

# AUTONOMOUS SYSTEMS DRIVING THE FUTURE

Integrated Annual Report





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# ABOUT THE REPORT

Our Integrated Annual Report presents our economic, environmental, and social performance within a comprehensive framework and in accordance with international reporting standards.

Karsan Otomotiv Sanayii ve Ticaret A.Ş.'s second Integrated Annual Report takes a holistic approach to the company's economic, environmental, and social performance for the period of January 1, 2025 – December 31, 2025.

The environmental, social, and governance (ESG) data presented in this report cover the Türkiye operations unless stated otherwise. Energy and greenhouse gas emission data have been prepared in accordance with TSRS (Türkiye Sustainability Reporting Standards) requirements, with Scope 1 and Scope 2 emissions consolidated to include both domestic and international operations as well as subsidiaries. Other ESG indicators are reported for Türkiye operations.

The financial data presented in the report have been prepared to cover all of Karsan's domestic and international operations.

Prepared in line with corporate policies and working principles, the 2025 Integrated Annual Report has been published to transparently share Karsan's economic, environmental, social, and governance performance, the activities carried out in these areas, and the progress achieved with stakeholders and the public.

The Integrated Annual Report has been prepared in accordance with the standards published by the Global Reporting Initiative (GRI), and the performance disclosures are based on the relevant GRI Standards.

For any questions, comments, or suggestions regarding Karsan's sustainability performance or the content of the Integrated Annual Report, you can contact us at [sustainability@karsan.com.tr](mailto:sustainability@karsan.com.tr).



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## CEO'S MESSAGE

While sustaining our growth with the sale of **137 electric vehicles in Türkiye**, we have further strengthened our leading role in the electrification of public transportation.

Dear Stakeholders,

The global mobility sector is undergoing a significant transformation driven by the climate crisis, urbanization, and expectations of technological transformation. As electrification, autonomous driving, and digitalization redefine the future of public transportation, this transformation also brings with it the responsibility for inclusivity and long-term value creation. As Karsan, we resolutely embrace an approach that shapes public transportation through the solutions we develop in response to this transformation. As a pioneer of the electric transformation in Türkiye, we are translating the technologies we develop through our domestic engineering capabilities into global success.

The year 2025 marked a period in which Karsan further strengthened its presence on a global scale in line with this vision. We rose to 7<sup>th</sup> place in the European electric public transportation market, achieving a 5% market share. For six consecutive years, we have maintained our leadership as Europe's most preferred brand in the electric minibus and midibus segments

of public transportation with our e-JEST and e-ATAK models. Last year, we further elevated this success by achieving segment leadership in the 10-meter electric city bus segment with our e-ATA 10 model in urban public transportation. As of today, our electric vehicle fleet serving on roads around the world has exceeded 2,130 units. With the sale of 137 electric vehicles in Türkiye, we have steadfastly continued our growth and reinforced our pioneering role in the domestic electrification of public transportation. By single-handedly accounting for 80% of Türkiye's electric public transportation vehicle exports, we have made a strong contribution to the country's high value-added exports.

With our product portfolio based on electric, autonomous, and hydrogen technologies, our sustainable public transportation solutions that meet the needs of different markets have continued to deliver tangible results in the field. Within this scope, we further strengthened our product lineup by introducing our 12-meter e-ATA HYDROGEN model with Toyota hydrogen technology and our Autonomous e-JEST vehicle to the market. In doing so, we have



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# CEO'S MESSAGE

While strengthening our leadership in electric mobility, we place sustainability and corporate resilience at the core of our business model; **creating long-term value through our renewable energy investments, product-based environmental declarations, and people-focused transformation initiatives.**

established a multidimensional structure that supports our zero-emission mobility vision with diverse technologies.

One of the key elements supporting this strong positioning was the strategic priorities we defined throughout 2025. We focused on strengthening our leadership in target markets, sustaining value-driven growth, and deepening operational excellence. Within this framework, we have crossed an important milestone in autonomous mobility. With the Autonomous e-ATAK, we launched 9 different projects in 7 countries within just the past year, successfully implementing 5 of them. Leveraging our 7 years of global e-JEST experience and 4 years of field-proven Autonomous e-ATAK expertise, we combined these strengths in our Autonomous e-JEST model to make a strong entry into the U.S. market. The first order of 10 units marked a significant milestone in Karsan's global journey.

Shaping our long-term competitiveness with an R&D and innovation-driven approach, we are making a lasting contribution to the mobility transformation

through AI-supported manufacturing solutions, advanced engineering applications, and next-generation vehicle architectures.

We continue to advance our approach to managing environmental impact through measurable results and lasting investments. As of 2025, we completed the installation of our rooftop solar power system, taking the transition to renewable energy in our manufacturing infrastructure to a tangible stage. In this way, we aim to structurally reduce our production-related emissions from 2026 onward. On the product side, we prioritized presenting environmental performance in a transparent and comparable manner. We prepared Environmental Product Declarations (EPDs) for our e-ATAK, e-ATA 10-meter, e-ATA 12-meter, and e-ATA 18-meter product groups, making the environmental impact of our vehicles measurable throughout their life cycle. During the same period, we restructured our governance framework to embed sustainability within a strategic context, placing environmental responsibility at the core of our decision-making processes with updated targets.

We position technological advancement as a key component of societal benefit, purposefully leveraging it to extend the value we create across a broader impact. At Karsan, we address societal impact not just in words, but through concrete projects. Through the Barrier-Free Future Project implemented for our colleagues with hearing impairments, we have developed accessible manufacturing and training solutions. With our Electric Vehicles Technology Laboratory, we invest in the future of young people, while our Pet-Friendly Plant initiative reflects a holistic approach that also encompasses animal life. Focusing on gender equality and women's employment, we have established an inclusive structure spanning from manufacturing to management through our collaboration with the ILO. I am also proud that our commitment to women's employment was recognized with the "Company That Values Women Employees" award.

Our strong corporate culture and the contributions of our employees have played a decisive role in bringing all these initiatives to life. As a result of our focus on

enhancing the employee experience, we strengthened our employer brand in 2025 by receiving the Great Place to Work certification. The improvements we have made to our work environment have accelerated the development of a more resilient corporate culture that fosters collaboration and engagement.

All of the achievements we have reached today have been made possible by the efforts of our colleagues who act with a shared vision, the trust of our customers, and the support of our stakeholders. Looking ahead, we remain committed to advancing Karsan as a brand that takes responsibility, builds trust, and creates value in the future of sustainable mobility.

I would like to thank our valued stakeholders who walk this journey with us.

Sincerely,

**Okan Baş**  
CEO

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# KARSAN AT A GLANCE

With our flexible production infrastructure and multi-brand manufacturing capabilities, we are at the heart of the electric and autonomous vehicle transformation.

With 60 years of experience in the Turkish automotive industry, Karsan has been producing commercial vehicles for the world's leading brands, including our own, in our modern facilities since our founding. By manufacturing commercial vehicles since 1981, we have established a strong position in the industry. Our manufacturing plant in Hasanağa, Bursa, has the capacity to manufacture approximately 20,000 vehicles per year in a single shift. Designed with the flexibility to manufacture everything from passenger cars to heavy trucks, and from minivans to buses, our Hasanağa Manufacturing Plant operates on a total area of 203,000 square meters, including 99,000 square meters of covered space, and is located 30 km from the center of Bursa.

As the only independent multi-brand vehicle manufacturer in the Turkish automotive industry, we operate with the vision of staying one step ahead in the future of mobility. Together with our partners and licensors, we aim to develop derivatives of our new and existing products to participate in all segments of passenger transportation. In the public transportation sector, we continue our activities in line with our "innovative products and services" and "conception to market" development approach, with a particular focus

on strengthening our Original Equipment Manufacturer (OEM) business line.

### Our "Conception to Market" Journey with Innovative Products and Services

In the public transportation sector, we continue our journey of developing innovative products and services, from concept and design development through to market launch. We manage the entire automotive value chain, from R&D to manufacturing, and from marketing to sales and after-sales services. With a particular focus on strengthening our OEM business line, we are committed to securing a strong position in global markets.

While manufacturing our Jest and Atak models under our own brand, we launched the e-JEST in 2018, the e-ATAK in 2019, and, in 2021, the Autonomous e-ATAK—a Level 4 driverless bus developed in collaboration with the domestic technology company ADASTEC, a world-first innovation—onto the market. In the same year, we expanded our product lineup with the 10-meter, 12-meter, and 18-meter models of the fully electric e-ATA family, and in 2022, by consecutively launching the

e-ATA HYDROGEN models, we became the first and only company in Europe to offer a fully electric product lineup ranging from 6 meters to 18 meters.

As of 2022, by manufacturing the Megane Sedan vehicles for the Renault brand, we extended our automotive expertise into different market segments. By the end of 2023, we took pride in becoming the first European bus manufacturer to enter the Japanese market with the right-hand drive e-JEST model. We continue to maintain our leadership in markets with right-hand drive public transportation systems. In November 2024, we entered the UK and Ireland markets by launching our right-hand drive e-JEST model. In October 2025, we introduced the Autonomous e-JEST—the version of the e-JEST, Europe's most preferred electric minibus for the past five consecutive years, equipped with Level 4 autonomous driving technology—to the world and received its first 10 orders from the United States.

At Karsan, we continue our efforts without pause in line with our mission to shape the future through innovative and sustainable mobility solutions.



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# VISION, MISSION, VALUES

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## Vision

To be one step ahead in the future of mobility



## Mission

To provide creative, sustainable, and inspiring solutions and proposals that meet customer needs in the global land transportation market



## Values

### Our Innovativeness

As Karsan team members, we aim to be open to change, push boundaries, and always strive for better. We are not afraid to be pioneers and to try what has never been attempted before. We encourage problem-solving through diverse perspectives, taking risks, and continuous learning.

### Our People

Behind our brand is our own team—our extended family. Our relationships with colleagues and all stakeholders are guided by the value we place on people and human dignity. Each of us works with professionalism, takes responsibility, develops our expertise and our work, applies current technologies and working methods, and, at the same time, inspires through our behavior.

### Our Customers

The satisfaction of our customers is at the heart of our business. We take responsibility every day to earn their trust again and to make their lives easier.

### Our Quality

Behind our quality are high-performance, innovative, flexible, and sustainable products. In everything we do, we aim for the highest quality and continuously work for improvement. While maintaining our quality, we remain environmentally conscious; we aim to reduce our carbon footprint and provide innovative solutions to environmental challenges.

# CAPITAL AND SHAREHOLDING STRUCTURE

TITLE OF SHAREHOLDER	SHARE AMOUNT (TRY)	SHAREHOLDING RATIO (%)
<b>Kıraça Holding A.Ş.</b>	<b>526,618,812.39</b>	<b>58.51</b>
Class A Privileged	64,028,613	7.11
Class B	462,590,199	51.40
<b>Other</b>	<b>373,381,187.61</b>	<b>41.49</b>
Class A Privileged	1,554,775	0.17
Class B	371,826,413	41.32
<b>TOTAL</b>	<b>900,000,000</b>	<b>100.00</b>

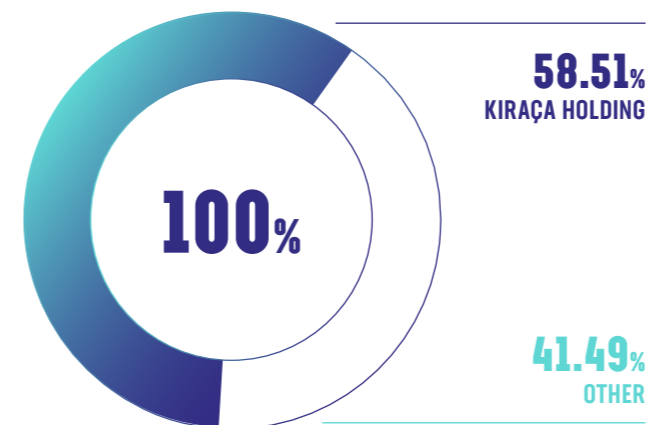
As of the end of 2025, Karsan's actual outstanding share ratio is 39.41%, according to the records of Merkezi Kayıt Kuruluşu A.Ş. (MKK). The majority of the Board of Directors members are elected by the privileged shareholders. The remaining members are elected by simple majority.

Registered Capital Ceiling:

**₺ 4,500,000,000**

Issued Capital:

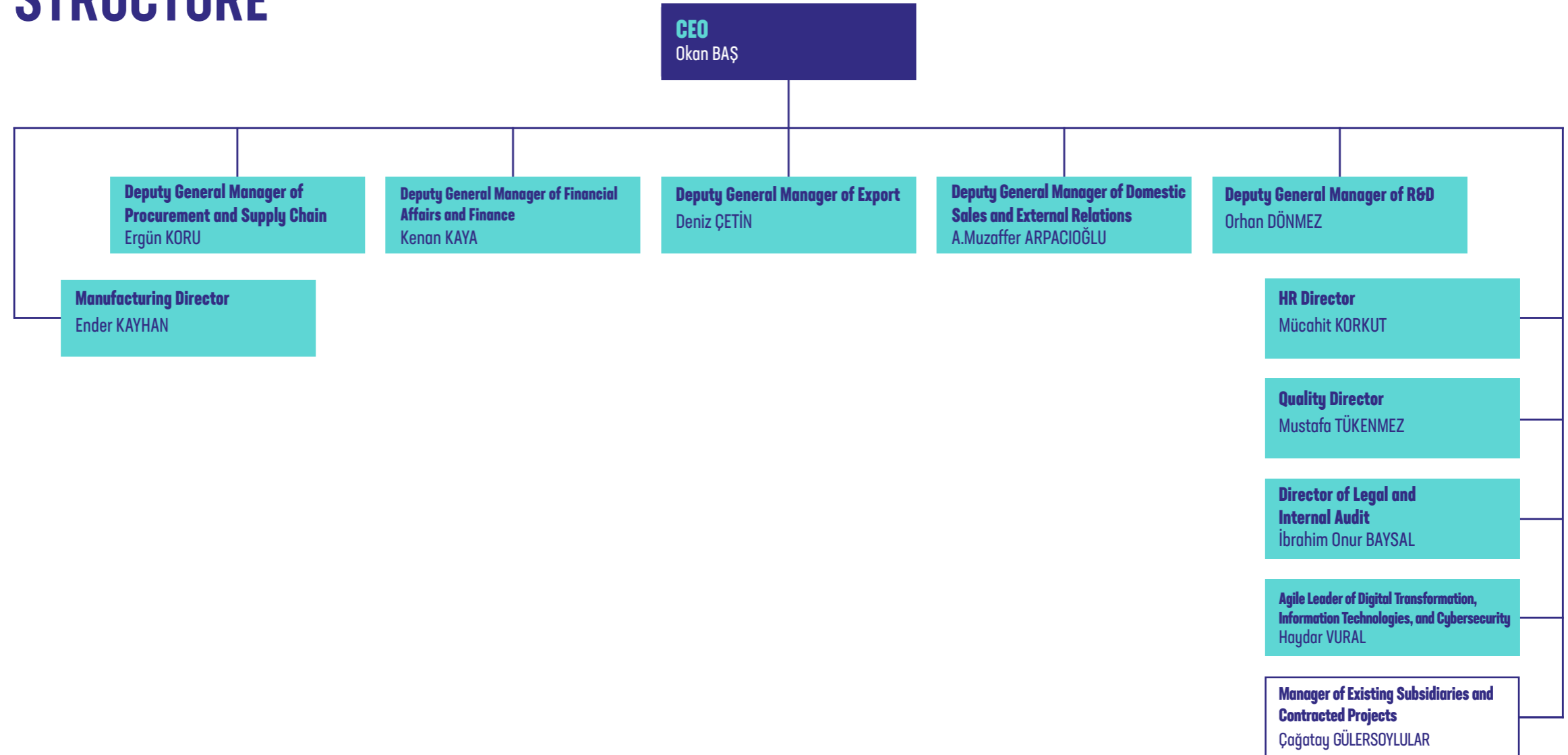
**₺ 900,000,000 (As of December 31, 2025)**



As of 31 December 2025, 58.51% of the Company's share capital is owned by Kıraça Holding A.Ş., and this shareholding represents more than 5% of the voting rights.



