensed consolidated financial statements for the period ended 31 March 2026 are consistent with those used in the preparation of consolidated financial statements for the year ended 31 December 2025.

**2.3 Changes in accounting policies**

Changes in accounting policies are made when the effects of transactions and events on the consolidated financial position, performance or cash flows of the Group will result in a more appropriate and reliable presentation in the consolidated financial statements. If optional changes in accounting policies affect previous periods, the policy is applied retrospectively in the consolidated financial statements as if it had always been in use. Accounting policy changes resulting from the application of a new standard are applied retrospectively or prospectively in accordance with the transitional provisions of that standard, if any, Changes without any transitional provisions are applied retrospectively.

**2.3.1 The new standards, amendments and interpretations**

The accounting policies adopted in the preparation of the consolidated financial statements as of March 31, 2026 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, 2026 and thereafter. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

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

**2.3.1 The new standards, amendments and interpretations (Continued)**

**a) The new standards, amendments and interpretations which are effective as of January 1, 2026  
are as follows:**

**Amendments to TFRS 9 and TFRS 7 – Classification and Measurement of Financial Instruments**

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

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

**Annual Improvements to TFRSs – Volume 11**

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

- *TFRS 1 First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter:* These amendments are intended to address potential confusion arising from an inconsistency between the wording in TFRS 1 and the requirements for hedge accounting in TFRS 9.
- *TFRS 7 Financial Instruments: Disclosures – Gain or Loss on Derecognition:* The amendments update the language on unobservable inputs in the Standard and include a cross reference to TFRS 13.
- *TFRS 9 Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price:* TFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with TFRS 9, the lessee is required to apply derecognition requirement of TFRS 9 and recognise any resulting gain or loss in profit or loss. TFRS 9 has been also amended to remove the reference to ‘transaction price’.

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

**2.3.1 The new standards, amendments and interpretations (Continued)**

- *TFRS 10 Consolidated Financial Statements – Determination of a 'De Facto Agent'*: The amendments are intended to remove the inconsistencies between TFRS 10 paragraphs.
- *TAS 7 Statement of Cash Flows – Cost Method*: The amendments remove the term of “cost method” following the prior deletion of the definition of 'cost method'.

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

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

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

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

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

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

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

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.

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

**2.3.1 The new standards, amendments and interpretations (Continued)**

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

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

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

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

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

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

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

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

The standard is not applicable for the Group.

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

**2.3.1 The new standards, amendments and interpretations (Continued)**

**Amendments to TAS 21 - Translation to a Hyperinflationary Presentation**

The amendments issued by the POA in April 2026 require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. Accordingly, if an entity’s functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the end of the current reporting period. Furthermore, an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with TAS 29, to the foreign operation’s comparative figures. The amendments also introduce certain additional disclosure requirements.

The amendments apply for annual reporting periods beginning on or after 1 January 2027 and earlier application is permitted. If an entity’s functional currency and presentation currency are the currency of a hyperinflationary economy (or are the currencies of different hyperinflationary economies) and it translates the results and financial position of foreign operations whose functional currency is that of a non-hyperinflationary economy, then it is required to apply the amendments from the beginning of the annual reporting period in which it first applies the amendments. In addition, it restates the comparative amounts of its foreign operations included in the entity’s previously issued financial statements by applying the general price index it applies to corresponding figures in accordance with TAS 29. Other entities will apply the amendments retrospectively.

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

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

“Accounting policy changes arising from the initial application of a new standard, if any, are applied retrospectively or prospectively in accordance with the transitional provisions. Changes for which no transitional provisions exist, significant voluntary changes in accounting policies, or corrections of identified accounting errors are applied retrospectively and the prior period financial statements are restated. Changes in accounting estimates are applied prospectively: if the change relates only to the current period, it is applied in the period of the change; if it relates to future periods, it is applied both in the period of the change and prospectively.

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

**2.5 Significant accounting judgments and estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

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

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

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

**2.5 Significant accounting judgments and estimates (Continued)**

- f) In determining impairment of trade receivables, the Group takes into account the creditworthiness of debtors, their historical payment performance and, in cases involving restructuring, the restructuring terms. The expected credit loss on trade receivables has been measured and it has been concluded that the impact is not significant.
- g) The cost of defined benefit plans is determined using actuarial valuations which involve making assumptions about discount rates, future salary increases and employee turnover. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**2.6 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.

**Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The Group combines individual income and expenses, assets and liabilities and cash flows of subsidiaries on a line-by-line basis with similar items in the consolidated financial statements.

The carrying amounts of the shares held by Otokar and its subsidiaries have been eliminated against the related equity accounts. Intercompany transactions and balances between Otokar and its subsidiaries have been eliminated on consolidation.

*Disposal of a subsidiary*

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

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

**2.6 Summary of key accounting policies (Continued)**

The table below sets out the subsidiaries of the Company and shows the total interest of the Company in these companies on 31 March 2026 and 31 December 2025:

Subsidiaries	2026		2025	
	Ownership (%)	Rate of effective interest (%)	Ownership (%)	Rate 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	100.00	100.00

*Joint Ventures*

Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Otokar and one or more other parties. Otokar exercises such joint control through direct and indirect voting rights related to the shares held by itself and/or through the voting rights related to the shares held by Otokar and the companies owned by them.

Under the equity method, the investment in a joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of the acquisition. The investor's share of the profit or loss of the investee is recognised in the investor's profit or loss. Distributions (dividends etc.) received from an investee reduce the carrying amount of the investment, Adjustments to the carrying amount are necessary for the change in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income.

The table below sets out all joint ventures and shows the direct and indirect ownership and proportion of effective interest of the Group in these joint ventures at 31 March 2026 and 31 December 2025:

Subsidiaries	2026		2025	
	Ownership (%)	Rate of effective interest (%)	Ownership (%)	Rate of effective interest (%)
Al Jasoor Heavy Vehicle Industry LLC (*)	49.00	49.00	49.00	49.00
Sisteme de Apare Romania (Sarom) SRL (**)	50.00	50.00	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 28 May 2017 with the purpose of selling and marketing in the UAE.

(\*\*) The Group's subsidiary, Otokar Land Systems Limited, through its 50% ownership in Sisteme de Apare Romania (Sarom) SRL, established the company in Romania on May 28, 2025, with the purpose of engaging in production, sales, and marketing activities in the automotive and defense industries.

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**NOTE 3 - SEGMENT REPORTING**

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

Chief Executive Decision Makers (composed of key management, board members, general manager and assistant general managers) monitor the products only based on revenue (Note 17) and do not monitor based on cost of sales, operating expenses and financial expenses, Thus, segment reporting is not performed.

**NOTE 4 - CASH AND CASH EQUIVALENTS**

	<b>31 March 2026</b>	<b>31 December 2025</b>
Banks		
- Time deposits	9,123,486	6,194,693
- Demand deposits	1,597,699	1,205,376
Other	67	446
<b>Cash and cash equivalents in the cash flow statement</b>	<b>10,721,252</b>	<b>7,400,515</b>
Interest accrual	5,370	5,862
	<b>10,726,622</b>	<b>7,406,377</b>

As of March 31, 2026, the total amount of time deposit accounts is TL 9,123,486 thousand, corresponding to TL 3,651,886 thousand is in foreign currency, the effective interest rate is 3.66% per year and the maturity is 1 day. The effective interest rate of the remaining TL 5,471,600 thousand is 40.32% per year and the maturity is 1 day.

(31 December 2025 the total amount of time deposit accounts is TL 6,194,693 thousand, corresponding to TL 676,987 thousand is in foreign currency, the effective interest rate is 1.80% per year and maturity is 2 days. The effective interest rate of the remaining TL 5,517,706 thousand is 38.56% per year.)