# ORGANIZATIONAL STRUCTURE



# BOARD OF DIRECTORS



## Giancarlo BOSCHETTI

### Chair of the Board of Directors

Giancarlo Boschetti, who studied mechanical engineering and economics, began his professional career at the Fiat Group in 1964. Mr. Boschetti, with 59 years of experience, held various positions within the Fiat Group for approximately 40 years, before serving as the global CEO of Iveco S.p.A. from 1991 to 2001 and as the global CEO of Fiat Auto S.p.A. from 2002 to 2003. Giancarlo Boschetti continues his work as a board member at numerous international companies.



## Mehmet ALTAN SUNGAR

### Vice Chair of the Board of Directors

Mehmet Altan Sungar began his career in 1963 as an intern at Royal Lastikler Tevzi A.Ş., one of the Koç Holding companies, while studying at the Academy of Economic and Commercial Sciences. Mr. Sungar, with 60 years of experience, worked at the same company in the accounting department and also served in the marketing department as assistant regional manager and regional manager in various parts of Türkiye, contributing to the establishment of the dealer network. In 1975, Sungar participated in the establishment of Otoyol Pazarlama and subsequently served there as Marketing Manager, Deputy General Manager, and Acting General Manager. From 1985 to 2001, he worked at İstanbul Oto A.Ş., one of the Tofaş Group companies, as General Manager and Board Member. During the same period, he served as a member of the Automotive Professional Committee at the Istanbul Chamber of Commerce and as an expert witness before the courts. Between 2001 and 2004, Sungar served as General Manager and Board Member at Karsat A.Ş.; from 2004 to 2012, he acted as partner and consultant at TURAVEL (Tourism, Education, and Consulting).



## Okan BAŞ

### Executive Board Member and CEO

Mr. Baş, who completed his undergraduate studies in Mechanical Engineering at Boğaziçi University and his master's degree in Mechanical Engineering at Clemson University (USA), has 36 years of experience. He began his professional career in 1987 as a Mechanical Engineer in the Engineering Support Department at TOFAŞ Bursa Factory and held various positions within TOFAŞ until June 2016. Between 1991 and 2002, he worked at TOFAŞ Bursa Factory as Workshop Manufacturing Chief, Engine Manufacturing Unit Manager, Body Manufacturing Unit Manager, Assembly Manufacturing Unit Manager, and Doble Product Manager. From 2002 to 2016, he served at the TOFAŞ Headquarters in Istanbul as After-Sales Parts Director, Mini Cargo Project Manager, After-Sales Spare Parts Director, FIAT Business Unit Director, and Aegea Project and Business Development Director. Mr. Okan Baş was appointed CEO of Karsan Otomotiv Sanayii ve Ticaret A.Ş. on July 1, 2016.



## Ahmet Nezir OLCAY

### Independent Board Member

Born in 1947, Nezir Olcay completed his primary education, followed by the Italian High School, and subsequently earned a Bachelor's degree in Business Administration from the Istanbul Academy of Economic and Commercial Sciences. Olcay began his career at Tofaş Türk Otomobil Fabrikası A.Ş. in 1971, holding successive positions as Accounting Manager, Finance Manager, External Relations Group Manager, Deputy Director of Accounting, Finance and Control Group, and Finance Director, before retiring at the end of 2007. Mr. Olcay, with 52 years of experience, served as a board member in various Koç Group subsidiary companies during his tenure at Tofaş Türk Otomobil Fabrikası A.Ş. Between 2008 and 2012, he served at Plastiform Sanayi ve Ticaret A.Ş. as General Coordinator, Vice Chair of the Board, and Chair of the Board, and from 2014 to 2019, he served as an independent member of the Board at Otokar Otomotiv ve Savunma Sanayi A.Ş.

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# BOARD OF DIRECTORS



## Nevzat TÜFEKÇİOĞLU<sup>1</sup>

### Board Member

After graduating from the Faculty of Political Sciences, Department of Economics and Finance at Ankara University, Nevzat Tüfekçioğlu was appointed Assistant Accounting Expert at the Ministry of Finance in 1963 and Accounting Expert at the Ministry of Finance in 1966. Mr. Tüfekçioğlu, with 60 years of experience, left public service in 1974 and served in the Koç Holding Finance Group as Deputy Coordinator, Coordinator, Vice President, and Head of Audit and Finance Group, before retiring in 2001. Between 2001 and 2006, Tüfekçioğlu served as Auditor at Koç Holding A.Ş., as a Board Member at Evyap A.Ş. from 2005 to 2006, and as a Board Member at Kıraca Holding A.Ş. from 2013 to 2017. Tüfekçioğlu currently serves as a Board Member at Entek Elektrik Üretimi A.Ş., Suna-İnan Kıraç Foundation, and Türkiye Family Health and Planning Foundation. He also serves as an Advisor at the Vehbi Koç Foundation and as an Auditor at the Türkiye Education Volunteers Foundation and the Geyre Foundation.



## Müfik ATASEVEN

### Independent Board Member

After graduating from the Faculty of Political Sciences, Department of Business Administration at Ankara University, Müfik Ataseven first earned a Doctorate Qualification (DEA) at Université Paris IX Dauphine, subsequently conducted a State Doctorate study on the Automotive Industry in Türkiye, and participated in the INSEAD executive program in Fontainebleau. Mr. Ataseven, with 41 years of experience, worked at OYAK General Directorate, Investments and Subsidiaries Department, as Deputy Director and served as a Board and Audit Committee member at Oyak-Renault, Mais, Omsan, Tukaş, Enkaş, Adana Çimento, and Oyak Menkul Değerler. Subsequently, between 1988 and 1997, Ataseven held positions at Renault SA in France, including France Trade Directorate (DCF), Dealer Network "Dealer Profile" Project Manager, Central Marketing Directorate - Marketing and Pricing Director, Le Havre Branch Manager, and Special Representative for International Operations (DOI). Between 1997 and 2003, Ataseven served as Deputy General Manager of Renault Mais Commercial Operations, and from 2003 to 2007,

he served as Commercial General Manager at TOFAŞ. He also held the positions of General Coordinator at OYDER, General Manager at Citroën Baylas, Board Member at Baylas and Baytur, Executive Board Member of the DEİK Turkish-French Business Council, and Board Member and Chair at ODD. Ataseven has lectured as an instructor at Galatasaray University and as a part-time instructor at Bilkent University. He currently serves as Strategic Partner at the Executive Development Unit of Sabancı University and continues to operate as an Executive at MEFA Consulting and Interactifs Türkiye, both of which he established in 2009.

<sup>1</sup> As of February 16, 2026, Nevzat Tüfekçioğlu resigned from the Board of Directors. The biography and related information included in the report have been prepared based on the roles he held during the 2025 fiscal year.

<sup>2</sup> As of January 2026, Hüseyin Kaan Özkan resigned from his position as Independent Board Member. The biography and related information included in the report have been prepared based on the roles held during the 2025 fiscal year.



## Hüseyin Kaan ÖZKAN<sup>2</sup>

### Independent Board Member

Born in 1964, Kaan Özkan graduated from Ankara Yükseliş Private College and subsequently earned a Bachelor's degree in Industrial Engineering from Middle East Technical University. He then studied French for two years. Özkan began his career at Oyak Renault in 1992, holding successive positions as Head of Vehicle Factory Logistics Department, Vehicle Factory Manager, CEO of REVOZ d.d., and General Manager of Oyak Renault. During his three-year tenure as General Manager, he served as a Member of the Advisory Board at MESS (Turkish Employers' Association of Metal Industries), Board Member at YASED (International Investors Association), and Vice President at OSD (Automotive Manufacturers Association).



# SENIOR MANAGEMENT

## Okan BAŞ

### Executive Board Member and CEO

Mr. Baş, who completed his undergraduate studies in Mechanical Engineering at Boğaziçi University and his master's degree in Mechanical Engineering at Clemson University (USA), has 36 years of experience. He began his professional career in 1987 as a Mechanical Engineer in the Engineering Support Department at TOFAŞ Bursa Factory and held various positions within TOFAŞ until June 2016. Between 1991 and 2002, he worked at TOFAŞ Bursa Factory as Workshop Manufacturing Chief, Engine Manufacturing Unit Manager, Body Manufacturing Unit Manager, Assembly Manufacturing Unit Manager, and Dablo Product Manager. From 2002 to 2016, he served at the TOFAŞ Headquarters in Istanbul as After-Sales Director, Mini Cargo Project Manager, After-Sales Spare Parts Director, FIAT Business Unit Director, and Aegea Project and Business Development Director. Mr. Okan Baş was appointed CEO of Karsan Otomotiv Sanayii ve Ticaret A.Ş. on July 1, 2016.

## Kenan KAYA

### Deputy General Manager of Financial Affairs and Finance

Mr. Kaya, who completed his undergraduate studies in Finance at Marmara University in 2004, went on to complete the Executive MBA EDP program at Sabancı University in 2012. He subsequently completed certificate programs in Strategic Financial Management at BMI & Marmara University in 2018, Corporate Risk Analysis and Management at Paris

Sorbonne Business School & BMI in 2021, and Organizational Leadership and Negotiation Mastery at Harvard Business School in 2024. He began his professional career in 2006 in the Finance Department at Döktaş Dökümcülük A.Ş., where he worked in treasury and reporting until 2011. Between 2011 and 2013, he held managerial roles at Aktaş Holding with responsibilities in Finance, Budget Planning, Reporting, and Control. Between 2013 and 2016, he served as Country Controller and Director of Financial and Administrative Affairs at Sofiteks A.Ş. Since February 1, 2016, Mr. Kaya has been with Karsan, initially serving from 2016 to 2018 as Director of Budget Planning and Control and, on an acting basis, as Director of Accounting. As of January 1, 2019, Mr. Kaya has been serving as Deputy General Manager of Financial Affairs and Finance.

## Ahmet Muzaffer ARPACIOĞLU

### Deputy General Manager of Domestic Sales and External Relations

Mr. Arpacioğlu, who completed his undergraduate studies in English Business Administration at Marmara University and his MBA at the University of Birmingham, began his professional career in 1988 as a Sales Coordinator at Kofisa Dış Ticaret. He then continued his career between 1990 and 1997 at Tofaş Oto Ticaret, serving first as Regional Manager and Fleet Sales Manager, and subsequently as Regional Coordinator. In 1997, he assumed the position of Deputy General Manager at Karsan Pazarlama A.Ş. Between 2000 and 2009, he served as Sales Director

at Automobiles Peugeot, and from 2009 to 2016, he served as General Manager at Karland A.Ş. Between April 2016 and February 2017, he served as General Manager at Karsan Pazarlama, and since February 2017, he has been serving as Executive Board Member at Karland Otomotiv. Between February 2017 and December 2020, Mr. Arpacioğlu successfully served as Deputy General Manager of Commercial Affairs at Karsan. Since December 2020, he has continued contributing to the Company's commercial operations as Deputy General Manager of Domestic Sales and External Relations.

## Deniz ÇETİN

### Deputy General Manager of Global Commercial Affairs

After graduating from the Department of Mechanical Engineering at Yıldız Technical University, he earned an MBA at Goldey Beacom College in the U.S. and subsequently completed a master's degree in Automotive Engineering at Boğaziçi University. Mr. Çetin began his professional career in 2004 as a Design Engineer at Mercedes Benz Türk A.Ş. Between 2007 and 2011, he served as After Sales Field Coordinator for international markets at Temsa Global A.Ş., and from 2011 to 2012, he held the position of Regional Director of Customer Relations at General Motors Türkiye. Between 2012 and 2020, he held successive positions at Temsa Ulaşım Araçları A.Ş. as Manager of International After Sales, Spare Parts Sales Manager, and Key Account Sales Manager, and during the final four years, he served as Country Manager

responsible for North American operations. Between 2020 and 2023, Mr. Çetin served as Deputy General Manager of Export at Karsan. Between 2023 and 2024, he served as Deputy General Manager responsible for Commercial Affairs at WrightBus UK. Between 2024 and 2025, he served as Deputy General Manager of Export. Since November 2025, he has been serving as Deputy General Manager of Global Commercial Affairs at Karsan.

## Aslı ÖR

### Global Marketing and Tender Sales Director

She graduated from Marmara University, Department of German Business Administration, and completed the Executive MBA program at Koç University in 2019. Ms. Aslı Ör began her professional career in 2006 as a Marketing Specialist at Anadolu Isuzu. In 2007, she joined Tofaş, taking on managerial roles in strategic areas such as CRM, pricing, product management, marketing programs, and campaign management. Between 2014 and 2017, she contributed to the company's growth and transformation processes while serving as Product Marketing Manager and Marketing Business Development Manager. She joined Karsan in September 2017 and served as Marketing Manager until 2020. Between 2020 and 2025, she continued to lead the company's growth strategies in global markets as Marketing and Export Director. Since November 2025, she has been serving as Global Marketing and Tender Sales Director.

# SENIOR MANAGEMENT

## Barış HULİSİOĞLU

### R&D Director

Barış Hulisioğlu, who completed his undergraduate (2001) and graduate (2006) studies in Mechanical Engineering at Uludağ University, began his professional career in 2006 as a Design Engineer at Hexagon Mühendislik. Between 2009 and 2013, he served as Team Leader, and between 2013 and 2017, as Project Leader at Hexagon Mühendislik, working on projects in the automotive, defense, and maritime industries. Mr. Hulisioğlu began his career at Karsan Otomotiv in 2017 as Product and Project Engineering Manager, and since November 2020, he has been serving as R&D Director.

## Ergün KORU

### Deputy General Manager of Procurement and Supply Chain

Ergün Koru graduated from Istanbul Technical University in Mechanical Engineering in 2001, earned an MBA at Uludağ University, and as of 2025, is pursuing a doctoral dissertation in Business Administration. He also completed the “High Impact Leadership” program at the University of Cambridge in 2020, the “Professional Coaching” program at Adler Central Europe in 2021, and selected certificate programs on “Effective Leadership” at Harvard Business School in 2024. Mr. Koru began his career in 2002 at Otosima A.Ş. as Quality Officer and subsequently served as Manufacturing and Quality Manager, Engineering Manager, and Factory Manager. Between 2007 and 2018, Mr. Koru worked at Tofaş

Türk Otomobil Fabrikası A.Ş., serving successively as Cost Engineer, Supplier Quality and Development Manager, and finally as New Project Procurement and Method Planning Manager. Between 2018 and 2021, Mr. Koru served as Cost Improvement and Systems Development Manager at Türk Traktör ve Ziraat Makineleri A.Ş. He joined Karsan Otomotiv A.Ş. in July 2021 as Quality Director, was appointed Director of Procurement in May 2022, and since June 2024, has been serving as Deputy General Manager responsible for Procurement and Supply Chain.

## Mustafa TÜKENMEZ

### Quality Director

He completed both his undergraduate and graduate studies in Mechanical Engineering at Middle East Technical University. After graduating, Mr. Tükenmez began working at Tofaş and held various positions at Tofaş Türk Otomobil Fabrikası A.Ş. and Fiat between 1992 and 2022. He worked successively as Method Engineer at Tofaş from 1992 to 1995, Manufacturing Engineer from 1995 to 2000, Mechanical Manufacturing Lines Engineering Officer from 2000 to 2001, Manufacturing Engineering Coordination Officer at Fiat GM Powertrain, Türkiye from 2001 to 2002, Italy Business Excellence System Team Manager at Fiat GM Powertrain, Italy from 2002 to 2003, Manufacturing Engineering Transmission Machining System Officer at Fiat GM Powertrain, Italy from 2003 to 2006, Project Coordinator at Tofaş from 2006 to 2008, Product Reliability and Product Evaluation Unit Officer from 2008 to 2011, Doblò Model Quality Manager from 2013

to 2015, Product Quality Manager from 2015 to 2022, and Manufacturing Quality Manager from 2017 to 2022. Mr. Tükenmez, who joined Karsan Otomotiv in 2022, has been serving as Quality Director.

## Mücahit KORKUT

### Human Resources Director

After graduating from the Department of Mechanical Engineering at Middle East Technical University, Mr. Korkut began his professional career in 1989 as Maintenance and Investment Engineer at Çemtaş Çelik Makina Sanayi ve Ticaret A.Ş. Between 1991 and 2018, he served at Tofaş Türk Otomobil Fabrikası A.Ş., successively as Method Engineer, Total Quality Officer, Quality Model Manager, After-Sales Technical Training Manager, Dealer Human Resources Manager, Tofaş Academy Manager, and Human Resources Area Manager. Mr. Korkut joined Karsan in 2018 as Human Resources Manager and, as of June 2022, has been serving as Human Resources Director.

## Haydar VURAL

### Agile Leader of Digital Transformation, Information Technologies, and Cybersecurity

After graduating from the Department of Computer Engineering at Boğaziçi University, he completed his master's degree in Computer Engineering at Boğaziçi University and earned an MBA at Bologna Business School. Mr. Vural began his professional career as a research assistant at the university. Between 2003 and 2006, he worked as an Analyst Programmer at Yapı ve Kredi Bankası, and between 2006 and 2008, he managed the venture he founded. Between 2008 and 2018, he assumed managerial responsibilities in various positions at Akbank, Finansbank, Garanti Bankası, and AvivaSA Emeklilik ve Hayat. He subsequently served at Tofaş for five years, leading the corporate artificial intelligence transformation in addition to overseeing information technologies management in the manufacturing and commercial domains. Since 2023, he has been serving as Agile Leader of Digital Transformation, Information Technologies, and Cybersecurity at Karsan.

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# SENIOR MANAGEMENT

## Hazım Kubilay DİNÇER

### Spare Parts and Domestic After-Sales Services Director

After completing his undergraduate studies in Mechanical Engineering at Middle East Technical University, Mr. Dinçer began his professional career in 1992 as Mechanical Engineer in the Method Bodywork Department at Tofaş Bursa Factory and held various positions within Tofaş until April 2017. Between 1992 and 2006, Mr. Dinçer worked at Tofaş Bursa Factory as Workshop Engineer, Product Process Specialist, Body Manufacturing Engineering Specialist, Industrial Product Specialist, Palio/Albea-Doblo Quality Model Manager, and R&D Doblo Platform Quality Manager, and between 2006 and 2017, he served as After-Sales Technical Manager at Tofaş Central Office, Istanbul. Mr. Dinçer was appointed to the After-Sales Services Directorate at Karsan Otomotiv Sanayii ve Ticaret A.Ş. on April 1, 2017. Since March 1, 2020, he has been serving as Director of After-Sales and Spare Parts.

## İbrahim Onur BAYSAL

### Director of Legal and Internal Audit

After completing his undergraduate studies in Law at Ankara University, Mr. Baysal subsequently earned a master's degree in Law at Ankara University, a master's degree in Philosophy at Galatasaray University, and a master's degree in Law and Finance at Oxford University. Mr. Baysal began his professional career at the Capital Markets Board (SPK) in 2009 and served as Coordinator of the Legal Department at Karsan Otomotiv Sanayii ve Ticaret A.Ş. between

2020 and 2023. After working at Erdem & Erdem Law Firm in 2023, he returned to Karsan Otomotiv Sanayii ve Ticaret A.Ş., where he continues to serve as Legal Director.

## Ender KAYHAN

### Production Director

After completing his undergraduate studies in Chemical Engineering at Middle East Technical University, Mr. Kayhan began his career at Karsan Otomotiv Sanayii ve Ticaret A.Ş. in 1999 as Paint Shop Manager. He subsequently served successively as Method Manager and Product Manager, and later as Factory Manager at Akçalar 2. Mr. Kayhan continues to serve as Manufacturing Director at Karsan Otomotiv Sanayii ve Ticaret A.Ş.

## Kemal Cihan YAYCIOĞLU

### After-Sales Services Export Director

Having completed his undergraduate studies in Electrical and Electronics Engineering at Çukurova University, Mr. Yaycıoğlu began his professional career in 2004 as an R&D Design Engineer at Temsa Skoda Sabancı Ulaşım Araçları A.Ş. He subsequently held positions as Regional Coordinator for the Americas, Country Sales Manager, and in the International After-Sales Services Department. Since March 2024, he has been serving as the After-Sales Services Export Director at Karsan Otomotiv Sanayii ve Ticaret A.Ş.

## Orhan DÖNMEZ

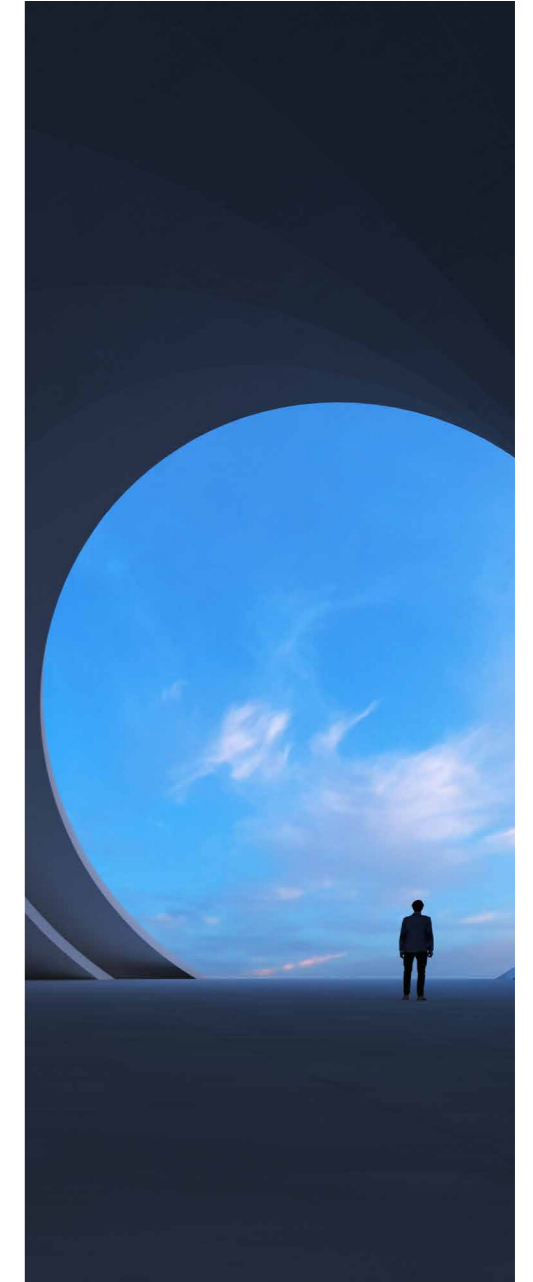
### Deputy General Manager of R&D

Having completed his undergraduate and master's degrees in Mechanical Engineering at Istanbul Technical University, Mr. Dönmez began his career in 2004 as an R&D Engineer at Mercedes Benz Türk A.Ş. He then worked for approximately four years as a Mechanical Engineer at Daimler Buses in Germany, followed by four years in Algeria as an Organization Manager at Daimler Truck AG, serving as an Expert. After serving as New Products and Americas Projects Manager at Daimler Buses | EvoBus GmbH, he assumed the role of R&D Director in 2022. As of April 2024, Mr. Dönmez took on the role of Management Consultant at Karsan Otomotiv Sanayii ve Ticaret A.Ş., and in August, he was appointed Deputy General Manager of R&D.

## Yusuf Serkan MURAT

### Procurement Director

He completed his undergraduate studies in Industrial Engineering at Uludağ University and his master's degree in Industrial Engineering at Istanbul Technical University. He began his career in 2003 as a Procurement Engineer at Valeo. He then served at Tofaş A.Ş. for eight years as a Project Management Specialist, three years as a Project Leader, and three years as Procurement Manager for Electrical and Electronic Systems. He subsequently worked as Group Procurement Director at odelo Türkiye and then as Procurement Director at Yazaki Europe for two years. Since March 2025, he has been serving as the Procurement Director at Karsan Otomotiv Sanayii ve Ticaret A.Ş.



# SUBSIDIARIES

Karsan, with a tradition of establishing national and international business partnerships, holds direct and indirect shares at varying rates in its subsidiaries operating in diverse sectors.

Trade Name	Company's Scope of Activity	Paid-in / Issued Capital	Company's Share in Capital	Currency	Company's Share in Capital (%)
Karsan Otomotiv Sanayi Mamulleri Pazarlama A.Ş. in Liquidation	Automotive and Spare Parts Marketing	151,090,764	9,712,264	TRY	6.43
Karsan North America LLC	Sales and Marketing	0	0	USD	100
Karsan Europe S.r.L	Vehicle Sales and After-Sales Services	700,000	700,000	EUR	100
Karsan İç ve Dış Ticaret A.Ş.	Vehicle and Spare Parts Sales and Marketing	5,000,000	5,000,000	TRY	100
Hervouet Corporate Industry SAS	Automotive and Spare Parts Marketing	1,400,000	1,400,000	EUR	20
Hervouet Corporate Lease SAS	Financial Leasing	30,000	6,000	EUR	20
E-Buskar Sociedad Limitada Unipersonal	Sales and Marketing	1,113,000	1,113,000	EUR	100



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# KARSAN FACILITIES

We develop innovative, technology focused solutions by supporting our manufacturing capacity with our R&D center.



Hasanağa  
Manufacturing  
Plant

Karsan has been manufacturing commercial vehicles at its manufacturing plant located in Hasanağa, Bursa, since 1981. Karsan Hasanağa Manufacturing Plant is located 30 km from the center of Bursa, covering a total area of 200,132 m<sup>2</sup>, of which 89,412 m<sup>2</sup> is enclosed.

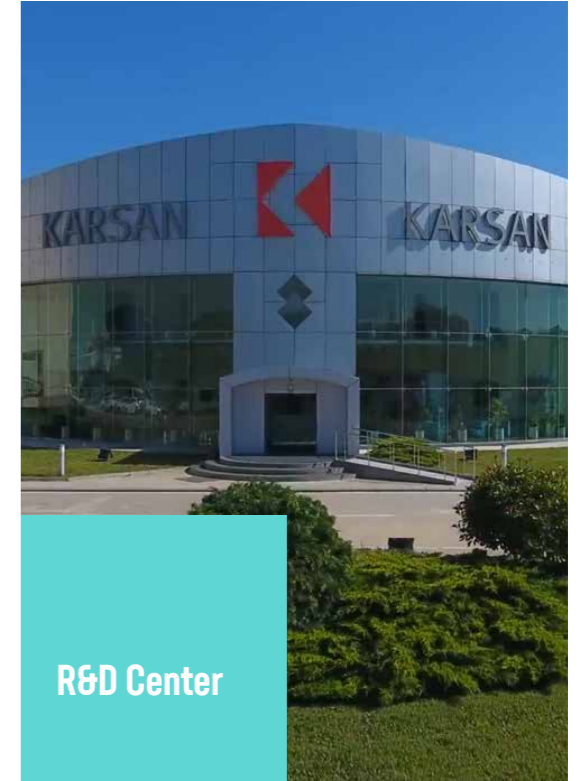
The plant, capable of producing around 20,000 vehicles per single shift, is structured with the flexibility to manufacture all types of vehicles, from passenger cars to heavy trucks, and from minivans to buses. Manufacturing activities at the plant include welding, painting, assembly, and quality control stages.



Bursa OSB  
Facilities

Within the scope of its manufacturing agreement with Türk Traktör, operating in the field of tractors and agricultural machinery, Karsan manufactures tractor cabins and platforms at its Bursa Organized Industrial Zone (OSB) facilities.

The plant, covering a total area of 29,319 m<sup>2</sup>, of which 20,120 m<sup>2</sup> is enclosed, has an annual manufacturing capacity of 10,000 cabins over three shifts.



R&D Center

Karsan has also established an R&D Center, operating on a 1,394 m<sup>2</sup> area, developing innovative products for the automotive industry. The center carries out its activities by designing core OEM products as well as developing community focused sustainable mobility solutions.

Accredited by the Ministry of Industry and Technology of the Republic of Türkiye on 22 July 2019, the R&D Center includes a Prototype Workshop and an Electrical and Electronics Laboratory.

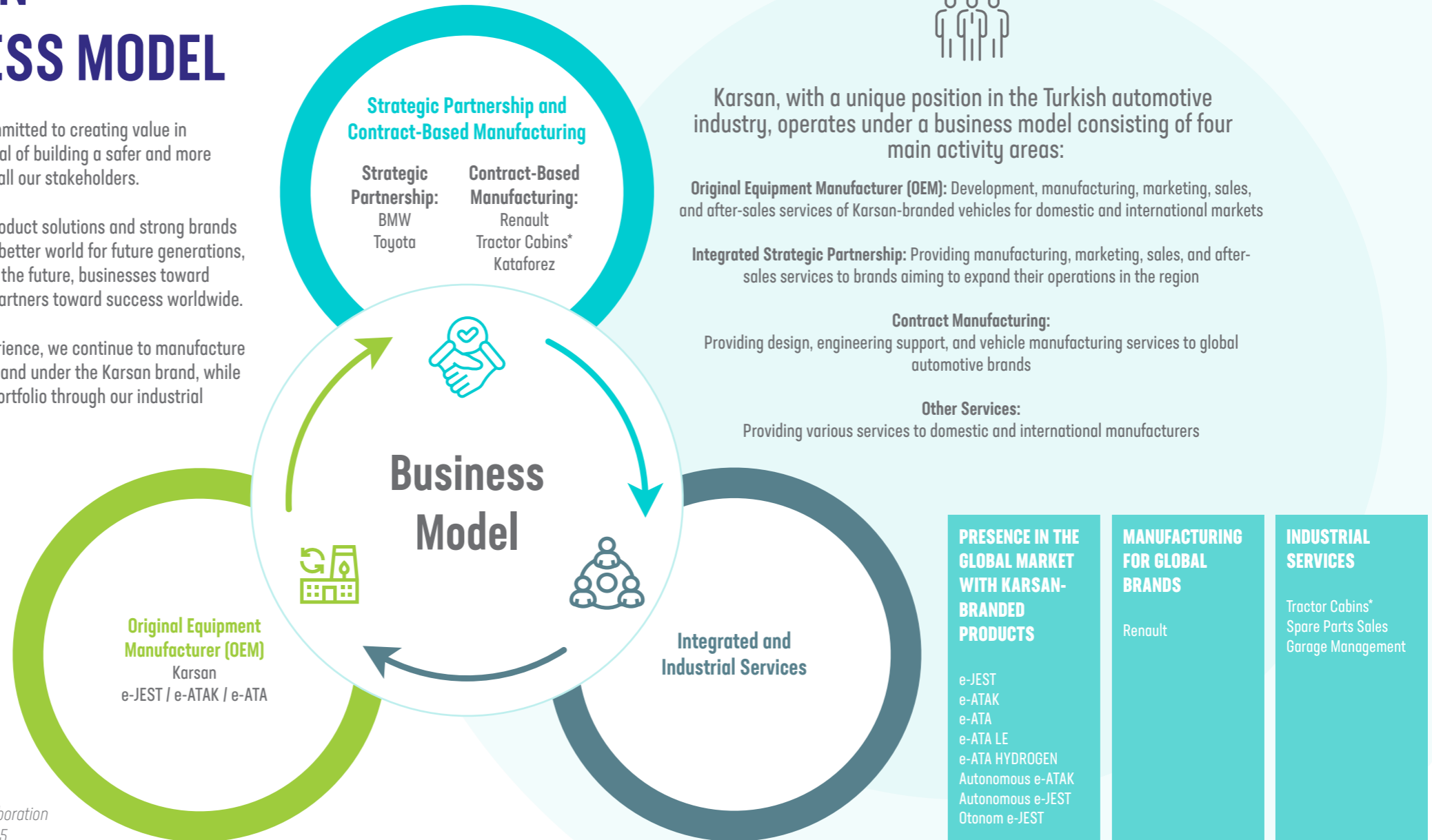


# KARSAN BUSINESS MODEL

As Karsan, we are committed to creating value in every field with the goal of building a safer and more sustainable future for all our stakeholders.

With the innovative product solutions and strong brands we develop to leave a better world for future generations, we drive cities toward the future, businesses toward profitability, and our partners toward success worldwide.