As of 31 March 2026, the Group has restricted bank deposit amounting to TRY 513 thousand. (31 December 2025: TRY 432 thousand)

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**NOTE 5 – BORROWINGS**

As of March 31, 2026 and December 31, 2025, the details of the Group’s borrowings are as follows:

	<b>31 March 2026</b>	<b>31 December 2025</b>
<b>Short-term</b>		
Short term bank loans	5,589,427	5,855,727
Factoring payables	2,897,078	2,895,107
Lease liabilities	76,247	-
Lease payables	21,294	40,561
<b>Total short-term financial liabilities</b>	<b>8,584,046</b>	<b>8,791,395</b>
<b>Current portion of long term financial liabilities</b>		
Current portion of long term bank loans	9,046,686	13,187,639
Issued debt securities	245,321	-
<b>Total current portion of long-term financial liabilities</b>	<b>9,292,007</b>	<b>13,187,639</b>
<b>Long-term</b>		
Long term bank loans	20,247,070	15,996,927
Bonds and notes issued	5,000,000	-
Lease payables	46,024	44,256
<b>Total long-term financial liabilities</b>	<b>25,293,094</b>	<b>16,041,183</b>
<b>Total</b>	<b>43,169,147</b>	<b>38,020,217</b>

As of March 31, 2026 and December 31, 2025, the maturities of the Group’s total borrowings are as follows:

	<b>31 March 2026</b>	<b>31 December 2025</b>
Due within one year	17,876,053	21,979,034
Due within 1–2 years	25,293,094	16,041,183
<b>Total Bank Loans</b>	<b>43,169,147</b>	<b>38,020,217</b>

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**NOTE 5 – BORROWINGS (Continued)**

As of March 31, 2026 and December 31, 2025, the details of the Group’s bank borrowings by foreign currency and interest are as follows:

	31 March 2026			31 December 2025		
	Interest rate (%)	Original currency	TL equivalent	Interest rate (%)	Original currency	TL equivalent
<b>Short-term</b>						
TL loans	35.49	1,680,735	1,680,735	36.26	4,404,147	4,404,147
Euro loans	4.24	45,000	2,296,062	5.35	40,330	2,239,091
CNY loans	5.05	252,486	1,612,630	4.88	314,102	2,107,596
<b>Total short-term bank loans</b>			<b>5,589,427</b>			<b>8,750,834</b>
<b>Current portion of long-term bank loans</b>						
TL loans	50.89	5,566,096	5,566,096	50.48	9,498,809	9,498,809
Euro loans	5.58	73,023	3,725,911	5.62	66,443	3,688,830
<b>Total current portion of long-term bank loans</b>			<b>9,292,007</b>			<b>13,187,639</b>
<b>Long-term</b>						
TL loans	42.58	12,231,376	12,231,376	43.92	11,613,769	11,613,769
Euro loans	5.76	157,098	8,015,694	5.64	78,949	4,383,158
<b>Total long-term bank loans</b>			<b>20,247,070</b>			<b>15,996,927</b>

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**NOTE 5 – BORROWINGS (Continued)**

As of March 31, 2026 and December 31, 2025, the details of the Group’s lease transactions by foreign currency and interest are as follows:

	31 March 2026			31 December 2025		
	Interest rate (%)	Original currency	TL equivalent	Interest rate (%)	Original currency	TL equivalent
<b>Short-term</b>						
TL leases	40.1	16,558	16,558	41.3	31,540	31,540
EUR leases	7.7	93	4,736	7.7	179	9,022
<b>Total short-term leases</b>			<b>21,294</b>			<b>40,562</b>
<b>Long-term</b>						
TL leases	48.6	35,787	35,787	48.1	34,412	34,412
EUR leases	8.2	201	10,237	8.1	195	9,844
<b>Total long-term leases</b>			<b>46,024</b>			<b>44,256</b>

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**NOTE 5 – BORROWINGS (Continued)**

As of March 31, 2026 and December 31, 2025, the details of the Group’s issued debt instruments are as follows:

	31 March 2026			31 December 2025		
	Interest rate (%)	Original currency	TL equivalent	Interest rate (%)	Original currency	TL equivalent
<b>Current portions of long-term financial borrowings</b>						
TL bonds (*)	41.29	245,321	245,321	-	-	-
<b>Total current portions of long-term issued debt instruments</b>			<b>245,321</b>			<b>-</b>
	31 March 2026			31 December 2025		
	Interest rate (%)	Original currency	TL equivalent	Interest rate (%)	Original currency	TL equivalent
<b>Long-term</b>						
TL bonds (*)	41.29	5,000,000	5,000,000	-	-	-
<b>Total long-term issued debt instruments</b>			<b>5,000,000</b>			<b>-</b>

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**NOTE 5 – BORROWINGS (Continued)**

On January 23, 2026, the Group issued a TL-denominated bond amounting to TL 2,000,000, with a maturity of 726 days, sold domestically to qualified investors without public offering, bearing coupon interest payable quarterly, and providing an additional yield of 90 basis points over the TLREF reference rate.

On February 23, 2026, the Group issued another TL-denominated bond amounting to TL 3,000,000, with a maturity of 726 days, sold domestically to qualified investors without public offering, bearing coupon interest payable quarterly, and providing an additional yield of 90 basis points over the TLREF reference rate.

As of March 31, 2026, the Group has not pledged any collateral against its borrowings (December 31, 2025: None).

The Group has no financial commitments arising from its borrowings.

The movement of the borrowings for the years ended 31 March 2026 and 2025 are as follows:

	<b>2026</b>	<b>2025</b>
Opening – 1 January	38,117,650	30,629,241
Additions	15,314,667	4,386,687
Payments	(7,683,444)	(7,412,662)
Changes in lease liabilities	(93,794)	49,164
Changes in finance lease borrowings	93,322	-
Cash outflows for finance lease payments	(15,309)	-
Cash outflows for lease contract payments	(4,456)	(29,861)
Changes in interest accruals	1,114,987	1,000,035
Foreign exchange (gain)/loss	202,504	683,102
Monetary Gain/(Loss)	(3,876,980)	(2,804,518)
<b>31 March</b>	<b>43,169,147</b>	<b>26,501,188</b>

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

The details of carrying value and ownership rate subject to equity accounting of the joint venture is as follows:

Joint ventures	2026		2025	
	(%)	Amount	(%)	Amount
Al Jasoor	49	50,172	49	60,604
		<b>50,172</b>		<b>60,604</b>

The movements of joint ventures for the periods ended on 31 March 2026 and 2025 are as follows:

	2026	2025
<b>Opening - 1 January</b>	60,604	105,287
Shares of profit/(loss)	(6,875)	(9,925)
Currency translation differences	(3,557)	(2,926)
<b>End of the period – 31 March</b>	<b>50,172</b>	<b>92,436</b>

The summary of the financial statements of Al Jasoor Heavy Vehicle Industry LLC accounted for using the equity method as of 31 March 2026 and 31 December 2025 is as follows:

	31 March 2026	31 December 2025
Total assets	194,422	217,403
Total liabilities	(92,030)	(93,721)
<b>Net assets</b>	<b>102,392</b>	<b>123,682</b>
Ownership of the Group	0.49	0.49
<b>Net asset share of the Group</b>	<b>50,172</b>	<b>60,604</b>

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**NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS**

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

<b>31 March 2026</b>	<b>Contract amount</b>	<b>Current period contract maturity</b>	<b>Fair value liabilities</b>
Forward transactions	4,877,673	April 26	67,259
Short-term derivative financial instruments	4,877,673		67,259
<b>Total derivative financial instruments</b>	<b>4,877,673</b>		<b>67,259</b>

<b>31 December 2025</b>	<b>Contract amount</b>	<b>Current period contract maturity</b>	<b>Fair value liabilities</b>
Forward transactions	-	-	-
Short-term derivative financial instruments	-		-
<b>Total derivative financial instruments</b>	<b>-</b>		<b>-</b>

**NOTE 8 - TRADE RECEIVABLES AND PAYABLES**

**Trade receivables**

	<b>31 March 2026</b>	<b>31 December 2025</b>
Trade receivables - third parties	9,684,285	14,645,062
Trade receivables - related parties (Note 23)	2,731,609	3,140,019
Allowance for doubtful receivables (-)	(340,123)	(374,618)
<b>Total short-term</b>	<b>12,075,771</b>	<b>17,410,463</b>
Long-term trade receivables	209,238	239,878
<b>Total long-term</b>	<b>209,238</b>	<b>239,878</b>

As of 31 March 2026, the average maturity of short-term trade receivables is between 30-60 days (excluding notes receivables) (31 December 2025: 30-60 days). As of March 31, 2026 and December 31, 2025, due to the short-term nature of the Group’s average collection period for receivables, the fair values of trade receivables approximate their carrying amounts.

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**NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)**

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

As of March 31, 2026, the Group’s domestic receivables from dealers, amounting to a total of TL 3,112,680 (December 31, 2025: TL 3,302,825) after provision for doubtful receivables, are secured by collateral of TL 3,112,680 (December 31, 2025: TL 3,302,825) and guaranteed through the Direct Debit System (“DBS”).

The movements in the provision for doubtful trade receivables during the interim periods ended March 31, 2026 and 2025 are as follows:

	<b>2026</b>	<b>2025</b>
<b>1 January</b>	374,618	398,471
Currency translation differences	(315)	24,542
Monetary gain (loss)	(34,180)	(22,731)
<b>31 March</b>	<b>340,123</b>	<b>400,282</b>

**Trade payables**

	<b>31 March 2026</b>	<b>31 December 2025</b>
Trade payables - third parties	6,220,887	7,626,875
Trade payables - related parties (Note 23)	390,129	601,744
<b>Short-term trade payables</b>	<b>6,611,016</b>	<b>8,228,619</b>

As of 31 March 2026, average payment term for trade payables is 45-60 days (31 December 2025: 45-60 days).

As of March 31, 2026 and December 31, 2025, due to the short-term nature of the Group’s average payment period for liabilities, the fair values of trade payables approximate their carrying amounts.

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**NOTE 9 - OTHER RECEIVABLES AND PAYABLES**

**Short-term other receivables**

	<b>31 March 2026</b>	<b>31 December 2025</b>
Due from personnel	2,612	296
Deposits and guarantees given	4,822	4,782
	<b>7,435</b>	<b>5,078</b>

**Long-term other receivables**

	<b>31 March 2026</b>	<b>31 December 2025</b>
Deposits and guarantees given	11,250	12,246
	<b>11,250</b>	<b>12,246</b>

**Short-term other payables**

	<b>31 March 2026</b>	<b>31 December 2025</b>
Contractual penalty provisions and accruals	2,418,270	3,220,717
Other	216,698	56,078
	<b>2,634,968</b>	<b>3,276,795</b>

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**NOTE 10 – INVENTORIES**

	<b>31 March 2026</b>	<b>31 December 2025</b>
Raw materials	8,297,489	8,247,265
Work in process	1,490,740	889,308
Finished goods	4,076,577	4,483,216
Merchandises	2,314,060	2,587,957
Goods in transit	3,879,633	3,221,089
<b>Total</b>	<b>20,058,499</b>	<b>19,428,835</b>
Provision for diminution in value of inventories (-)(*)	(1,685,509)	(1,569,370)
<b>Total</b>	<b>18,372,990</b>	<b>17,859,465</b>

(\*) The impairment of inventories amounting to 30,207 thousand TRY relates to finished goods (31 December 2025: 31,933 thousand TRY), 11,106 thousand TRY relates to merchandise (31 December 2025: 11,986 thousand TRY), 1,057,270 thousand TRY relates to raw materials (31 December 2025: 1,027,752 thousand TRY), and 586,926 thousand TRY relates to advances for orders (31 December 2025: 497,699 thousand TRY). The provision for inventory impairment has been recognized in the cost of goods sold account.

Movement of provision for diminution in value of inventories is as follows:

	<b>2026</b>	<b>2025</b>
Opening - January 1,	(1,569,370)	(1,038,880)
Charge for the period	(116,139)	(207,072)
<b>31 March</b>	<b>(1,685,509)</b>	<b>(1,245,952)</b>

**NOTE 11 – FINANCIAL INVESTMENTS**

Otokar Central Asia Limited was established on November 5, 2019 at the Astana International Financial Center (AIFC) in Nur-Sultan, Kazakhstan, a special zone that adopts the principles of English Law, with the purpose of increasing overseas sales and monitoring export activities.

Financial investments comprise the capital participation amounting to TL 1,273 in Otokar Central Asia Limited and the investment of TL 94,297 in the Private Equity Investment Fund (December 31, 2025: capital participation amounting to TL 1,273 in Otokar Central Asia Limited and investment of TL 109,496 in the Private Equity Investment Fund).

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**NOTE 12 - PROPERTY, PLANT AND EQUIPMENT**

For the interim periods ended March 31, 2026 and 2025, the movements in property, plant and equipment and the related accumulated depreciation are as follows:

	January 1, 2026	Additions	Translation differences	Disposals	Transfers	31 March 2026
<b>Cost</b>						
Land	997,977	-	-	-	-	997,977
Land improvements	455,298	-	-	-	-	455,298
Buildings	3,534,631	-	-	-	-	3,534,631
Machinery, plant and equipment	4,733,675	10,383	396	-	-	4,744,454
Vehicles	266,388	2,665	-	(3,171)	-	265,882
Furniture and fittings	3,147,922	22,686	428	(1,191)	6,660	3,176,505
Leasehold improvements	314,552	-	-	(10,337)	(263)	303,952
Construction in progress	420,432	282,550	4,945	-	(6,436)	701,491
	<b>13,870,875</b>	<b>318,284</b>	<b>5,769</b>	<b>(14,699)</b>	<b>-</b>	<b>14,180,190</b>
<b>Accumulated depreciation</b>						
Land improvements	(204,315)	(3,555)	-	-	-	(207,870)
Buildings	(1,725,351)	(22,589)	-	-	-	(1,747,940)
Machinery, plant and equipment	(2,909,867)	(83,963)	(296)	-	-	(2,994,126)
Vehicles	(106,196)	(7,433)	-	2,707	-	(110,922)
Furniture and fittings	(1,067,855)	(65,002)	(350)	852	-	(1,132,355)
Leasehold improvements	(90,443)	(14,419)	-	10,074	-	(94,788)
	<b>(6,104,027)</b>	<b>(196,961)</b>	<b>(646)</b>	<b>13,633</b>	<b>-</b>	<b>(6,288,001)</b>
<b>Net book value</b>	<b>7,766,848</b>					<b>7,892,189</b>

As of March 31, 2026, there are no mortgages on property, plant and equipment. (December 31, 2025: None).

	January 1, 2025	Additions	Translation differences	Disposals	Transfers	31 March 2025
<b>Cost</b>						
Land	997,982	-	-	-	-	997,982
Land improvements	395,868	92	-	-	-	395,960
Buildings	3,343,562	877	-	-	-	3,344,439
Machinery, plant and equipment	4,712,635	35,491	3,009	-	5,632	4,756,767
Vehicles	314,397	29,147	-	-	-	343,544
Furniture and fittings	3,159,387	22,562	3,785	-	-	3,185,734
Leasehold improvements	313,229	-	-	-	-	313,229
Construction in progress	227,686	58,136	777	-	(5,632)	280,967
	<b>13,464,746</b>	<b>146,305</b>	<b>7,571</b>	<b>-</b>	<b>-</b>	<b>13,618,622</b>
<b>Accumulated depreciation</b>						
Land improvements	(188,920)	(3,213)	-	-	-	(192,133)
Buildings	(1,632,599)	(23,367)	-	-	-	(1,655,966)
Machinery, plant and equipment	(2,909,912)	(78,683)	(2,589)	-	-	(2,991,184)
Vehicles	(180,558)	(5,584)	-	-	-	(186,142)
Furniture and fittings	(1,032,871)	(63,289)	(2,549)	-	-	(1,098,709)
Leasehold improvements	(30,632)	(15,168)	-	-	-	(45,800)
	<b>(5,975,492)</b>	<b>(189,306)</b>	<b>(5,138)</b>	<b>-</b>	<b>-</b>	<b>(6,169,934)</b>
<b>Net book value</b>	<b>7,489,254</b>					<b>7,448,688</b>

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**NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

For the interim periods ended March 31, 2026 and 2025, the allocation of depreciation and amortization expenses for the current period, arising from property, plant and equipment and intangible assets, is as follows:

	<b>31 March 2026</b>	<b>31 March 2025</b>
Research and development expenses	468,158	291,906
Cost of goods sold	81,336	55,881
Depreciation on inventories	59,396	78,607
General administrative expenses	31,547	24,192
Development projects in progress	24,612	45,062
Right-of-use assets	15,901	59,573
Sales and marketing expenses	9,936	17,071
Foreign currency conversion differences	647	5,149
	<b>691,533</b>	<b>577,441</b>

**Right of use assets**

The allocation of right of use assets and related accumulated depreciation for the periods ended 31 March 2026 and 2025 is as follows:

<b>31 March 2026</b>	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fixture</b>	<b>Total</b>
Cost	193,452	559,333	239	753,024
Accumulated depreciation	(153,780)	(513,005)	(239)	(667,024)
	<b>39,672</b>	<b>46,328</b>	<b>-</b>	<b>86,000</b>
<b>31 March 2025</b>	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fixture</b>	<b>Total</b>
Cost	248,486	374,270	10,825	633,581
Accumulated depreciation	(215,746)	(332,926)	(6,882)	(555,554)
	<b>32,740</b>	<b>41,344</b>	<b>3,943</b>	<b>78,027</b>