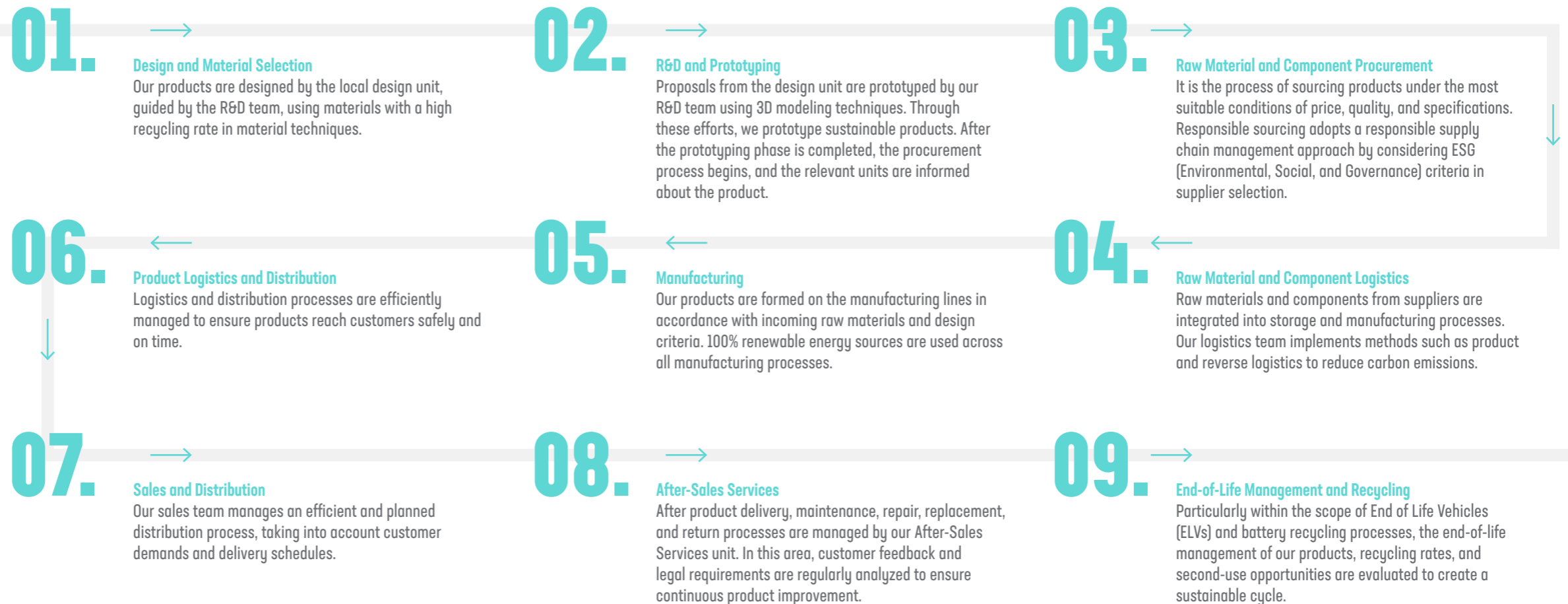
With 60 years of experience, we continue to manufacture both for global brands and under the Karsan brand, while also diversifying our portfolio through our industrial services.



*\*The tractor cabins collaboration ended in September 2025.*

# KARSAN VALUE CHAIN

As Karsan, we place sustainability principles at the core of our business model, adopting end-to-end responsible value chain management. We approach the lifecycle of our products holistically, from design to recycling, considering environmental and social impacts at every stage—from material selection and manufacturing to logistics and after-sales services. From our R&D processes to our supply chain, and from manufacturing to after-sales services, we aim for a low carbon footprint across all operations and implement practices that contribute to the circular economy. Within this scope, we aim to create a sustainable mobility ecosystem through our supply chain management aligned with ESG (Environmental, Social, and Governance) criteria, manufacturing processes supported by renewable energy, and product lifecycle management strategies.



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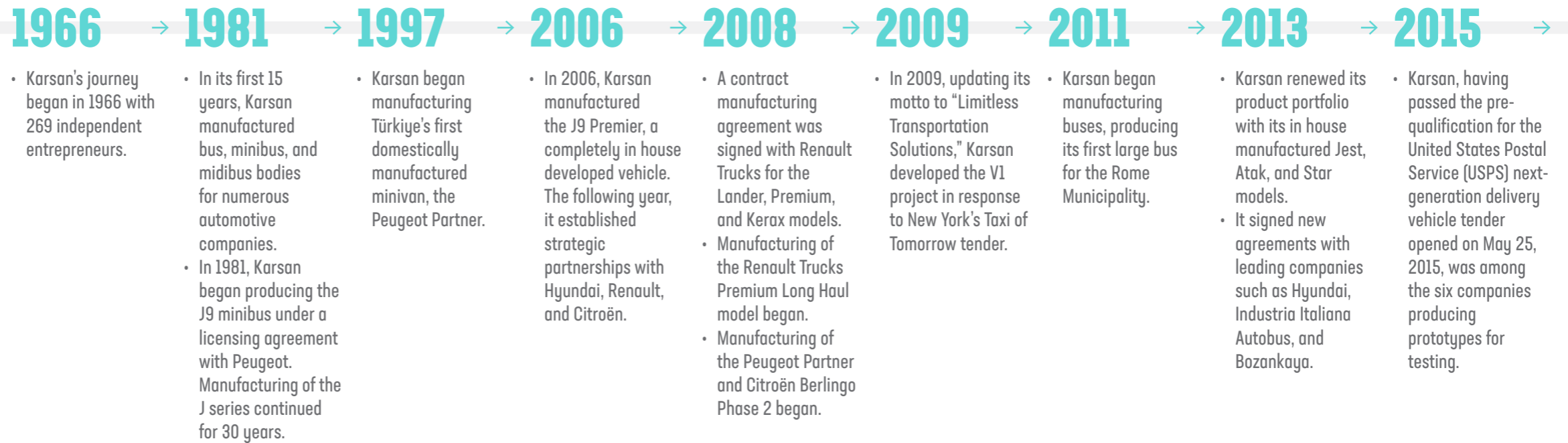
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# MILESTONES



**2017** → **2018** → **2019** → **2021** → **2022** → **2023** → **2024** → **2025** →

- Karsan redesigned the Jest+ with an enhanced aesthetic appearance and upgraded features.

- Karsan's first electric vehicle, the e-JEST, powered by electric components supplied by BMW i, was launched in Munich in collaboration with BMW.

- Karsan began manufacturing its second electric vehicle, the e-ATAK, with a mission to promote a sustainable future and preserve urban natural resources.

- Karsan signed a five-year agreement with Oyak Renault for the manufacturing of the Megane Sedan.
- It introduced the Autonomous e-ATAK, Europe's and America's first series-produced Level 4 self-driving bus.
- It launched the e-ATA series, comprising 100% electric buses in the 10 , 12 , and 18 meter classes, becoming the first and only European brand with a fully electric range spanning from 6 to 18 meters.

- Karsan initiated the manufacturing of the next-generation e-ATA HYDROGEN series, producing its own electricity using renewable green hydrogen and ushering in a new era in electric mobility.

- Karsan became the first European electric bus brand to enter the Japanese market with its new right-hand drive e-JEST model.

- Karsan made a strong entry into the UK market with its e-JEST model, the European market leader, marking a significant step in its vision to shape the future of mobility.

- Karsan rolled the 10,000<sup>th</sup> JEST off the manufacturing line.
- In October, at the Busworld trade fair, Karsan unveiled its new autonomous vision, Karsan AI (Autonomous Intelligence), with the autonomous version of Europe's number-one e-JEST, the Autonomous e-JEST.
- Karsan introduced the e-ATA LE, its 12-meter Class II model, to the world.

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# OVERVIEW OF THE AUTOMOTIVE INDUSTRY

The increasing demand in the electric minibus and bus segment indicates that the sector is demonstrating steady progress with a focus on sustainable mobility.

While European commercial vehicle market sales fell by 21.7% in 2025 in terms of units, the Turkish commercial vehicle market recorded a 7.9% increase.

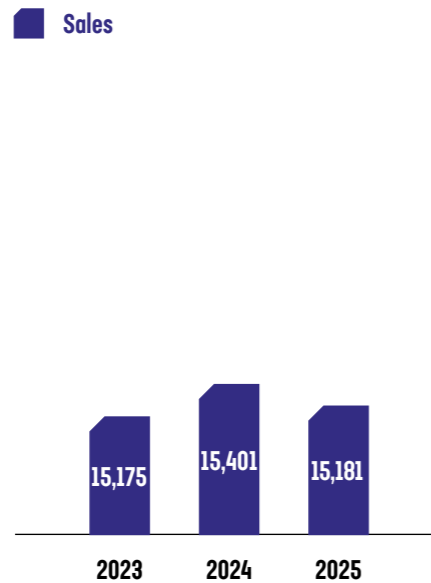
While the European bus market grew by 8% in 2025, the electric bus market increased by 44.8%.

In 2025, the European LHD (Left-Hand Drive) city electric bus and minibus market increased by 39.1% compared to the previous year. In this market, our 6-meter e-Jest, 8-meter e-ATAK, and 10-meter e-ATA 10 models have become leaders in their respective segments.

In 2025, the Turkish automotive market's manufacturing increased by 4% in terms of units. Sales volumes, on the other hand, increased by 10%.

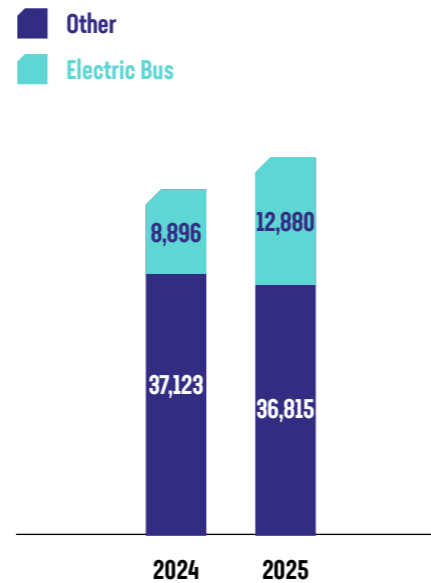
In 2025, Türkiye's commercial vehicle manufacturing reached 546,926 units, representing an 18.7% increase compared to 2024. In the same period, sales reached 329,407 units, an increase of 7.9% compared to the previous year.

**European Bus Market (thousand units)**



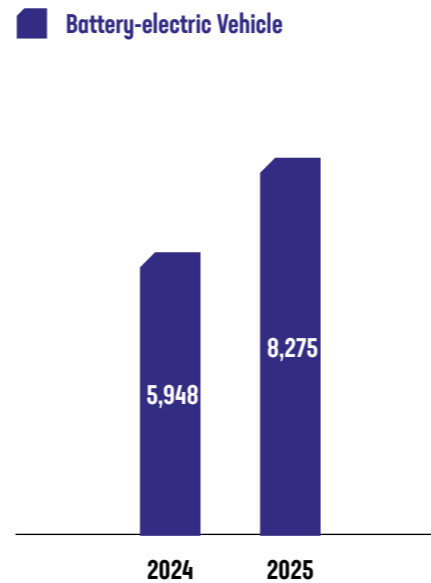
Source: ACEA (AB27 + EFTA + UK)

**European Bus Market (units)**



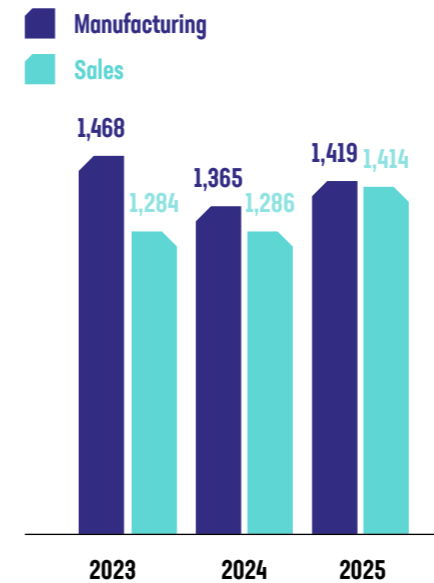
Source: ACEA (AB27 + EFTA + UK)

**European LHD (Left-Hand Drive) City Electric Bus and Minibus Market (units)**



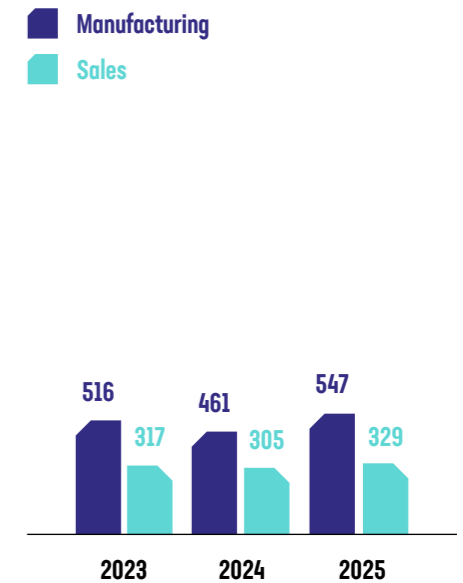
Source: DVV Media, European Market Report + Expert Analysis

**Turkish Automotive Market (thousand units)**



Source: OSD

**Turkish Automotive Market - Commercial Vehicles (thousand units)**



Source: OSD



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## Financial Indicators (thousand TRY)

**20,778,529**

Toplam Assets

**7,233,449**

Equity

**16,599,038**

Revenue

**2,672,205**

Operating Profit

## Operational Indicators

**51,569**

Total Production (units)

**51,517**

Total Sales (units)

**92.7%**

Capacity Utilization Rate (%)

## Manufacturing and Sales Details

**624**

2025 Karsan Electric Bus and Minibus Sales

**2,002**

Cumulative Karsan Electric Bus and Minibus Exports (2018-2025)

# 2025 FINANCIAL INDICATORS

Production (units)			
Product Type	2023	2024	2025
Karsan Diesel	349	248	117
Karsan Electric	369	543	675
Menaribus	22	-	-
Renault Megane	41,237	44,973	50,777
<b>Total</b>	<b>42,067</b>	<b>45,764</b>	<b>51,569</b>

Sales (units)			
Product Type	2023	2024	2025
Karsan Diesel	368	248	116
Karsan Electric	374	547	624
Menaribus	22	-	-
Renault Megane	41,237	44,973	50,777
<b>Total</b>	<b>42,091</b>	<b>45,768</b>	<b>51,517</b>

Revenue (thousand TRY)			
Product Type	2023	2024	2025
Karsan Diesel	1,306,227	989,234	550,027
Karsan Electric	6,542,872	7,746,442	11,069,065
Menaribus	-	-	-
Contract and Industrial Manufacturing	5,846,849	5,488,817	4,979,946
<b>Total</b>	<b>13,695,948</b>	<b>14,224,493</b>	<b>16,599,038</b>

\*The "Other" category consists of revenues generated from spare parts and materials sales, after-sales services, and similar activities.

Capacity Utilization Rate			
	2023	2024	2025
Capacity Utilization Rate (%)	68.7	74.8	92.7

Karsan's current capacity is 55,659 vehicles per year. In 2025, Karsan manufactured a total of 51,569 vehicles, increasing its capacity utilization rate to 92.7%.

# 2025 FINANCIAL INDICATORS

## Summary Financial Statements

Karsan's total assets, which stood at 19,794,360 (thousand TRY) in the fourth quarter of 2024, reached 20,788,529 (thousand TRY) as of December 31, 2025. Revenue, which was 14,224,493 (thousand TRY) in 2024, reached 16,599,038 (thousand TRY) in 2025; meanwhile, operating profit, which stood at 1,329,879 (thousand TRY) in 2024, amounted to 2,672,205 (thousand TRY) in 2025.