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**NOTE 13 – INTANGIBLE ASSETS**

Movements of intangible assets and related accumulated amortisation for the periods ended 31 March 2026 and 2025 are as follows:

	<b>1 January 2026</b>	<b>Additions</b>	<b>Currency translation differences</b>	<b>Disposals</b>	<b>Transfers</b>	<b>31 March 2026</b>
<b>Cost</b>						
Other intangible assets	693,638	890	5	-	-	694,533
Development costs	17,383,117	-	-	-	-	17,383,117
Developments projects in progress	4,467,997	674,735	-	-	-	5,142,732
Customer relation	87,897	-	-	-	-	87,897
	<b>22,632,649</b>	<b>675,625</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>23,308,279</b>
<b>Accumulated amortization</b>						
Other intangible assets	(585,118)	(12,229)	(2)	-	-	(597,349)
Development costs	(11,397,395)	(465,419)	-	-	-	(11,862,814)
Customer relation	(31,014)	(374)	-	-	-	(31,388)
	<b>(12,013,527)</b>	<b>(478,022)</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(12,491,551)</b>
<b>Net book value</b>	<b>10,619,122</b>	<b>197,602</b>				<b>10,816,728</b>
	<b>1 January 2025</b>	<b>Additions</b>	<b>Currency translation differences</b>	<b>Disposals</b>	<b>Transfers</b>	<b>31 March 2025</b>
<b>Cost</b>						
Other intangible assets	676,411	898	44	-	-	677,353
Development costs	13,948,169	-	-	-	-	13,948,169
Developments projects in progress	5,709,058	613,905	-	-	-	6,322,963
Customer relation	87,897	-	-	-	-	87,897
	<b>20,421,536</b>	<b>614,802</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>21,036,383</b>
<b>Accumulated amortization</b>						
Other intangible assets	(523,323)	(15,752)	(10)	-	-	(539,086)
Development costs	(10,115,106)	(291,906)	-	-	-	(10,407,012)
Customer relation	(29,368)	(15,755)	-	-	-	(45,122)
	<b>(10,667,797)</b>	<b>(323,413)</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>(10,991,220)</b>
<b>Net book value</b>	<b>9,753,739</b>					<b>10,045,162</b>

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**NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

<b>Short-term provisions</b>	<b>31 March 2026</b>	<b>31 December 2025</b>
Provision for warranty expenses	1,292,990	1,267,693
Provision for employee benefits	212,790	162,334
Provision for purchase costs	27,248	41,587
Litigation provisions	44,678	57,142
Other	1,045,033	1,101,927
	<b>2,622,738</b>	<b>2,630,683</b>

**Provision for warranty expenses**

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

As of 31 March 2026, and 2025, the movement of provision for warranty expenses is as follows:

	<b>2026</b>	<b>2025</b>
<b>1 January</b>	1,267,693	1,212,062
Increase/(decrease) in provision, net	246,888	329,711
Provisions utilized/released during the period	(101,559)	(326,648)
Monetary gain (loss)	(120,032)	(110,686)
<b>31 March</b>	<b>1,292,990</b>	<b>1,104,439</b>

**Provision for employment termination benefits**

	<b>31 March 2026</b>	<b>31 December 2025</b>
Provision for employment termination benefits	660,378	703,528
Provision for unused vacation	212,790	162,334
	<b>873,168</b>	<b>865,862</b>

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**NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

**Provision for employment termination benefits**

The amount payable consists of one month’s salary limited to a maximum of TRY 64,948,77 in full for each year of service as of 31 March 2026 (31 December 2025: TRY 53,919,60 in full).

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

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

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

	<b>31 March 2026</b>	<b>31 December 2025</b>
Net discount rate (%)	3.66	3.65
Turnover rate to estimate the probability of retirement (%)	97.89	97.83

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the real rate free of expected effects of inflation, The termination indemnity ceiling is revised semi-annually and the ceiling amounting to TRY 64,948.77 in full, which is effective from 1 January 2026, has been taken into consideration in calculation of retirement benefit provision.

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**NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

The movements of provision for employment termination benefits within the interim accounting periods ending on 31 March 2026 and 2025 are as follows:

	<b>2026</b>	<b>2025</b>
<b>1 January</b>	703,528	605,941
Interest expense and charge for the period	52,033	53,943
Payments	(7,680)	(14,941)
Actuarial loss/(gain)	(27,224)	(5,605)
Monetary gain (loss)	(60,279)	(58,129)
<b>31 March</b>	<b>660,378</b>	<b>581,209</b>

**Provision for unused vacation**

The movements of the provision for unused vacation days within the interim accounting periods ending on 31 March 2026 and 2025 are as follows:

	<b>2026</b>	<b>2025</b>
<b>1 January</b>	162,334	202,011
Monetary gain (loss)	(17,018)	(19,498)
Increase in the period, net	67,474	42,288
<b>31 March</b>	<b>212,790</b>	<b>224,801</b>

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**NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

**Commitments and contingencies**

As of 31 March 2026, and 31 December 2025, the tables which represent the position of guarantees, pledges and mortgages are as follows:

	<b>31 March 2026</b>	<b>31 December 2025</b>
a. Total amount of GPMs given on behalf of its own legal entity	25,248,341	36,925,806
b. Total amount of GPMs given in favour of entities included in the scope of full consolidation	562,898	683,444
c. Total amount of GPMs given to secure third parties’ debts for the purpose of conducting ordinary commercial activities	-	-
d. Total amount of other GPMs given	-	-
	<b>25,811,239</b>	<b>37,609,250</b>

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

	<b>31 March 2026</b>		<b>31 December 2025</b>	
	<b>Original currency</b>	<b>TRY equivalent</b>	<b>Original currency</b>	<b>TRY equivalent</b>
RON	1,526,357	15,190,915	2,348,880	25,449,807
TRY	5,033,859	5,033,859	5,403,670	5,403,670
USD	63,034	2,797,706	68,374	3,224,885
EUR	52,750	2,691,506	58,925	3,271,424
GEL	1,430	23,618	1,430	25,070
CZK	34,690	72,086	34,690	232,768
CNY	242	1,549	242	1,626
	<b>6,712,362</b>	<b>25,811,239</b>	<b>7,916,211</b>	<b>37,609,250</b>

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**NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

**Guarantee letters**

a) Guarantees given as of 31 March 2026 and 31 December 2025 are as follows:

	<b>31 March 2026</b>	<b>31 December 2025</b>
Bank letters of guarantee	25,811,239	37,609,250
	<b>25,811,239</b>	<b>37,609,250</b>

b) Guarantees received as of 31 March 2026 and 31 December 2025 are as follows:

	<b>31 March 2026</b>	<b>31 December 2025</b>
Bank letters of guarantee	6,644,780	6,474,513
Guarantee notes	2,551	2,776
	<b>6,647,331</b>	<b>6,477,289</b>

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**NOTE 15 - PREPAID EXPENSES, EMPLOYEE BENEFIT OBLIGATIONS, OTHER ASSETS  
AND LIABILITIES**

**a) Prepaid expenses**

**Short-term**

	<b>31 March 2026</b>	<b>31 December 2025</b>
Advances given	1,391,021	1,807,930
Prepaid expenses	661,270	519,705
	<b>2,052,291</b>	<b>2,327,635</b>

**Long-term**

	<b>31 March 2026</b>	<b>31 December 2025</b>
Advances given	2,324,609	3,063,600
Prepaid expenses	160,595	174,306
	<b>2,485,204</b>	<b>3,237,906</b>

**b) Other current assets**

**Short-term**

	<b>31 March 2026</b>	<b>31 December 2025</b>
VAT receivables	1,791,032	2,171,876
Other	505,793	264,808
	<b>2,296,825</b>	<b>2,436,684</b>

**c) Other Non-Current Assets**

**Long-term**

	<b>31 March 2026</b>	<b>31 December 2025</b>
VAT receivables	544,931	423,481
	<b>544,931</b>	<b>423,481</b>

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NOTE 15 - PREPAID EXPENSES, EMPLOYEE BENEFIT OBLIGATIONS, OTHER ASSETS  
AND LIABILITIES (Continued)

d) Liabilities arising from customer contracts

Liabilities arising from customer contracts - short-term	31 March 2026	31 December 2025
Advances received	4,999,508	7,995,152
Deferred maintenance income	233,111	359,827
	<b>5,232,619</b>	<b>8,354,979</b>

Liabilities arising from customer contracts - long-term	31 March 2026	31 December 2025
Deferred maintenance income	421,566	459,393
	<b>421,566</b>	<b>459,393</b>

e) Employee benefits obligation

	31 March 2026	31 December 2025
Social security payables	375,467	198,327
Payables to employees	163,723	358,077
Other	87,977	237,046
	<b>627,167</b>	<b>793,450</b>

f) Other current liabilities

	31 March 2026	31 December 2025
Taxes and funds payable	346,014	248,075
	<b>346,014</b>	<b>248,075</b>

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**NOTE 16 - EQUITY**

The Group's shareholders and their shares in capital as of 31 March 2026 and 31 December 2025 are as follows with historical values:

	31 March 2026		31 December 2025	
	TL	(%)	TL	(%)
Koç Holding A.Ş.	56,850	47.38	56,850	47.38
Ünver Holding A.Ş.	29,775	24.81	29,775	24.81
Other	33,375	27.81	33,375	27.81
	<b>120,000</b>	<b>100.00</b>	<b>120,000</b>	<b>100.00</b>
Adjustment to share capital	2,614,782		2,614,782	

The accumulated profits in the statutory books can be distributed except for the provision regarding the legal reserves specified below. According to the Turkish Commercial Code, legal reserves are divided into two as first and second legal reserves. According to the Turkish Commercial Code, first legal reserves are separated as 5% of the legal net profit until 20% of the Group's paid-in capital is reached. Second legal reserves are 10% of the distributed profit exceeding 5% of the paid-in capital. According to the Turkish Commercial Code, legal reserves can only be used to offset losses as long as they do not exceed 50% of the paid-in capital and cannot be used in any other way. Public companies distribute dividends in accordance with the CMB's Communiqué on Dividends No. II-19.1, which entered into force on February 1, 2014.

Partnerships distribute their profits in accordance with the profit distribution policies to be determined by their general assemblies and in accordance with the relevant legislation. Within the scope of the said circular, a minimum distribution rate has not been determined. Companies pay dividends as determined in their articles of association or profit distribution policies. In addition, dividends can be paid in equal or different installments and cash dividend advances can be distributed based on the profit included in the consolidated financial statements.

Unless the reserve funds that must be set aside according to the TCC and the dividend determined for the shareholders in the articles of association or the dividend distribution policy are set aside; no other reserve funds can be set aside, no profit can be transferred to the following year, no dividend share can be distributed to the dividend shareholders, board members, partnership employees and persons other than the shareholders, and no dividend share can be distributed to these persons unless the dividend share determined for the shareholders is paid in cash.

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**NOTE 16 – EQUITY (Continued)**

The IFRS adjusted values and capital adjustment differences of the items shown above with their historical values are as follows as of March 31, 2026

**31 March 2026**

	<b>Historical values</b>	<b>Capital inflation adjustment difference</b>	<b>Indexed value</b>
Capital	120,000	2,614,782	2,734,782
Legal reserves	254,798	1,860,496	2,115,294
	<b>374,798</b>	<b>4,475,278</b>	<b>4,850,076</b>

In the statutory records kept in accordance with the Tax Procedural Law, the historical values of the Group’s share capital and legal reserves together with inflation adjustment differences as of March 31, 2026 are as follows:

**31 March 2026**

	<b>Historical values</b>	<b>Capital inflation adjustment difference</b>	<b>Indexed value</b>
Capital	120,000	795,149	915,149
Legal reserves	254,798	1,669,330	1,924,128
	<b>374,798</b>	<b>2,464,479</b>	<b>2,839,277</b>

No dividends were distributed during the year ended March 31, 2026 (No dividends were distributed during the year ended December 31, 2025).

As of March 31, 2026, the Group’s share capital is fully paid and consists of 12,000,000,000 shares with a nominal value of 0.01 Turkish Lira each.

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**NOTE 17 - REVENUE AND COST OF SALES**

**Net sales**

	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
Domestic sales	5,021,117	5,030,159
Export sales	6,395,951	5,545,494
<b>Gross sales</b>	<b>11,417,068</b>	<b>10,575,653</b>
Less: Contractual Penalty Liabilities (*)	(1,524,701)	-
Less: sales discount and returns	(345,462)	(159,210)
<b>Net sales</b>	<b>9,546,905</b>	<b>10,416,443</b>

(\*) On November 27, 2024, the Group signed a contract with C.N. Romtehnica S.A. (“Romtehnica”), a company of the Romanian Ministry of National Defense, covering the delivery of a total of 1,059 Cobra II vehicles over a five-year period. The contract includes the supply of vehicles manufactured both at the Group’s facilities in Türkiye and at a facility in Romania where such production capabilities are to be established.

The contract includes penalty clauses applicable in the event of non-compliance with interim milestones relating to the vehicle delivery schedule and local production preparations. As disclosed in the Group’s material event disclosure dated February 13, 2026, within the scope of the tender for the procurement of 4x4 Tactical Wheeled Light Armored Vehicles awarded to the Group, Romtehnica submitted a claim for payment amounting to RON 230,217 (TRY 2,326,366 at the exchange rate prevailing on the relevant date), alleging delays in achieving interim milestones relating to local production preparations in Romania.

Of this amount, RON 93,792 (TRY 923,507 at the December 31, 2025 exchange rate), corresponding to 2025 progress payment receivables deducted from the related receivables, was recognized as an accrual in the 2025 financial statements. The remaining RON 136,425 (TRY 1,475,163 in terms of purchasing power as of March 31, 2026) pertains to 2026 receivables and was recognized in the first quarter financial statements of 2026.

At this stage, an annulment lawsuit requesting suspension of execution has been filed against the second claim. In this context, Romanian courts decided to consolidate and jointly hear the annulment lawsuits filed by the Group. Furthermore, without prejudice to the counterparty’s right of appeal, the execution of the second payment claim amounting to RON 230,217 (TRY 2,326,366 at the relevant exchange rate) has been suspended until the legal proceedings are conclusively finalized. This matter was disclosed to the public through the material event disclosure dated March 16, 2026, and it has been learned that the counterparty has exercised its right of appeal.

On the other hand, as disclosed in the material event disclosure dated January 16, 2026, the first payment claim amounting to RON 191,848 (TRY 1,877,289 at the December 31, 2025 exchange rate) was paid when due during the first quarter of 2026, without prejudice to the Group’s legal rights.

On February 4, 2026, Romtehnica submitted an additional payment claim amounting to RON 4,315 (TRY 43,148 at the relevant exchange rate) due to delays in the delivery of 46 vehicles from the first batch manufactured at the Group’s facilities in Türkiye. Of this amount, RON 2,365 (TRY 23,286 at the December 31, 2025 exchange rate), relating to 2025 receivables, was recognized in the 2025 financial statements. The remaining RON 1,950 (TRY 21,102 in terms of purchasing power as of March 31, 2026), relating to 2026 receivables, was recognized in the first quarter financial statements of 2026.

On March 5, 2026, Romtehnica submitted another additional payment claim amounting to RON 4,790 (TRY 47,650 at the relevant exchange rate) due to delays in the delivery of 36 vehicles from the first batch manufactured at the Group’s facilities in Türkiye. Of this amount, RON 1,954 (TRY 19,237 at the December 31, 2025 exchange rate), relating to 2025 receivables, was recognized in the 2025 financial statements. The remaining RON 2,836 (TRY 28,436 in terms of purchasing power as of March 31, 2026), relating to 2026 receivables, was recognized in the first quarter financial statements of 2026.

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**NOTE 17 - REVENUE AND COST OF SALES (Continued)**

Sales of the Group for the periods ended 31 March 2026 and 2025 in terms of the products are as follows:

	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
Commercial vehicle	7,482,923	7,957,319
Military vehicle	1,053,014	1,196,420
Other sales (*)	1,010,968	1,262,704
	<b>9,546,905</b>	<b>10,416,443</b>

(\*) Consists of sales revenues from commercial and military spare parts, service, and other sales.

**Cost of sales**

	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
Cost of finished goods sold	8,242,541	7,885,312
Cost of merchandise goods sold	872,365	1,006,839
	<b>9,114,906</b>	<b>8,892,151</b>

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**NOTE 18 - OTHER OPERATING INCOME AND EXPENSES**

	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
<b>Other operating income</b>		
Foreign exchange gains on trade receivables and payables	612,376	995,942
Incentives income (*)	154,501	1,962
Finance income from credit sales	87,360	230,924
Gain on forward transactions	-	20,357
Other income	64,626	40,338
	<b>918,863</b>	<b>1,289,523</b>

(\*) An amount of TRY 152,162 of the incentive income consists of incentives obtained under the Turquality program.