Summary Balance Sheet (thousand TRY)	2023	2024	2025
Current Assets	7,963,581	10,004,189	11,332,523
Non-current Assets	7,867,831	9,790,171	9,456,006
Total Assets	15,831,412	19,794,360	20,788,529

Liabilities and Equity (thousand TRY)	2023	2024	2025
Current Liabilities	8,531,336	10,152,744	11,301,951
Non-current Liabilities	2,069,050	2,455,276	2,253,129
Equity	5,231,026	7,186,340	7,233,449
Total Liabilities and Equity	15,831,412	19,794,360	20,788,529

Summary Income Statement (thousand TRY)	2023	2024	2025
Revenue	10,717,162	14,224,493	16,599,038
Gross Profit	1,843,853	2,854,223	4,599,703
Operating Profit / (Loss)	1,615,191	1,329,879	2,672,205
Profit / (Loss) for the Period	532,002	102,576	179,091

## Key Indicators and Ratios

Key Indicators	2023	2024	2025
Gross Profit Margin	0.17	0.20	0.28
Operating Profit Margin	0.15	0.09	0.16
Net Profit Margin	0.05	0.01	0.01

Liquidity Ratios	2023	2024	2025
Current Ratio	0.99	0.99	1.00
Liquidity Ratio	0.72	0.80	0.74
Cash Ratio	0.17	0.15	0.14

Financial Structure Ratios	2023	2024	2025
Total Liabilities / Equity	2.03	1.75	1.87
Current Liabilities / Total Assets	0.54	0.51	0.54
Non-current Liabilities / Total Assets	0.13	0.12	0.11
Property, Plant and Equipment / (Equity + Non-current Liabilities)	0.70	0.56	0.56

Profitability Ratios	2023	2024	2025
Net Profit for the Period / Total Assets	0.034	0.005	0.009
Net Profit for the Period / Equity	0.102	0.014	0.025

# 2025 FINANCIAL INDICATORS

## Credit Rating

JCR Avrasya Derecelendirme A.Ş. In the Credit Rating Report prepared by (JCR) dated May 31, 2024; our Company's long and short-term national ratings have been determined as investment grade at 'A-(tr) / Stable' and 'J2 (tr) / Stable' respectively. Our Company's international ratings, on the other hand, are capped by the sovereign rating. There is no conflict of interest between JCR and our Company.



## Issued Capital Market Instruments

Information regarding our Company's outstanding debt instrument issuances is presented below:

Issuing Entity	Type of Issuance	Type of Security	Issue Date	Maturity Date	Maturity Period	Total Issuance Amount
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Lease Certificate	Private Placement / Sale to Qualified Investors	5.03.2025	4.03.2026	364	250,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Commercial Paper	Private Placement / Sale to Qualified Investors	23.05.2025	22.05.2026	364	500,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Lease Certificate	Private Placement / Sale to Qualified Investors	10.07.2025	08.01.2026	182	350,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Lease Certificate	Private Placement / Sale to Qualified Investors	28.07.2025	26.01.2026	182	189,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Commercial Paper	Private Placement / Sale to Qualified Investors	04.08.2025	03.08.2026	364	250,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Lease Certificate	Private Placement / Sale to Qualified Investors	15.08.2025	11.02.2026	180	150,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Commercial Paper	Private Placement / Sale to Qualified Investors	22.08.2025	21.08.2026	364	250,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Commercial Paper	Private Placement / Sale to Qualified Investors	17.09.2025	16.09.2026	362	250,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Lease Certificate	Private Placement / Sale to Qualified Investors	23.12.2025	17.06.2026	176	300,000,000



# AWARDS RECEIVED IN 2025

As Karsan, we have been honored with a total of 28 prestigious international awards in 2025 for our achievements in innovation, sustainability, and shaping the future of mobility. We dedicate these awards—a testament to our vision of shaping the future of mobility through innovative solutions and working towards a sustainable tomorrow—to our valued employees.



**Frost & Sullivan**  
- Company of the Year Award



**Great Place To Work**  
- Great Place To Work Certificate  
- Best Workplace in Social Integration and Occupational Safety  
- Best Workplace in Social Responsibility  
- Best Workplace in Production and Manufacturing



**Brands Review Magazine Awards**  
- Most Innovative Vehicle Manufacturer  
- Industrial Innovation and Excellence  
- Full-Range Electric Vehicle Manufacturer  
- Global Transportation Solutions Innovator



**eMove 2025**  
- Best Autonomous Vehicle Award



**Busplanner**  
- Best Electric Articulated Bus Award



**Stevie Awards**  
- New Generation Powerful Partnership  
- Autonomous Material Handling Vehicle  
- Autonomous Navigation in Traffic



**Global Business & Finance Magazine**  
- Global Transportation Solutions Innovator  
- Best E-Mobility Pioneer Company  
- Best Electric Vehicle Manufacturer  
- Most Innovative Commercial Vehicle Company



**Self-Driving Industry Awards**  
- Autonomous Driving Test Award



**Supply Chain Excellence Awards 2025**  
- Supply Chain Award



**Globe Awards**  
- Achievement in Diversity, Equity, and Inclusion  
- Achievement in Cost Management  
- Achievement in Sustainability  
- Autonomous Delivery Robots



**OSBÜK**  
- Company with the Highest R&D Investment



**BUKAD**  
- Company of the Year Supporting Women



**TEGEP Learning and Development Awards**  
- Development Program for Manufacturing /Service Field Employees



**Sustainable Business Awards Türkiye**  
- Diversity and Inclusion Award

# HIGHLIGHTS IN 2025



## Karsan Rolled the 10,000<sup>th</sup> JEST Off The Manufacturing Line.

The 10,000<sup>th</sup> vehicle of the JEST model family, which began manufacturing in 2013, rolled off the lines at the Hasanağa Plant in Bursa. JEST, which we define as a “Game Changer,” has rewritten the rules of the game worldwide, particularly in Europe. We take pride in rolling off the 10,000<sup>th</sup> vehicle of Europe's best-selling electric minibus for five consecutive years.



## New Vehicle Launch: e-ATA LE

e-ATA LE became the standout launch of the UITP 2025 Summit in Munich, presented as a next-generation Class 2 electric public transport solution. Specifically developed for hybrid routes of 1–2 hours—connecting city centers, suburbs, and neighboring cities—it offers a range of over 500 km, a capacity of 90 passengers, and high levels of comfort.



## New Vehicle Launch: Autonomous e-JEST

Autonomous e-JEST, which made its world premiere, offers a next-generation and reliable autonomous mobility solution for cities by combining e-JEST's 7-year global electric success story with Autonomous e-ATAK's 4-year autonomous experience.



## We Performed Three Major Launches at Busworld Europe.

The world premiere of the Autonomous e-JEST, the e-ATA Hydrogen developed in collaboration with Toyota, and the new face of the brand's autonomous vision: Karsan AI.



## New Vision: Karsan AI (Autonomous Intelligence)

While offering zero-emission, sustainable, and innovative public transport solutions with our fully electric product family, we are now carrying this powerful legacy into the era of smart mobility. The next step of our Electric Evolution journey: Karsan AI represents a holistic mobility intelligence that perceives, makes real-time decisions, and continuously learns. This approach demonstrates Karsan's vision of going beyond being just an electric vehicle manufacturer to develop autonomous, smart transportation solutions that work in harmony with cities.



## 5 New Projects in 1 Year with Autonomous e-ATAK

Autonomous e-ATAK, the first Level 4 autonomous bus in America and Europe, added 5 new projects in 2025 alone, building upon the 7 projects it has successfully executed since 2022. The future of mobility is being reshaped by autonomous technologies, and as Karsan, we are at the very heart of this transformation.



## Transparent Environmental Performance in Our Products with EPD Certifications

We have completed the Environmental Product Declaration (EPD) certification processes for our e-ATAK, e-ATA 10 m, e-ATA 12 m, and e-ATA 18 m product groups. Through these efforts, we have presented the environmental impacts of our vehicles throughout their entire life cycle in a measurable and transparent manner, in full compliance with international standards.

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# HIGHLIGHTS IN 2025



## A Strong Step Toward Renewable Energy

We have started renewable energy production by launching our solar power plant investment with an installed capacity of 3,524 kWp. With the commissioning of this investment, we will meet our entire electricity consumption used in manufacturing from renewable energy sources, crossing a significant milestone toward our carbon-neutral manufacturing targets.



## We Published Our First Integrated Annual Report in Compliance with TSRS.

We published our first TSRS-compliant Sustainability Report and Integrated Annual Report. With this step, by addressing our environmental, social, and governance (ESG) performance alongside our financial results through a holistic perspective, we have significantly strengthened our transparency and reporting maturity.



## A New Era in Sustainability Governance

In 2025, we restructured our sustainability governance framework and established the Sustainability Committee, chaired by the CEO. While defining working groups for environmental, social, and governance (ESG) categories, we established our new sustainability strategy and sustainability targets.



## Inclusive Workplace with the Barrier-Free Future Project

Within the scope of our project, with a focus on accessibility and inclusivity, we implemented sign language-supported VR training, visual content, and mini-screen information systems for our hearing-impaired employees. While strengthening our inclusivity approach through these practices, our project was honored with an award in the Diversity and Inclusivity category at the 2025 Sustainable Business Awards.



## Pet-Friendly Living Space at Our Manufacturing Plant

In collaboration with Nilüfer Municipality, we implemented the "Pet-Friendly Plant" project for the cats living within our manufacturing plant grounds. Through our circular economy approach, we transformed a decommissioned, idle minibus into a cat living space equipped with solar panels and an underfloor heating system. Through our healthcare, vaccination, and sterilization efforts, we are delighted to have received the "Pet-Friendly Business Certificate."



## From Workshop to the Future: Girls' Development Platform

In 2025, we launched the "From Workshop to the Future" Girls' Development Platform to support the development and equal opportunity of girls. With this initiative focused on education and awareness, we aim to strengthen our gender equality approach at an early age.



## A New Era in Leadership

We updated our New Manager Development Program to strengthen our managers' personal, team, and business leadership skills. The program, covering the 2025-2026 period, supports the development of our managers in various areas such as leadership, team management, sustainable decision-making, and digitalization awareness through its modular training structure and one-on-one coaching sessions.

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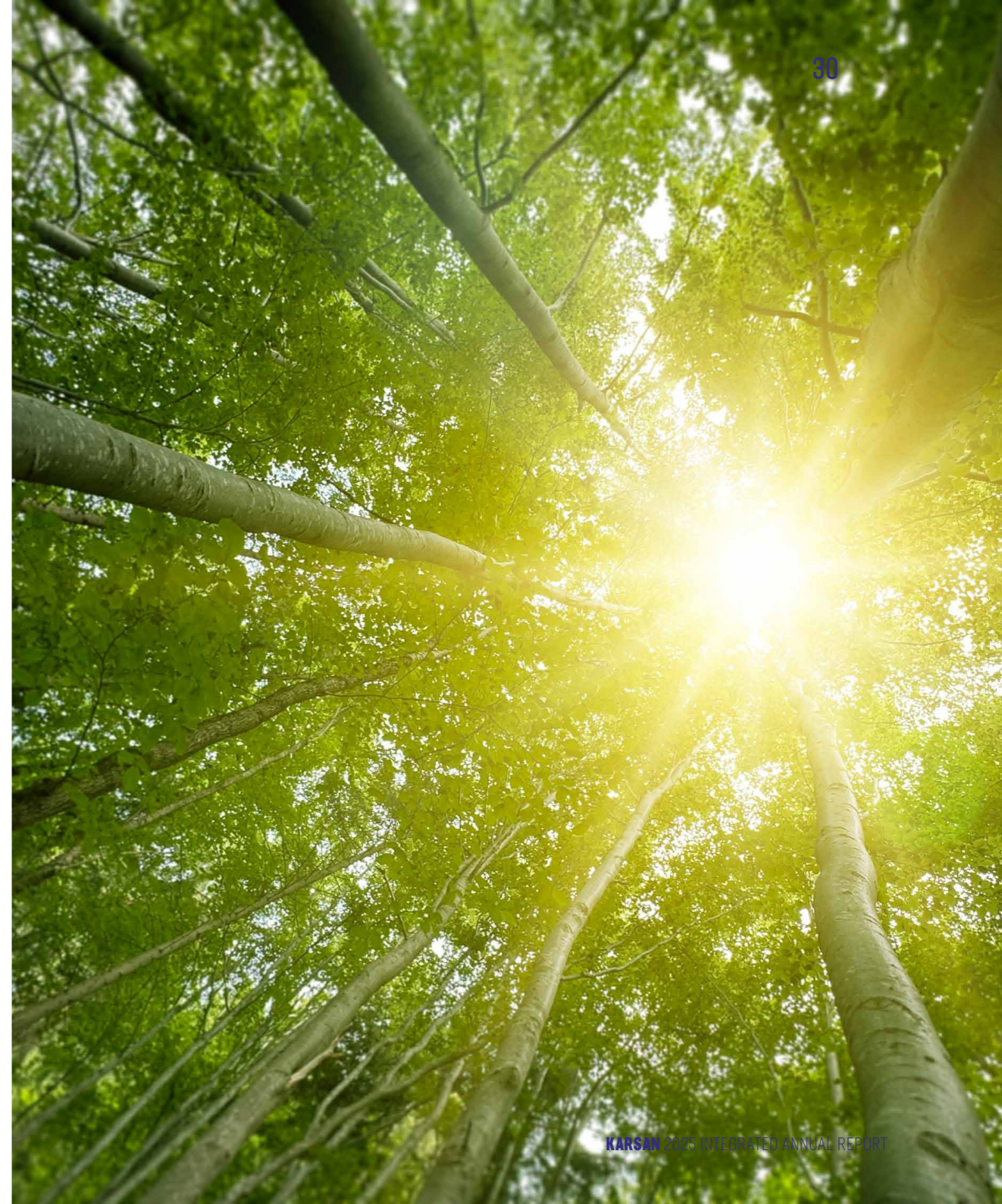
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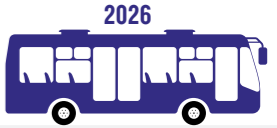


# KARSAN'S SUSTAINABILITY JOURNEY

By placing sustainability at the core of our business model, **we support the carbon-free mobility transformation through our technological and manufacturing power.**

In line with our vision of shaping the future of mobility, as Karsan, we view sustainability not merely as a goal but as the cornerstone of our business model. While creating a transformation that supports carbon-free mobility through our products and services, we manage our business strategies in an integrated manner with sustainability principles. By utilizing technology and innovation as tools, we aim not only to minimize our environmental impact but also to create long-term value for society and the economy. Within this scope, we define our sustainability priorities and support our processes with team-based targets.

# KARSAN'S SUSTAINABILITY JOURNEY



## 2020

- World Class Manufacturing (WCM) Environmental and Energy initiatives have begun.
- A Zero Waste Management System has been established.
- An Environmental and Energy Loss System has been established.
- The Zero Waste Oil project has started.
- The autonomous e-Atak vehicle was launched.
- Gender Equality initiatives were carried out in collaboration between Karsan and ILO.
- The first Corporate Carbon Footprint (ISO 14064-3) studies were conducted.

## 2021

- ISO 50001 (Energy Management System) certification was obtained.
- The first Sustainability Report was published.
- An Electronic Waste Collection campaign was carried out in collaboration with TEGV.
- The Sustainability Committee and Sustainability Working Group were established.
- The first official WCM audit was conducted.
- The launch of the 100% electric e-ATA was held.
- Karsan's Environmental and Climate Change Policy was established.
- The Code of Conduct System was established.
- The first CDP application was submitted.
- The membership to the Global Compact was achieved.

## 2022

- Thanks to the Zero Waste Management System, the recycling and recovery rate of waste has reached 99%.
- The 2030 Carbon Neutral Roadmap has been created.
- Planning was done for the Internal Carbon Pricing Project.
- The Product-Based Carbon Footprint (ISO 14067) studies have commenced.
- The global average score was achieved in CDP.
- A B-level rating was achieved in the BIST 100 Index.
- Feasibility studies for solar energy were initiated.
- A project for assessing the current status of recyclable material usage was launched.
- A battery collection campaign was held.
- The launch of the e-ATA HYDROGEN vehicle was held.
- The "Sustainable Bus Award" was received.
- The company was included in the Borsa Istanbul Sustainability Index.

## 2023

- As part of the 2030 goal to eliminate Scope 1 and Scope 2 emissions, an internal carbon pricing system was established, and the carbon cost of production emissions began to be calculated.
- Carbon emissions were verified for the first time by independent third parties.
- A feasibility study was conducted for the Rooftop Solar Power Plant (GES) planned to be established in 2024.
- It was confirmed that as a result of two independent audits conducted during the year, the WCM management system increased from 19 points to 44 points.
- The efforts to establish a Green Supply Chain infrastructure have begun.
- A cooperation protocol for the purchase of green energy has been signed.
- LCA and product-based carbon footprint reporting studies have started for the e-ATA 12-meter, e-ATA 12-meter Hydrogen, and e-ATA 18-meter models.