	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
<b>Other operating expense</b>		
Foreign exchange losses on trade receivables and payables	337,169	761,637
Loss on forward transactions	67,259	33,134
Other expenses	13,827	16,733
	<b>418,255</b>	<b>811,504</b>

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**NOTE 19 - FINANCIAL INCOME**

	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
Interest income	545,621	84,492
Foreign exchange gains on bank deposits	132,267	122,074
Foreign exchange gains on bank borrowings	36,075	7,082
	<b>713,963</b>	<b>213,648</b>

**NOTE 20 - FINANCIAL EXPENSES**

	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
Interest expense on bank borrowings	2,750,174	2,241,084
Foreign exchange losses on bank borrowings	238,579	690,184
Foreign exchange losses on bank deposits	192,237	45,694
Other	16,996	-
	<b>3,197,986</b>	<b>2,976,962</b>

**NOTE 21 - TAX ASSETS AND LIABILITIES**

The general corporate tax rate in Turkey is 25% (31,12,2024: 25%), Article 15 of Law No, 7351 published in the Official Gazette No, 31727 and dated January 22, 2022. Article 32 of the Corporate Tax Law No, 5520, The article has been amended, and the corporate tax rate has started to be applied with a discount of 1 point to the earnings of the exporting institutions exclusively from exports and the earnings of the institutions that have an industrial registration certificate and are actually engaged in production activities. Article 21 of Law No, 7456 published in the Official Gazette No, 32249 and dated July 15, 2023. With the article, the corporate tax discount rate to be applied to the earnings of institutions exclusively from exports has been increased to 5 points.

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

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**NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)**

**Tax Advantages Obtained under the Investment Incentive System:**

The profits derived from the Group’s investments covered by incentive certificates are subject to corporate tax at reduced rates, starting from the fiscal period in which the investment is partially or fully put into operation, until the contribution amount of the investment is reached. In this context, as of March 31, 2026, a tax advantage amounting to TRY 313,928 (December 31, 2025: TRY 282,825), which the Group expects to benefit from in the foreseeable future, has been recognized as a deferred tax asset in the consolidated financial statements. As a result of recognizing this tax advantage as of March 31, 2026, deferred tax income of TRY 313,928 was recorded in the consolidated statement of profit or loss for the period January 1 – March 31, 2025.

Deferred tax assets are recognized when it is probable that taxable income will be available in future years. In cases where taxable income is probable, deferred tax assets are calculated based on deductible temporary differences, tax losses, and tax advantages arising from investment allowances with indefinite lives that allow reduced corporate tax payments. In this context, the Group bases the recognition of deferred tax assets arising from investment incentives in the consolidated financial statements on long-term plans, and evaluates the recoverability of such deferred tax assets at each balance sheet date, using business models that include forecasts of taxable profits. These deferred tax assets are expected to be recovered within 5 years from the balance sheet date.

As of March 31, 2026, a sensitivity analysis was performed by increasing/decreasing the key macroeconomic and sectoral assumptions underlying the business plans by 10%. The analysis showed that the recovery period of 5 years estimated for the deferred tax assets related to investment incentives remained unchanged.

The Group’s application for an Investment Incentive Certificate submitted to the Republic of Türkiye Ministry of Industry and Technology, Directorate General of Incentive Implementation and Foreign Capital, was approved. Accordingly, Investment Incentive Certificate No. 512845 was issued for a modernization investment amounting to TRY 1,890,028 to be carried out over a 4-year period. With additional investment planning and an application made in 2024, the validity period of the incentive certificate was extended by 2 years.

The allocation of total tax expense for the periods ended 31 March 2026 and 2025 are as follows:

	<b>31 March 2026</b>	<b>31 December 2025</b>
Corporate tax expense	(15,393)	-
Deferred tax expense	384,175	359,774
	<b>368,782</b>	<b>359,774</b>

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**NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)**

In Türkiye, the corporate tax rate is 25% as of March 31, 2026. The corporate tax rate is applied to the taxable corporate income, which is determined by adding non-deductible expenses as required by tax laws and deducting exemptions and allowances stipulated in tax legislation. As of March 31, 2026 and December 31, 2025, the breakdown of the net deferred tax liability calculated using temporary differences subject to deferred tax and effective tax rates is summarized below:

	Cumulative temporary differences		Deferred tax assets	
	31 March 2026	31 December 2025	31 March 2026	31 December 2025
Research and development incentive (**)	(4,651,784)	(4,375,195)	1,162,946	1,093,799
Deductible current period loss (*)	-	-	2,279,592	1,375,901
Investment discount	-	-	313,928	311,221
Provision for warranty expense	(1,292,990)	(1,267,692)	323,248	316,923
Provision for employment termination benefits	(660,378)	(550,652)	165,094	175,882
Provision for unused vacation	(212,790)	(162,335)	53,197	40,584
Other provisions	(1,359,396)	(1,043,316)	339,849	260,829
Provision for diminution in value of inventories	1,441,112	(262,696)	(360,278)	65,674
Deferred maintenance income	(604,440)	(666,459)	151,110	166,615
Deferred financial expenses	(244,704)	(175,373)	61,176	43,843
Property, plant and equipment Intangible assets	7,887,192	7,343,211	(1,971,798)	(1,835,803)
Contractual penalty payments and accruals	966,032	(1,063,022)	(241,508)	265,755
Derivative instruments	(67,260)	--	16,815	--
Other	(882,464)	578,423	220,615	(144,606)
<b>Deferred tax assets</b>			<b>2,513,986</b>	<b>2,136,617</b>

(\*) The total amount of tax losses carried forward for which the Group has recognized deferred tax assets is TRY 9,118,368 (December 31, 2025: TRY 5,503,602).

(\*\*) As the Group holds an R&D center certificate, it is entitled to benefit from a 100% corporate tax deduction without withholding tax for R&D expenditures. Accordingly, in Q1 2026, the Group incurred R&D expenditures amounting to TRY 509,047 (December 31, 2025: TRY 1,763,628) and carried forward R&D expenditures of TRY 4,142,737 (revalued from TRY 3,976,003 using the Q1 2026 revaluation rate). These expenditures qualify for full deduction from the corporate tax base.

The movement of deferred tax asset for the periods ended 31 March 2026 and 2025 are as follows:

	1 January - 31 March 2026	1 January - 31 March 2025
<b>1 January</b>		
Deferred tax income/(expense) recognized in profit or loss and other comprehensive income:		
- Charged to profit for the period	2,136,617	1,571,211
- Charged to other comprehensive income/(expense)	384,175	359,774
	(6,806)	(1,402)
<b>31 March</b>	<b>2,513,986</b>	<b>1,929,583</b>

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**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 can increase their capital by distributing shares to existing shareholders from retained earnings in proportion to their shares, when calculating earnings per share, these bonus shares are counted as issued shares, Therefore, the weighted average number of shares used in the calculation of earnings per share is obtained by applying the issuance of bonus 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

	<b>31 March 2026</b>	<b>31 March 2025</b>
Net profit/(loss) for the period	(1,601,211)	(606,346)
Weighted average number of issued shares	12,000,000,000	12,000,000,000
Earnings per share (Kr)	<b>(13.34)</b>	<b>(5.05)</b>

**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 parties as of 31 March 2026 and 31 December 2025 are as follows:

<b>Due from related parties</b>	<b>31 March 2026</b>	<b>31 December 2025</b>
Ram Dış Ticaret A.Ş. (1) (*)	2,647,613	3,043,463
Al Jasoor Heavy Vehicles Industry LLC (3) (**)	34,482	37,409
Otokar Central Asia Limited (4)	28,822	29,178
Temel Ticaret A.Ş. (1)	13,414	20,092
Other (1)	7,279	9,877
	<b>2,731,609</b>	<b>3,140,019</b>

(\*) A portion of the Group's export sales is carried out through Ram Dış Ticaret A.Ş. on a registered export basis, and the remaining balance consists of trade receivables arising from these transactions.

(\*\*) Trade receivables arising from sales made to Al Jasoor Heavy Vehicles Industry LLC, which is the Group's joint venture.

(1) Related parties of the Group's parent company

(2) Shareholder of the Group

(3) Joint venture

(4) Financial investments

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**NOTE 23 - RELATED PARTY DISCLOSURES (Continued)**

<b>Due to related parties</b>	<b>31 March 2026</b>	<b>31 December 2025</b>
Ram Sigorta Aracılık Hz. A.Ş. (1)	91,770	14,702
Zer Merkezi Hizmetler A.Ş. (1)	85,617	196,195
Ark İnşaat A.Ş. (1)	46,359	54,920
Ram Dış Ticaret A.Ş. (1)	44,122	36,005
Arçelik Pazarlama A.Ş. (1)	23,481	449
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	18,595	24,702
Opet Fuchs Madeni Yağ A.Ş. (1)	15,910	17,894
Setur Servis Turistik A.Ş. (1)	15,796	15,364
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	10,772	20,176
Divan Turizm İşletmeleri A.Ş. (1)	7,121	15,102
Koç Holding A.Ş. (2)	6,019	97,136
Entek Elektrik Üretimi A.Ş. (1)	133	33,200
Eltek Elektrik Enerji İth.İhr.Top.Tic. A.Ş. (1)	-	14,181
Other (1)	24,434	61,718
	<b>390,129</b>	<b>601,744</b>

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

<b>Advances received from related parties</b>	<b>31 March 2026</b>	<b>31 December 2025</b>
Ram Dış Ticaret A.Ş. (1)	-	39,069
	-	<b>39,069</b>

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

<b>Sales of products and services</b>	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
Ram Dış Ticaret A.Ş. (1) (*)	17,286	1,213,692
Al Jasoor Heavy Vehicle Industry LLC (3)	-	30,106
Other (1)	228	1,667
	<b>17,514</b>	<b>1,245,465</b>

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

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NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

	1 January - 31 March 2026	1 January - 31 March 2025
<b>Fixed asset purchases</b>		
Entek Elektrik Üretimi A.Ş. (1)	53,822	-
Ark İnşaat A.Ş. (1)	45,092	7,459
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	28,902	15,682
Zer Merkezi Hizmetler A.Ş. (1)	4,685	3,685
Other (1)	9,082	6,031
	<b>141,583</b>	<b>32,857</b>

	1 January - 31 March 2026	1 January - 31 March 2025
<b>Inventory purchases</b>		
Zer Merkezi Hizmetler A.Ş. (1)	144,056	334,287
Ram Dış Ticaret A.Ş. (1)	50,146	42,654
Opet Fuchs Madeni Yağ A.Ş. (1)	20,658	18,092
Opet Petrolcülük A.Ş. (1)	10,618	7,695
Ford Otosan A.Ş. (1)	7,739	9,951
Akpa Dayanıklı Tük.Paz. A.Ş. (1)	7,134	9,476
Wat Motor Sanayi ve Ticaret A.Ş. (1)	6,882	71,627
Düzey A.Ş. (1)	6,337	8,008
Other (1)	773	1,315
	<b>254,343</b>	<b>503,105</b>

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**NOTE 23 - RELATED PARTY DISCLOSURES (Continued)**

<b>Service purchases</b>	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
Ram Sigorta Aracılık Hz. A.Ş. (1)	95,404	140,219
Setur Servis Turistik A.Ş. (1)	61,839	49,967
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	36,608	26,055
Yapı Kredi Finansal Kiralama A.O. (1)	23,334	-
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	22,172	40,794
Eltek Elektrik Enerji İth.İhr.Top.Tic. A.Ş. (1)	19,622	35,301
Koç Holding A.Ş. (2)(*)	15,904	14,755
Divan Turizm İşletmeleri A.Ş. (1)	7,302	9,672
TokenFlex Kurumsal Hizmet Teknolojileri A.Ş. (1)	5,388	-
Ingage Dijital Pazarlama Hizmetleri A.Ş. (1)	4,525	6,134
Token Finansal Teknolojileri A.Ş. (1)	3,960	9,438
Temel Ticaret A.Ş. (1)	3,950	3,480
Koçdigital Çözümler A.Ş. (1)	3,149	-
Ram Dış Ticaret A.Ş. (1)	854	14,220
Other (1)	6,434	11,177
	<b>310,445</b>	<b>361,212</b>

(\*) The expenses invoiced to the Group represent the service fees charged by Koç Holding A.Ş. for services provided to the Group companies in areas such as finance, legal, planning, tax, and senior management. These expenses, including personnel and senior management costs, are allocated to the Group companies in accordance with the provisions of Article 11 ‘Intra-group Services’ of the Transfer Pricing Communiqué No. 1 on Disguised Profit Distribution through Transfer Pricing.

<b>Bank deposits</b>	<b>31 March 2026</b>	<b>31 December 2025</b>
Yapı ve Kredi Bankası A.Ş. (1)		
- Demand deposits	252,907	1,711
- Time deposits	142,260	2,302,852
	<b>395,167</b>	<b>2,304,563</b>

<b>Borrowings</b>	<b>31 March 2026</b>	<b>31 December 2025</b>
Yapı ve Kredi Bankası A.Ş. (1)	9,265,454	7,479,277
	<b>9,265,454</b>	<b>7,479,277</b>

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

For the periods ended 31 March 2026 and 2025, operating income and expense with related parties are as follows:

<b>Trade receivables and payables foreign exchange gains</b>	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
Ram Dış Ticaret A.Ş. (1)	67,252	126,040
Other (1)	829	516
	<b>68,081</b>	<b>126,556</b>

<b>Trade receivables and payables foreign exchange expenses</b>	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
Ram Dış Ticaret A.Ş. (1)	70,130	2,742
Other (1)	2,435	7,472
	<b>72,565</b>	<b>10,214</b>

For the periods ended 31 March 2026 and 2025, financial income and expense with related parties are as follows:

<b>Interest income</b>	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
Yapı ve Kredi Bankası A.Ş. (1)	182,267	82
	<b>182,267</b>	<b>82</b>

<b>Interest expense</b>	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
Yapı ve Kredi Bankası A.Ş. (1)	694,968	77,903
	<b>694,968</b>	<b>77,903</b>

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**NOTE 23 - RELATED PARTY DISCLOSURES (Continued)**

For the periods ended 31 March 2026 and 2025, financial income and expense with related parties are as follows:

	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
<b>Foreign exchange income</b>		
Yapı ve Kredi Bankası A.Ş. (1)	-	24,923
	-	<b>24,923</b>

	<b>1 January - 31 March 2026</b>	<b>1 January - 31 March 2025</b>
<b>Foreign exchange expenses</b>		
Yapı ve Kredi Bankası A.Ş. (1)	20,343	9,679
	<b>20,343</b>	<b>9,679</b>

- (1) Related parties of the parent company  
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**Benefits provided to senior executives**

For the period ended 31 March 2026, the total amount of benefits provided to senior management is TRY 25,819 thousand (31 March 2025: TRY 23,959 thousand). It consists of Senior management, members of the board of directors, general manager and assistant general managers.

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

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

The Group is exposed to exchange rate risk due to Turkish Lira conversion of foreign currency payables and receivables arising from its commercial activities with foreign companies. This exchange rate risk is followed and limited by analyzing the foreign exchange position. To manage the currency risk arising from future commercial transactions and recorded assets and liabilities, the Group follows a policy of diversification in its currency position.

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**NOTE 24 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS  
(Continued)**

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

31 March 2026	TRY equivalent (functional currency)	USD	EUR	GBP	other (TRY equivalent)
1. Trade receivables	10,448,696	69,556	142,317	-	100,001
2a. Monetary financial assets (including cash, bank accounts)	4,555,123	53,491	41,101	1	83,791
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	342,339	787	6,025	-	-
<b>4. Current assets (1+2+3)</b>	<b>15,346,158</b>	<b>123,834</b>	<b>189,442</b>	<b>1</b>	<b>183,792</b>
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total assets (4+8)</b>	<b>15,346,158</b>	<b>123,834</b>	<b>189,442</b>	<b>1</b>	<b>183,792</b>
10. Trade payables	(6,050,094)	(29,362)	(81,925)	(23)	(565,460)
11. Financial liabilities	(7,634,603)	-	(118,023)	-	(1,612,630)
12a. Monetary other liabilities	(105,800)	(1,962)	(367)	-	-
12b. Non-monetary other liabilities	-	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>(13,790,497)</b>	<b>(31,324)</b>	<b>(200,315)</b>	<b>(23)</b>	<b>(2,178,090)</b>
14. Trade payables	-	-	-	-	-
15. Financial liabilities	(8,001,522)	-	(156,820)	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>(8,001,522)</b>	<b>-</b>	<b>(156,820)</b>	<b>-</b>	<b>-</b>
<b>18. Total liabilities (13+17)</b>	<b>(21,792,019)</b>	<b>(31,324)</b>	<b>(357,135)</b>	<b>(23)</b>	<b>(2,178,090)</b>
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a19b)	4,847,242	-	95,000	-	-
19a. Hedged total assets amount	4,847,242	-	95,000	-	-
19b. Hedged total liabilities amount	-	-	-	-	-
<b>20. Net foreign currency asset/(liability) position (9+18+19)</b>	<b>(1,598,619)</b>	<b>92,510</b>	<b>(72,693)</b>	<b>(22)</b>	<b>(1,994,299)</b>
<b>21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(6,788,200)</b>	<b>91,724</b>	<b>(173,718)</b>	<b>(22)</b>	<b>(1,994,299)</b>
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-
23. Export (as of 31 March 2026)	4,871,250	2,142	72,500	-	1,076,971
24. Import (as of 31 March 2026)	3,500,054	15,772	45,170	-	495,258