## 2024

- Scope 1, Scope 2, and Scope 3 emissions have been calculated.
- Scope 3 emissions were independently verified by third parties for the first time.
- A 3.5 MWh call letter was received within the scope of the Rooftop SPP project.
- In collaboration with EnerjiSA, 100% of the consumed electricity was sourced from renewable energy.
- Lifecycle Assessment (LCA) and product-based carbon footprint reports were prepared for three of our product groups (e-ATA 12 meters, e-ATA 12 meters hydrogen fuel-powered, and e-ATA 18 meters).
- Data was provided to the Ecovadis initiative, and a score of 52 points was achieved.
- A sustainability project application was submitted under the TÜBİTAK Green Transformation Call.
- The LCA report of the hydrogen fuel cell vehicle led to winning the "Sustainable Bus Award."
- "Employee Safety First Project" was awarded a special prize in the Occupational Health and Safety category at the Ortak Yarınlar Award Program.

## 2025

- Rooftop solar power plant installation was completed.
- EPD (Environmental Product Declaration) certificates were prepared for 4 product groups (e-ATAK, e-ATA 10-meter, e-ATA 12-meter, and e-ATA 18-meter).
- The first CBAM (Carbon Border Adjustment Mechanism) declaration was submitted for spare parts.
- With the Barrier-Free Future Project, the Diversity and Inclusion Category Award was received at the Sustainable Business Awards.
- The Electric Vehicles Laboratory was established.
- The "EmPati" (Pet-Friendly Plant) project was implemented.
- Collaborations were established between Karsan and CISV (Children's International Summer Villages).
- While the CDP Climate Change score was maintained at level B, the Water Security score increased by one level, rising from C to B.
- The first Integrated Annual Report and the TSRS-compliant Sustainability Report were published.
- By restructuring the governance framework, the Sustainability Strategy was established and the Sustainability Targets were updated.



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# MATERIALITY ANALYSIS

By evaluating stakeholder expectations and their impact on our business model together, we define our sustainability priorities.

To direct our sustainability efforts most effectively as Karsan, we identified our material topics through a comprehensive analysis process. We periodically review this analysis process and update it in line with the developments in our business strategies. In this process, we conducted a wide-ranging assessment to identify our stakeholders' expectations and the topics of strategic importance for our company.

We gathered insights from 125 employees across different departments of our company and nearly 50 external stakeholders, including business partners, suppliers, investors, customers, academics, and non-governmental organizations. We distributed questionnaires to our stakeholders to evaluate their expectations regarding sustainability topics and Karsan's impact in these areas. The feedback gathered was analyzed and scored using quantitative and



qualitative methods, providing direct input for the prioritization process. We organized a workshop to analyze the responses received and to determine the most accurate priorities.

Based on the workshop results, we identified 18 material topics of critical importance for our company and placed them into the prioritization matrix as Very High Priority, High Priority, and Priority topics. In this way, we have identified both the areas of greatest importance to our stakeholders and the most critical

topics for our company's sustainability strategies. While identifying our material topics, we did not only focus on stakeholder expectations but also conducted a detailed assessment of the potential impacts of these topics on our company, as well as the risks and opportunities they may create. This analysis process has been one of the most critical steps in shaping our sustainability approach. The results of the materiality analysis were reviewed by the senior management and served as the basis for shaping our sustainability strategy.

Very High Material Topics	High Material Topics	Material Topics
Climate Change and Energy Management	Contribution to Local Economy	Social Investments
Customer Satisfaction	Conservation of Biodiversity	Information Security
R&D and Innovation	Efficient Use of Raw Materials	Supporting Local Employment
Employee Engagement and Well-being	Water and Wastewater Management	
Business Ethics and Compliance	Responsible Supply Chain	
Occupational Health and Safety (OHS)		
Employee Experience		
Digitalization		
Corporate Governance		
Equity and Inclusion		

# MATERIALITY ANALYSIS

We focus on areas that influence long-term value creation, primarily climate, innovation, and customer satisfaction.

## Evaluation of Material Topics

As a result of our materiality analysis, we have identified Climate Change, R&D and Innovation, and Customer Satisfaction as the topics of highest importance on the vertical axis, reflecting stakeholder impact and external stakeholder expectations. On the horizontal axis, representing our company's financial and operational impacts, Climate Change, R&D and Innovation, and Occupational Health and Safety emerged as the prominent topics. The fact that Climate Change and R&D and Innovation are among the topics with the highest impact on both axes demonstrates the critical importance of these areas for Karsan's long-term value creation.

### Climate Change and Energy Management

We evaluate climate change as a transformation area that encompasses both significant risks and strategic opportunities for our operations. Increasingly strict emission regulations in our primary markets, particularly in Europe, and the increasing demand

for low-carbon transportation solutions make the transformation of our product portfolio a strategic priority. In this context, we are scaling zero-emission mobility solutions by developing our fully electric e-JEST, e-ATAK, and e-ATA models, alongside our e-ATA HYDROGEN vehicles featuring hydrogen technology. We supply all the electricity used in our manufacturing processes from renewable sources, reduce our operational costs through energy efficiency projects, and regularly monitor our Scope 1, 2, and 3 emissions. Through this approach, we manage climate-related regulatory risks while creating opportunities for revenue growth by accessing new markets with our electric and low-carbon products.

↩ Our climate and energy targets are presented in the [Sustainability Targets](#) section.

### R&D and Innovation

We consider R&D and innovation as a fundamental driver that supports our sustainable growth, ensures product differentiation, and directly impacts our

competitiveness. Our targets in the area of customer satisfaction are presented in the Sustainability Targets section. We position Occupational Health and Safety as a value creation area. In line with evolving regulations, customer expectations, and the transforming transportation needs of cities, we focus on electric, connected, and next-generation mobility solutions, and continuously develop our product portfolio. Through our R&D investments, we are not only strengthening our position in existing markets but also creating opportunities to enter new markets and access different customer segments. Our innovative product development approach accelerates the market introduction of low-emission and energy-efficient vehicle solutions, thereby both supporting revenue growth and reducing regulatory compliance costs. In this respect, R&D and innovation serve as a critical strategic lever for Karsan in terms of long-term revenue growth, operational resilience, and the strengthening of brand value.

↩ Our R&D and innovation targets are presented in the [Sustainability Targets](#) section.

### Customer Satisfaction

We regard customer satisfaction as a critical value driver for strengthening our brand reputation, ensuring the continuity of repeat sales, and developing long-term business partnerships. To meet the increasing performance, reliability, and sustainability expectations of public transport operators, we focus on continuous improvement in product quality, after-sales services, and customer experience. By integrating customer feedback into our product development and operational processes, we increase

vehicle reliability, reduce maintenance costs, and support service continuity. Through this approach, we strengthen customer loyalty while maintaining our competitive position in the market and supporting revenue continuity. Customer satisfaction is one of the fundamental social value areas for Karsan, which both directly impacts financial performance and strengthens long-term market resilience.

↩ Our targets in the area of customer satisfaction are presented in the [Sustainability Targets](#) section.

### Occupational Health & Safety (OHS)

We regard occupational health and safety as a critical risk management area that directly impacts our manufacturing continuity, employee well-being, and operational performance. Ensuring safe working environments in our manufacturing facilities is of strategic importance for preventing labor losses, reducing unplanned downtime, and maintaining quality performance. Within the scope of our risk-based OHS management approach, we focus on reducing occupational accidents by performing regular site audits, hazard analyses, and employee training. In this way, we minimize operational disruptions and labor costs, while supporting manufacturing efficiency and employee engagement. Effective OHS management is a fundamental value creation area for Karsan in terms of both mitigating operational risks and strengthening long-term corporate resilience.

↩ Our Occupational Health and Safety performance indicators and roadmap are presented in the [Occupational Health and Safety](#) section.

# SUSTAINABILITY STRATEGY

We updated our sustainability strategy through a participatory workshop process and structured it under the title **“Carrying Into the Future with Responsibility.”**

At Karsan, we regard sustainability as a natural part of our business model and a fundamental element of our long-term value creation. In line with our operational structure supporting zero-emission mobility, we aim to reduce our environmental impacts, strengthen our social contribution, and continuously improve our corporate governance standards. We operate with a focus on creating sustainable business processes at every point, from corporate governance to supply chain management, and from manufacturing to product design. With this approach, we restructured our corporate strategy in 2025 by placing sustainability at the center of our business conduct and defined sustainability as one of Karsan's eight core business strategies.

We build our sustainability strategy on four pillars: innovative mobility solutions that scale clean and smart transportation; a decarbonization approach aiming to reduce our climate impacts at every stage of our value chain; a human-centric inclusivity ecosystem that places our employees and society at the heart of the transformation; and an ethical and transparent governance model that manages all these areas with the principles of transparency, ethics, and

accountability. In line with our “Carrying Into the Future with Responsibility” approach, these four focus areas constitute the value areas of Karsan's sustainability framework. At Karsan, we shape the future of mobility through innovation and aim to provide measurable benefits to the planet, people, and society with every step we take. Thus, we bring together environmental responsibility, social contribution, and corporate resilience through a holistic value creation approach.

## Sustainability Workshop

In 2025, we conducted a sustainability workshop with the active participation of our senior management. Within the scope of this workshop, we collectively evaluated our long-term sustainability vision; and addressed our strategic priorities, sustainability targets, and focus areas in alignment with our business model. By evaluating stakeholder expectations and operational needs through a holistic perspective, we determined tangible action areas in environmental, social, and governance dimensions. While forming the primary input for shaping our sustainability strategy, this process contributed to establishing an applicable roadmap aligned with our corporate goals.



# SUSTAINABILITY STRATEGY

## DRIVING FORWARD WITH RESPONSIBILITY

Karsan leads the future of mobility with clean innovation, ensuring every step creates sustainable value for people, society, and the planet.



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# SUSTAINABILITY TARGETS

While forming our sustainability strategy in 2025, we also structured our short, medium, and long-term target sets that will transform this strategy into tangible actions. In line with our strategic value areas and material topics, we have structured these targets to be specific, measurable, achievable, relevant, and time-bound (SMART), in light of their impacts on our business model, stakeholder expectations, and the outputs of our materiality analysis. By addressing environmental, social, and governance dimensions through a holistic approach, we aim to strengthen our operational performance, manage risks effectively, and support long-term value creation. In this context, we regularly monitor our progress, report our performance transparently, and continue our efforts with a commitment to continuous improvement.

Strategic Value Area	Material Topic	Sustainability Target	2025 Annual Performance	Related SDG
 Innovating Clean Mobility	R&D and Innovation	Initiating at least two (2) technology collaborations for autonomous driving systems every year	The Karsan-Adastec partnership for autonomous driving systems continues. There were no new technology collaborations initiated in 2025.	 
	Digitalization	Maintaining a 3% savings rate through digital transformation projects every year	We achieved savings of 15.1% through the digital transformation projects we implemented.	 
	Product Quality and Safety	Increasing the recycling or second-life rate to 20% by 2030	We completed the EPD process for four electric vehicles and deepened our product-based environmental impact analyses. We are developing the data infrastructure for the systematic measurement of current recycling rates.	
 Decarbonizing Value Chain	Climate Change and Energy Management	Meeting 100% of electricity consumption from renewable energy sources by 2026	The rooftop solar power plant investment with a capacity of 3,524 kWp was completed. We aim to meet our electricity consumption from our own renewable energy sources in 2026.	 
	Climate Change and Energy Management	Achieving net-zero Scope 1 and 2 emissions by 2030	<b>Total Scope 1: 10,369 tCO<sub>2</sub>e</b> <b>Total Scope 2: 12,981 tCO<sub>2</sub>e</b>	
	Water and Wastewater Management	Ensuring the recycling of 20% of wastewater by 2030	The project for the reuse of treated wastewater as manufacturing water in collaboration with HOSAB is currently in the feasibility assessment stage.	 
	Water and Wastewater Management	Conducting ESG assessments for 50% of critical suppliers and 30% of all suppliers by 2035	We have initiated risk-based mapping studies for our critical suppliers.	 

# SUSTAINABILITY TARGETS

Strategic Value Area	Material Topic	Sustainability Target	2025 Annual Performance	Related SDG
 <p>Fostering People &amp; Communities</p>	Equity and Inclusion	Increasing the ratio of female employees to 30% by 2030	Ratio of female employees: 12% Ratio of female white-collar employees: 27% Our efforts to increase female employment are ongoing.	 
	Equity and Inclusion	Increasing the ratio of female managers to 30% by 2030	Ratio of female managers: 21%	
	Equity and Inclusion	Increasing accessible manufacturing areas for employees with disabilities to 15% by 2030	The baseline year measurement for accessible manufacturing areas has not yet been conducted; the methodology and dataset are planned to be established in 2026.	 
	Occupational Health and Safety (OHS)	Reducing the Lost Time Injury Frequency Rate (LTIFR) annually and maintaining it below 3	The LTIFR decreased from 11.1 to 4.9 in 2025. Our corrective and preventive actions to reach the target level are ongoing.	 
	Employee Engagement and Well-being	Increasing the employee satisfaction rate to 85% by 2030	Employee satisfaction rate: 66% Our efforts to improve feedback processes and employee experience are ongoing to increase satisfaction.	 
	Social Investments	Conducting a total of 10 new programs with NGOs by 2030	We have implemented 3 new programs: "The Codes of HR" and "Maintenance School" with BUSIAD, and "Future Workshop" with the ILO.	
 <p>Ensuring Future-Proof Governance</p>	Business Ethics and Compliance	Establishing a Human Rights Compliance Management System by the end of 2028	We have initiated our efforts to establish the Human Rights Compliance Management System.	
	Business Ethics and Compliance	Providing 2 hours of Ethics and Human Rights training per employee annually	Number of employees who received ethics training: 647 Total ethics training hours (person-hours): 108	
	Responsible Supply Chain	Ensuring the implementation of the Code of Conduct across all suppliers by 2035	Our suppliers are obliged to demonstrate full compliance with Karsan's Code of Ethical Conduct and Implementation Procedures.	 
	Corporate Governance	Increasing the ratio of women on the Board of Directors to 15% by 2035	There are no women members on the Board of Directors. Our efforts to increase diversity in the Board of Directors structure are ongoing.	 

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# SUSTAINABILITY GOVERNANCE STRUCTURE

We integrate our sustainability agenda into corporate decision-making processes through **executive ownership and cross-functional coordination.**

At Karsan, sustainability governance is structured to ensure the integration of environmental, social, and governance (ESG) risks and opportunities into business strategies. The ultimate oversight of sustainability matters is carried out by the Board of Directors; the process is managed through the Sustainability Committee, operating under the leadership of the CEO, and relevant working groups.

The Board of Directors evaluates sustainability and climate topics in conjunction with the Company's long-term targets, investment decisions, and financial resilience; it monitors the effectiveness of the governance process through the Corporate Governance Committee. As the CEO also serves as a member of the Board of Directors, the sustainability agenda is directly conveyed from the executive level to the Board.

The Sustainability Committee, chaired by the CEO, is responsible for determining and implementing Karsan's short, medium, and long-term sustainability strategies. The Committee

establishes sustainability targets, monitors performance indicators, and regularly reports progress to the Board of Directors. The Committee includes senior executives from Manufacturing, R&D, Procurement and Supply Chain, Human Resources, and Finance functions; thus, the sustainability approach is addressed holistically across the entire organization.

Five main working groups operating under the Sustainability Committee (Operational Impact and Carbon Management, Life Cycle and Innovation, Green Supply Chain, Social Impact and Inclusivity, and Risk and Sustainable Finance) ensure the implementation of strategies at the operational level. These groups develop projects within their respective areas of responsibility, monitor performance, and report the outcomes to the Committee. These efforts are disseminated to the field through sustainability ambassadors appointed from various departments, ensuring ownership across the entire organization.



Sustainability Committee Chair: CEO				
Production Director	Deputy General Manager, R&D	Deputy General Manager, Procurement and Supply Chain	HR Director	CFO
Operational Impact and Carbon Management Working Group	Life Cycle and Innovation Working Group	Green Supply Chain Working Group	Social Impact and Inclusivity Working Group	Risk and Sustainable Finance Working Group



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# STAKEHOLDER ENGAGEMENT

We ensure continuous engagement with our stakeholders through structured and regular communication channels.

At Karsan, we prioritize maintaining an open, continuous, and participatory communication process with all our stakeholders. We continuously improve our communication channels to understand our stakeholders' expectations and to further strengthen our sustainability governance.

In our Ordinary General Meetings held every year, we share our company's long-term strategies, sustainability targets, and performance, and we integrate the views and suggestions of our stakeholders into our decision-making processes.

Stakeholder Group	Communication Method	Communication Frequency
Employees	Surveys and Research	At Various Intervals
	Training Activities	At Varying Intervals
	Karsan Code of Ethics	At Varying Intervals
	Internal Communication Platforms	At Varying Intervals
	Suggestion and Reward System	At Varying Intervals
	Working Groups and Committees	At Varying Intervals
	Performance Management and Career Development Meetings	At Least Once a Year
	Employee Portal	At Least Once a Year
	Social Events	At Least Once a Year
	Management Meetings	Once a Year
	Communication Meetings	Once a Year
	Annual Report	Quarterly
	Sustainability Report	Once a Year
Customers	One-on-One Meetings	Upon Request
	Annual Report	Quarterly
	Customer Satisfaction Surveys	Once a Year
	Sustainability Report	Once a Year
	Integrated Portal	Ongoing
Suppliers	Social Media	Daily, Every Other Day
	One-on-One Meetings	Upon Request
	OHS Committees	Once a Month
	Annual Report	Quarterly
	Sustainability Report	Once a Year
	SAP	As Needed
	Technology Day (Planned Suppliers)	Monthly
Kıraça Holding	B2B Meetings (Potential Suppliers)	Twice a year
	Supplier Day	Once a Year
	General Meetings	Once a Year
	Annual Report	Quarterly
	Sustainability Report	Once a Year
	Board of Directors Meetings	7 Times a Year
	Group-wide Internal Communication	As Needed

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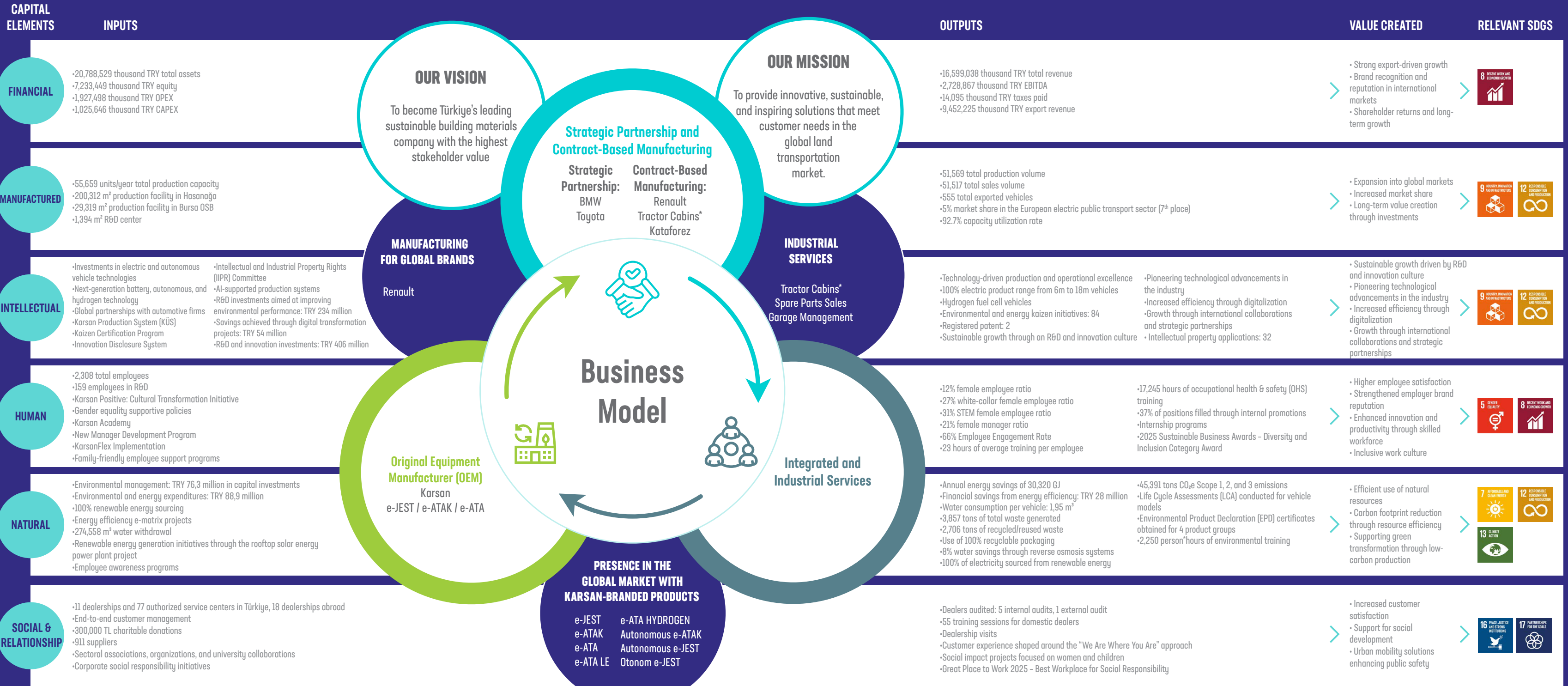
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Stakeholder Group	Communication Method	Communication Frequency
Investors and Shareholders	General Meetings	Once a Year
	Annual Report	Quarterly
	Sustainability Report	Once a Year
	Board of Directors Meetings	As Needed
	Material Disclosures	As Needed
	In-person Investor Presentations	Once a Year
	Online Investor Presentations	3 Times a Year
	One-on-One Meetings	Upon Request
	Public Disclosure Platform (KAP)	As Needed
	Public Authorities / Public Institutions	Meetings and Consultations
Briefing / Information Reports		At Various Intervals
Public Audits / Regulatory Inspections		At Irregular Intervals / Ad-hoc
Annual Report		Quarterly
Sustainability Report		Once a Year
Media	Public Disclosure Platform (KAP)	As Needed
	Interviews and Dialogues	Upon Request
	Meetings and Consultations	Several Times a Year
	Press Releases	As Needed
	Material Disclosures	As Needed
	Annual Report	Quarterly
	Sustainability Report	Once a Year
Non-Governmental Organizations (NGOs)	Social Media	Daily, Every Other Day
	Memberships	Ongoing
	Working Groups	Periodic
	Committee and Board Memberships	Periodic
	Joint Projects and Initiatives	Upon Request
	Meetings and Consultations	Upon Request
	Annual Report	Quarterly
	Sustainability Report	Once a Year

# KARSAN VALUE CREATION MODEL





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# INNOVATING CLEAN MOBILITY

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# R&D AND INNOVATION

In 2025, 58% of our R&D and innovation investments were allocated to projects aimed at improving environmental performance.

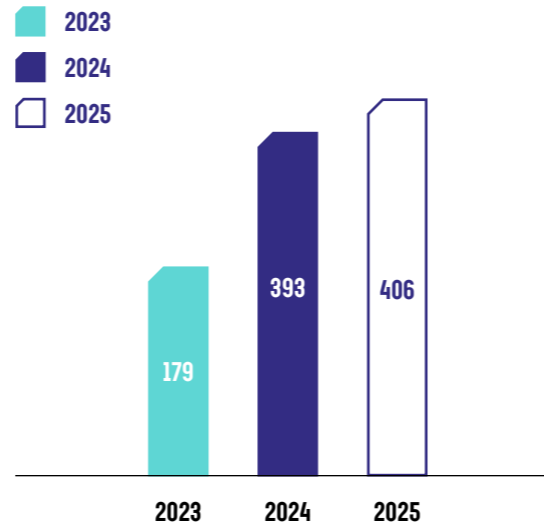
In line with our vision to shape the future of mobility, we develop innovative solutions that steer technology and contribute to a sustainable transportation ecosystem. By placing R&D and innovation at the core of not only our product development processes but also our way of doing business, we focus on producing smart, eco-friendly, and competitive mobility solutions.

We conduct our R&D activities through our R&D Center, which was accredited by the Republic of Türkiye Ministry of Industry and Technology in 2019. By strengthening our organizational structure, we are disseminating our culture of innovative product development and developing industry-leading projects with our expert team. In this context, while steadily increasing our R&D and innovation investments, the number of employees working in our R&D and innovation departments reached 159 as of 2025.

In 2025, our R&D and innovation investments focused on autonomous driving technologies, AI-powered smart manufacturing approaches, next-generation electric and hydrogen vehicle solutions, and sustainability-oriented development activities aimed at improving

environmental performance. Accordingly, while our R&D and innovation investments stood at TRY 406 million, our R&D investments aimed at improving environmental performance reached TRY 234 million.

R&D and Innovation Investments by Year (TRY Million)



15%

Savings Through Regenerative Recovery



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# R&D AND INNOVATION

## Our R&D Organization

<b>Electrical and Electronic Design Engineering</b>	Electrical, Electronic and Vehicle Software Engineering
	Wiring and Customer Systems Engineering
	Engineering Quality, Functional Safety, and Cybersecurity
<b>Systems Engineering</b>	Thermal Systems Engineering
	Electromechanical Systems Engineering
	Chassis Systems Engineering
	High-Voltage (HV) Systems Engineering
	Low-Voltage (LV) Systems Engineering
<b>Vehicle Engineering</b>	Homologation Engineering
	PLM and Configuration Engineering
	Prototype Engineering and Concept Design Engineering
	Concept Design Engineering
<b>Mechanical Design Engineering</b>	Body and Virtual Analysis Engineering
	Exterior Trim Engineering
	Passenger Area Interior Trim Engineering
	Driver Area Interior Trim Engineering
	Routing Engineering

## Karsan R&D Center Management Process

Phase	Content
<b>Project Plan Creation</b>	Preparation of preliminary scope, schedule, and budget
	Literature, patent and competitor research
	Target market research
	Determination of innovative project management
	Identification of necessary equipment, resources, and application area requirements

## Karsan R&D Center Management Process

Phase	Content
<b>Conceptual Feasibility</b>	Identification of requirements defining the project subject
	Determination of project plan and budget
	Determination of the project team
	Definition of expected project goals and benefits with measurable values
	Definition of conceptual design studies
	Creation of critical/safety parts lists
<b>Economic Feasibility</b>	Preparation of the virtual and physical test and verification plan
	Updating of project scope, schedule, and budget
	Determination of the project design parts list
	Determination of project sub-work package goals
	Updating of project goals and benefits
	Conducting preliminary design studies
<b>Project Approval Stage</b>	Creation of the prototype manufacturing plan
	Preparation of the project risk plan
	Conducting preliminary virtual analysis tests
<b>Engineering Approval Stage</b>	Prototype manufacturing
	Updating of project scope, schedule, and budget
	Detailing of designs and design studies
	Manufacturing of current-level prototypes
	Conducting physical tests
	Completion of manufacturability inquiries
	Design freeze

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# R&D AND INNOVATION

## R&D and Innovation Activities Focused on in 2025

Throughout 2025, we addressed our R&D activities through a holistic approach encompassing product, process, and technology dimensions. Through the “AI-Powered Intelligent Manufacturing System Project,” conducted within the scope of the Eureka program alongside an international consortium of six partners, we aimed to enhance efficiency in manufacturing processes, reduce operational errors, and ensure cost-effective manufacturing management. Within the framework of this project, we have rendered manufacturing lines, logistics flows, and workforce utilization more traceable, flexible, and optimizable.

On the product development side, we upgraded the technology level of battery systems in the e-Jest and e-ATA product groups; and enhanced range, performance, and operational efficiency through updated vehicle infrastructures. Furthermore, through our “Power and Range Revolution with Hydrogen Energy” studies, we developed zero-emission solutions for public transportation applications requiring long range and high operational continuity.

Through our project, “Transition to the Use of Refrigerants with Low GWP Values in Air Conditioning Systems,” conducted with a focus on sustainability, we ensured the reduction of environmental impacts. In

order to enhance the durability of our products against diverse climatic conditions, we select components suitable for higher and lower temperatures in subsystems, and are transitioning to eco-friendly refrigerants with low Global Warming Potential (GWP) in air conditioning and cooling systems. Furthermore, by developing alternative battery configurations to maintain performance under diverse climatic conditions, we strengthen the operational continuity and climate adaptation capacity of our vehicles.

### Contribution to New Product Development and Sustainable Mobility

In 2025, within our R&D Center, we implemented and successfully completed the “ATA 12-meter Low Entry Project” and new battery integration projects across the midibus and bus segments. Thanks to these projects, we developed next-generation vehicle solutions with high energy efficiency and reduced environmental impacts, capable of adapting to different markets and usage scenarios.

With new battery projects, we increased range, performance, and operational efficiency by commissioning technologies with higher energy density and updated electric vehicle infrastructures. Through the ATA 12-meter Low Entry Project, we contributed to our sustainable public transportation goals by offering a solution prioritizing comfort, safety, and regulatory compliance for intercity and long-distance transportation needs.

### Fuel Efficiency, Emission Reduction, and Lightweighting Studies

While continuing our development efforts in line with the zero-emission target at the vehicle level, we are expanding our battery-electric product range with

hydrogen-fueled buses. Furthermore, we address fuel and energy efficiency at the system level throughout the vehicle rather than solely through individual components, adopting a holistic optimization approach through the use of lightweight materials, weight reduction activities, and smart energy management solutions.

In 2025, to reduce vehicle weight, we conducted studies on virtual analysis and simulations, optimized structural designs, and composite and advanced engineering materials. Through these studies, we aimed to reduce mass while maintaining structural durability, thereby lowering energy consumption per kilometer.

Our approach to increasing energy efficiency in our electric vehicle fleet is based on a system-level optimization covering all points where power demand is generated, distributed, and where losses occur. Within this scope:

- **With a centralized and software-based energy management system**, we manage the battery, grid charging, regenerative energy, and additional energy sources, if any, through dynamic algorithms. Taking into account instantaneous power demand, battery state of charge (SOC), and driving conditions, the system automatically determines from which source, when, and in what amount energy will be used. In this way, we reduce unnecessary battery stress, increase energy efficiency, and support battery life.
- **With a current-dependent battery thermal management approach**, we do not activate cooling or heating systems when the current drawn from the battery remains below certain threshold values. We improve total energy performance by reducing

additional consumption from auxiliary systems, especially in urban, low-load, and standby scenarios. This software-oriented control logic contributes directly to the range without requiring any hardware modifications.

- **Through efficiency improvements in driveline and axle technologies**, we are expanding the total efficiency map of the motor-inverter-axle combination. Through higher partial load efficiency, reduced mechanical losses, and an increased recovery rate in regenerative braking, we achieve lower electrical power demand under the same road and speed conditions. By addressing software-based energy management and hardware efficiency improvements together, we reduce losses through a two-layered approach.

We monitor the improvement in energy efficiency through the vehicle-based kWh/km\* performance metric; we verify this value both in controlled test drives and through real-time telemetry data obtained from the field. As for emission reduction, we evaluate it based on the carbon intensity of the electricity consumed rather than tailpipe emissions; we measure and verify the results through international test standards and VECTO simulations.

Through this holistic approach, we systematically improve the total energy performance and indirect emission reduction impact of our vehicles by means of the dynamic optimization of energy flow, the need-based reduction of auxiliary consumption, and the lowering of drive losses.

*\*It refers to the energy consumption per distance traveled.*





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# R&D AND INNOVATION

## Leadership in Autonomous and Electric Vehicle Technologies

We continue our efforts as a pioneering manufacturer that both develops technology in autonomous mobility and successfully implements these technologies in real road conditions. In this direction, our innovation culture approach is built on real-world experience, full compliance with regulations, advanced ADS capabilities, and continuous learning.

Through the driverless passenger transport operation we have been carrying out continuously in Stavanger, Norway since 2021, we have gained significant operational experience in system resilience, climate performance, passenger adoption, and cooperation with regulations. While conducting our operations through Operational Approval processes for autonomous vehicles, for which a standard type approval does not yet exist on a global scale, we simultaneously continue our efforts with European authorities toward the goal of Type Approval.