31 December 2025	TRY equivalent (functional currency)	USD	EUR	GBP	other (TRY equivalent)
1. Trade receivables	14,873,441	133,286	152,503	-	109,210
2a. Monetary financial assets (including cash, bank accounts)	693,832	418	11,903	-	12,054
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	124,750	1,340	1,109	-	-
<b>4. Current assets (1+2+3)</b>	<b>15,692,023</b>	<b>135,043</b>	<b>165,515</b>	<b>-</b>	<b>121,264</b>
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total assets (4+8)</b>	<b>15,692,023</b>	<b>135,043</b>	<b>165,515</b>	<b>-</b>	<b>121,264</b>
10. Trade payables	(5,607,961)	(24,007)	(40,066)	(12)	(2,045,123)
11. Financial liabilities	(8,017,257)	-	(106,445)	-	(2,107,596)
12a. Monetary other liabilities	(95,861)	(1,931)	(86)	-	-
12b. Non-monetary other liabilities	-	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>(13,721,079)</b>	<b>(25,938)</b>	<b>(146,597)</b>	<b>(12)</b>	<b>(4,152,719)</b>
14. Trade payables	-	-	-	-	-
15. Financial liabilities	(4,383,158)	-	(78,949)	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>(4,383,158)</b>	<b>-</b>	<b>(78,949)</b>	<b>-</b>	<b>-</b>
<b>18. Total liabilities (13+17)</b>	<b>(18,104,237)</b>	<b>(25,938)</b>	<b>(225,547)</b>	<b>(12)</b>	<b>(4,152,719)</b>
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a19b)	-	-	-	-	-
19a. Hedged total assets amount	-	-	-	-	-
19b. Hedged total liabilities amount	-	-	-	-	-
<b>20. Net foreign currency asset/(liability) position (9+18+19)</b>	<b>(2,412,214)</b>	<b>109,105</b>	<b>(60,032)</b>	<b>(12)</b>	<b>(4,031,455)</b>
<b>21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(2,536,964)</b>	<b>107,765</b>	<b>(61,140)</b>	<b>(12)</b>	<b>(4,031,455)</b>
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-
23. Export (as of 31 March 2025)	38,685,398	164,127	552,038	-	268,833
24. Import (as of 31 March 2025)	35,583,424	520,003	199,178	-	552

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**NOTE 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 31 March 2026 and 31 December 2025:

<b>31 March 2026</b>	<b>Profit before tax Appreciation Foreign currency</b>	<b>Profit before tax Depreciation Foreign currency</b>
<i>In case 10% appreciation of USD against TRY:</i>		
1- USD net asset/liability	410,598	(410,598)
2- Amount hedged for USD risk (-)	-	-
<b>3- USD net effect (1+2)</b>	<b>410,598</b>	<b>(410,598)</b>
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	(370,904)	370,904
5- Amount hedged for EUR risk (-)	-	-
<b>6- EUR net effect (4+5)</b>	<b>(370,904)</b>	<b>370,904</b>
<i>In case 10% appreciation of GBP against TRY:</i>		
7- GBP net asset/liability	(127)	127
8- Amount hedged for GBP risk (-)	-	-
<b>9- GBP net effect (7+8)</b>	<b>(127)</b>	<b>127</b>
<b>Total (3+6+9)</b>	<b>39,567</b>	<b>(39,567)</b>
<hr/>		
<b>31 December 2025</b>	<b>Profit before tax Appreciation Foreign currency</b>	<b>Profit before tax Depreciation Foreign currency</b>
<i>In case 10% appreciation of USD against TRY:</i>		
1- USD net asset/liability	514,602	(514,602)
2- Amount hedged for USD risk (-)	-	-
<b>3- USD net effect (1+2)</b>	<b>514,602</b>	<b>(514,602)</b>
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	(333,288)	333,288
5- Amount hedged for EUR risk (-)	-	-
<b>6- EUR net effect (4+5)</b>	<b>(333,288)</b>	<b>333,288</b>
<i>In case 10% appreciation of GBP against TRY:</i>		
7- GBP net asset/liability	(75)	75
8- Amount hedged for GBP risk (-)	-	-
<b>9- GBP net effect (7+8)</b>	<b>(75)</b>	<b>75</b>
<b>Total (3+6+9)</b>	<b>181,239</b>	<b>(181,239)</b>

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**NOTE 25 - FINANCIAL INSTRUMENTS - FAIR VALUE DISCLOSURES**

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 needs to be explained 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 31 March 2026 and 31 December 2025:

**31 March 2026**

<b>Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative financial instruments	-	67,259	-	67,259
	-	<b>67,259</b>	-	<b>67,259</b>

**31 December 2025**

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative financial instruments	-	-	-	-
	-	-	-	-

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.

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

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

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

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

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

<b>Non-monetary Items</b>	<b>31 March 2026</b>
<b>Financial statement items</b>	<b>2,255,749</b>
Inventories	1,197,527
Property, plant and equipment and intangible assets	1,712,083
Deferred tax assets	193,208
Accumulated Other Comprehensive Expenses Not to Be Reclassified to Profit or Loss	97,488
Accumulated Other Comprehensive Expenses to Be Reclassified to Profit or Loss	166,311
Liabilities arising from the Customer Agreement	(12,134)
Restricted Reserves Allocated from Profit	(193,001)
Adjustment to share capital	(249,525)
Retained earnings/losses	(673,094)
Other	16,886
<b>Profit or loss statement items</b>	<b>103,800</b>
Revenues	(150,687)
Cost of sales	154,323
Research and development expenses	2,039
Marketing, sales and distribution expenses	32,540
General administrative expenses	10,620
Other income/expenses from Operating activities	8,571
Financial incomes/expenses	46,394
<b>Net monetary position gains/(losses)</b>	<b>2,359,549</b>

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**NOTE 27 - SUBSEQUENT EVENTS**

Following the execution of the Memorandum of Understanding entered into between our Company and the shareholders of Automecanica S.A. (“Automecanica”), namely Andrei Scobioala and Automecanica SKB Property SRL, which was publicly disclosed through our material event disclosure dated 27 January 2026, a Share Purchase Agreement (“SPA”) has been executed between the parties for the acquisition by our Company of shares representing 96.77% of the share capital of Automecanica, a Romania-based company operating in the defense industry (the “Transaction”).

The purchase price shall be calculated as 96.77% of the amount to be determined based on an enterprise value of EUR 87,839, subject to net debt and working capital adjustments at closing (corresponding to approximately EUR 85,000 for the contemplated 96.77% equity interest). An amount of EUR 5,000 was paid to the sellers on the signing date of the memorandum of understanding, and an additional EUR 5,000 was paid upon execution of the SPA. An amount of EUR 25,000, which shall remain with our Company as security for the sellers’ obligations under the SPA, will be paid in installments within three years following closing, while the remaining balance shall be paid at closing subject to net debt and working capital adjustments. In the event that the sellers provide a letter of guarantee, the portion corresponding to such guarantee shall be released.

Closing of the Transaction is subject to certain closing conditions, including the receipt of approvals from the Romanian Competition Authority and foreign direct investment authorities. In the event that closing cannot be completed within three months following the signing date due to the failure to satisfy such conditions, our Company may extend this period by an additional three months. If our Company elects not to extend such period, or if the relevant conditions are not satisfied by the end of the extended period, the SPA may be terminated.

Through the acquisition of Automecanica, which currently possesses the necessary infrastructure, production facilities and licenses in Romania, it is aimed that the activities within the scope of the Romanian 4x4 Tactical Wheeled Light Armored Vehicle procurement tender will be carried out directly through Automecanica, which will become a subsidiary of Otokar.