In this context, we continue our efforts on enhancing ADS capabilities, expanding the ODD scope, redundant system architectures suitable for Level 4 autonomy, digital control centers, and Travel on Demand integrations.

## Circular Economy and Recycled Material Efforts

In 2025, we conducted R&D evaluation studies on the usability of recycled and bio-based materials in vehicle interior trim parts to enhance environmental sustainability and strengthen the circular economy approach. Through feasibility studies on bio-based materials derived from pressed olive pits, we aimed to reduce the use of petroleum-based plastics and lower the carbon footprint. In this context, our R&D evaluations regarding the technical and environmental suitability of the relevant materials are ongoing as of 2025.

## Open Innovation and Intrapreneurship

In line with our open innovation approach, we continue to generate innovative solutions by developing collaborations with different sectors and academia. We view innovation as an integral part of our corporate culture and aim to provide an environment where our employees can share their ideas freely and where these ideas can transform into commercial value. Accordingly, we handle our open innovation activities within a holistic structure, integrated with our intrapreneurship practices and intellectual and industrial property rights management.

To ensure the protection, evaluation, and commercialization of innovative ideas developed by our employees, we actively and systematically manage our Intellectual and Industrial Property Rights (IPR) processes.

The primary practices we carry out in this context are summarized below:



- **IPR Awareness and Information Activities:** We carry out regular information and guidance activities to increase our employees' awareness regarding patent, utility model, trademark, and design rights. In this way, we support the inclusion of developed ideas into the correct IPR processes.



- **Invention Disclosure and Evaluation Process:** Our employees communicate their ideas, which they consider to be patentable, to the R&D Incentives and Process unit via an internal presentation format. We subject the communicated ideas to a preliminary search in national and international patent databases in line with the "worldwide novelty" criterion; based on the results of this preliminary evaluation, we decide whether the idea will be brought before the Intellectual and Industrial Property Rights Board.



- **IPR Board Structure and Decision Mechanism:** We structure our Intellectual and Industrial Property Rights Board with the participation of senior executives from the R&D Assistant General Management, R&D directorates and departments, managers responsible for R&D coordination, as well as the Human Resources Directorate, Finance, Manufacturing, and Export functions. We evaluate the ideas presented to the Board from technical, commercial, and strategic perspectives; for the applications found suitable, we initiate patent, utility model, or other IPR processes.



- **Incentive and Reward Mechanisms:** To encourage the development of ideas with IPR applications and commercialization potential, we support our employees through rewarding and incentive mechanisms. This approach contributes to the proliferation of intrapreneurship and the active participation of employees in innovation processes.



Through this structure, we systematically evaluate innovative ideas from our employees, strengthening our intellectual and industrial property portfolio while developing our internal innovation culture in a sustainable manner. Through our open innovation and intrapreneurship practices, we continue to implement innovative solutions that support our R&D competencies and contribute to the future of mobility.

# DIGITALIZATION

Through the digital transformation projects we implemented in 2025, we increased our process efficiency, achieving a **15.1% improvement and generating a total net financial saving of TRY 54 million.**



At Karsan, we position creating a value-added digital business model and integrating our innovation culture with technology among our strategic priorities. In this regard, we carry out our digital transformation efforts with a holistic approach that increases process efficiency, strengthens decision-making mechanisms, and supports sustainable growth.

As of 2025, our digital transformation focus includes ERP transformation, the transition from Oracle to the SAP platform, DMS (Dealer Management System) projects developed with next-generation architectural infrastructures, and corporate system integrations. In line with our cloud technology transition process, we are building a scalable, flexible, and secure digital infrastructure using modern application architectures based on SAP Fiori-ABAP, .NET, React, and PostgreSQL. Through these efforts, we make our business processes more integrated, traceable, and faster.

In 2025, the following projects were implemented by our Information Technology teams to increase the efficiency and automation level of business processes:

- SAP ERP Transformation Project
- Implementation of Domestic and International DMS Applications
- End-to-End Automation of Audit Processes
- Karsan Supplier Portal Pricing Enhancements
- R&D Project Capacity Management Module
- LFF Line-Side Traceability Project

To strengthen digitalization in R&D processes, we implemented the Soft-Wire application, which enables the management of vehicle software development and wiring requests through a single platform. Through this application, we eliminated fragmented email and Excel-based processes, ensuring that requests are managed with standardized forms, automated approval workflows, a centralized data structure, and reportable metrics. By visualizing the data obtained through Soft-Wire with Power BI, we created user-friendly dashboards and implemented an automated reporting infrastructure. Additionally, we digitalized work planning in the R&D Vehicle Software and Wiring Management processes via Microsoft Planner, establishing an integrated structure with Soft-Wire.

As of December 2025, we have also commenced work on the AI-Powered Requirement-Software-Test System, which analyzes the alignment between system requirements, software codes, and test outputs using artificial intelligence. Through this system, we aim to increase consistency in software development processes and strengthen quality assurance mechanisms.

Through digital transformation projects, we aim to maintain a financial savings rate of at least 3% relative to our total annual costs. In line with this goal, through the digital transformation projects we have implemented, we achieved a net financial savings of TRY 54 million in 2025 as a result of improvements in operational processes and automation applications. Our digitalization investments have driven productivity increases by reducing manual workload, simplifying processes, decreasing error rates, and enhancing resource efficiency.

The savings achieved in this context correspond to a 15.1% improvement when compared with our total costs for the relevant period. The fact that our digital transformation projects not only strengthen technological infrastructure but also create measurable financial contributions makes digitalization a core component of Karsan's sustainable growth and competitiveness strategy.

As part of our digital transformation roadmap in the upcoming period, we aim to expand generative AI solutions, implement company-wide AI competency development programs, scale IoT infrastructures and their integration with operational systems, commission corporate data warehouse and centralized reporting platforms, execute OT Security initiatives, and migrate data centers to the cloud. Through these initiatives, we aim to elevate our digital maturity level, strengthen operational continuity, and support our sustainable digital transformation targets.





# OUR INNOVATIVE PRODUCTS

**Our product range, developed with electric and autonomous technologies, is shaped with a focus on low emissions and high operational efficiency.**

With our vision of staying one step ahead in the future of mobility, we are leading the transformation of the public transportation sector. Through our investments in electric and autonomous vehicle technologies, we develop vehicles that offer both low emissions and high efficiency. By advancing our R&D activities even further, we have carried out significant projects in numerous areas, such as new product platforms, hydrogen fuel cell vehicles, autonomous driving systems, and the use of recycled materials.

Our R&D Center, through innovation-focused enhancements, has enabled our 100% domestic 6-meter e-JEST and 8-meter e-ATAK models to achieve consecutive market leadership in Europe. The development of our e-ATA Hydrogen-fueled bus, which was launched in 2022, is being continued by our R&D team. Furthermore, our 6-meter e-JEST models, developed and manufactured in compliance with North American FMVSS and CMVSS regulations, continue to strengthen our presence in the North American market. In addition, our efforts directed toward the Japanese and UK markets continue with the goal of developing products in compliance with

local regulations and increasing Karsan's presence in these regions. These efforts support the global expansion of our brand value.

By increasing our projects in autonomous vehicle technologies, we aim to expand the use of this technology and achieve a stronger position in the global market. Along with our autonomous vehicles currently in active use in many countries, we also have projects gaining momentum in line with our strategies for entering new markets.

Furthermore, we are taking significant steps to reduce our carbon footprint by expanding the use of recycled materials. By prioritizing sustainability in our vehicle design and manufacturing processes, we aim to minimize environmental impacts. The efforts we carry out within this framework support eco-friendly manufacturing processes while enhancing our competitiveness in the sector.

## Electric Vehicles

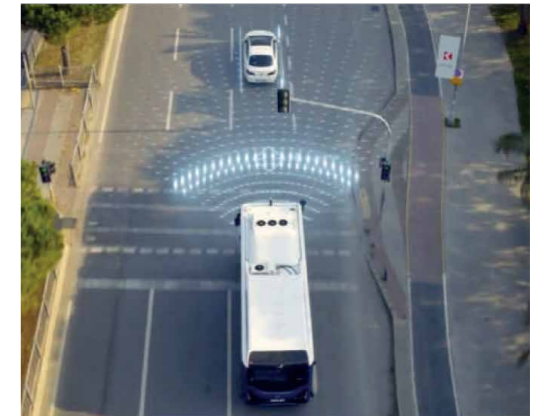
While electric vehicles are recognized as the key to transformation in the public transportation sector,

they play a critical role in Karsan's business model. Our electric vehicle portfolio, expanding as part of our Electric Evolution journey, creates value in alignment with our emission reduction goals. Our models, such as e-JEST, e-ATAK, and e-ATA, offer a comprehensive solution that responds to diverse capacity and usage needs. Optimized for both urban public transportation and long-distance passenger transport requirements, these models were developed to lower operational costs and reduce carbon emissions.

We are increasing our energy efficiency by focusing on areas such as battery technologies, power electronics, and the improvement of drivetrains. Through the use of lightweight materials and innovations in charging infrastructure, we are taking our vehicles' performance to the next level. We monitor emission reductions through VECTO simulations and real-time data analytics, continuously improving our processes. These vehicles not only provide environmental benefits but also enhance our competitiveness in the sector.

## Regeneration Technology

We use regeneration technology in our electric vehicles to increase energy savings and extend the driving range. Through this technology, when the accelerator pedal is released and the brakes are not applied, the vehicle's kinetic energy is transferred to the battery via the electric motor and charged. Under standard driving conditions, this system provides up to 15% energy savings. As a result, our vehicles can travel approximately 45 km further without requiring a charge, thereby increasing operational efficiency.





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# OUR INNOVATIVE PRODUCTS

We are developing next-generation mobility solutions in public transportation through autonomous driving and hydrogen fuel cell technologies.



## Autonomous Vehicles

Autonomous driving technologies hold a significant place in the future of public transportation systems. As these technologies are increasingly adopted today, we at Karsan are increasing our investments in this field and continue to lead the integration of autonomous driving systems into the transportation ecosystem.

Launched in 2019, our Autonomous e-ATAK project aims to demonstrate the potential of driverless transportation in public transit. Equipped with Advanced Driver Assistance Systems (ADAS), this model has been developed to possess Level-4 autonomous driving features. Within defined areas, the vehicle can perform dynamic driving functions without driver intervention and execute automatic steering turns via CAN communication technology, requiring no mechanical intervention. Equipped with "Drive-by-Wire" technology, our autonomous vehicles offer safe autonomous driving through an electric steering system and an advanced sensor network.

The autonomous driving software was developed in collaboration with the Turkish technology firm ADASTEC. The vehicle's environmental perception capabilities are supported by LiDAR sensors and other advanced technologies, ensuring reliable driving in different weather conditions, both day and night. Autonomous e-ATAK is capable of automatically docking at designated stops, managing passenger boarding and alighting, and navigating intersections and traffic lights without a driver.

Ready for mass production as of 2021, Autonomous e-ATAK was first exported to Romania and has begun to be integrated into public transportation systems across Europe. As of 2024, our Autonomous e-ATAK model has begun testing and providing service in various countries. In Stavanger, Norway, tests conducted in an 800-meter tunnel—where communication with the external environment was cut off—were successfully completed. In a first for the United States, passenger transportation operations began at Michigan State University on a 5-kilometer route for on-campus transit. Testing processes continue in France, Finland, Germany, and Romania, while active passenger transportation operations are ongoing in countries such as Norway, the Netherlands, and Switzerland in Europe.

Equipped with LiDAR, Radar, RGB Cameras, GNSS, and advanced sensor technologies, Karsan Autonomous e-ATAK can perform autonomous driving at speeds up to 40 km/h even in challenging weather conditions. It successfully performs tasks such as docking at stops, managing passenger boarding and alighting, and navigating intersections and traffic lights autonomously. The ability to reach a full charge in 5 hours with AC units and in 3 hours with DC units ensures the delivery of uninterrupted service.

While Karsan Autonomous e-ATAK became the first autonomous bus to carry passengers in the USA, it also became the first vehicle to provide ticketed passenger transportation in Norway. It also holds the title of being the first autonomous bus to navigate through a tunnel.

Actively used in the USA, Europe, and Türkiye, Autonomous e-ATAK is expanding its global presence with 9 new projects in 2026, while remaining the first and only Level-4 autonomous bus to carry passengers in open traffic.

## Hydrogen Fuel Cell Vehicles (Fuel Cell Project)

In line with our mission to transform public transportation globally with next-generation technologies, we reinforce our R&D strength through collaborations with the industry's leading players. With our vision of being "One Step Ahead in the Future of Mobility," we support sustainable transportation with over 2,000 electric vehicles spanning 27 countries, primarily in Europe.

Taking our leadership in electrification one step further, we are accelerating our investments in hydrogen fuel cell models. We are taking the projects we have developed by focusing on hydrogen technology since 2022 even further through our strategic collaboration with Toyota. In this context, we will see our first Toyota hydrogen fuel cell vehicles on the roads in 2026.

Our e-ATA Hydrogen model operates with zero emissions by generating electricity through the chemical reaction of the hydrogen fuel cell. The reaction between hydrogen and oxygen generates electrical energy, which charges the vehicle's battery while offering an environmentally friendly driving experience. Providing comfort specifically with plastic or fabric passenger seats, this model delivers high performance on long-distance journeys with its spacious interior and aerodynamic design.

# OUR INNOVATIVE PRODUCTS

Through our engineering approach focused on **lightweight design, smart systems, and energy efficiency**, we simultaneously enhance both product performance and operational efficiency.

## Class II Vehicles

Our vehicles in the Class II segment contribute to the zero-emission target by providing a seamless transition between urban and intercity public transportation. With their medium passenger capacity, these vehicles provide advantages in terms of both environmental sustainability and energy efficiency.

We have designed our Class II vehicles to reduce the need for battery charging during long-distance journeys. In this way, we enhance operational efficiency by offering an uninterrupted driving experience. The spacious interior layout provides comfort and accessibility for passengers while offering ease of use for operators. We enhance durability by improving energy management to optimize total cost of ownership.

Our Class II projects are developed in compliance with European Union regulations. With our vehicles in this segment, we continue to contribute to our industry leadership goal by bridging commercial sustainability and environmental responsibility.

## Vehicle Lightweighting Strategies

Reducing vehicle weight is of critical importance for both lowering energy consumption and providing a longer range. Lightweight vehicles enhance operational efficiency while also contributing to the reduction of carbon emissions. In 2025, we conducted studies on composite materials, advanced engineering materials, and virtual analysis simulations to reduce vehicle weight. Through optimized structural designs, we ensure that our vehicles are lighter and more efficient. Through these efforts, we aim to offer longer range and lower operating costs by reducing energy consumption.

## Smart Systems

Through remote monitoring and diagnostic systems, we increase the operational efficiency of our vehicles and enhance the user experience with big data applications. Furthermore, we are developing autonomous logistic transport vehicles to optimize our internal logistics operations.



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## Our Vehicle Models and Specifications

Our compact and efficient electric minibus, e-JEST, was developed to meet small-scale urban public transport needs. The e-JEST project encompasses the manufacturing of an electric vehicle with a range of up to 260 km on a full charge, charging in 5 hours with AC and 1.5 hours with DC; it features a Class A capacity for 22 passengers and offers all the comfort features and options of existing diesel vehicles. Within this scope, modifications were made to the powertrain, electrical-electronic, and trim components based on the JEST diesel platform, resulting in

the manufacturing of e-JEST. With its user-friendly design and high maneuverability, e-JEST offers the ability to move with ease in narrow streets and heavy traffic conditions.

Having hit the roads following its launch in Germany in 2018, e-JEST has maintained its leadership for 5 consecutive years with a 37% share of the European electric minibus market. This market share indicates that one out of every four electric minibuses registered in the 3.5-8 ton class in Europe is a Karsan e-JEST.

BMW-produced electric motor generating 170 hp and 290 Nm of torque

A range of up to 260 km on a full charge

Regenerative braking system providing up to 25% energy recovery

Leader in the European electric minibus market with a 37% market share

Right-hand drive version for Japan and the United Kingdom

Autonomous e-JEST version equipped with Level 4 autonomous driving features



e-JEST

# OUR INNOVATIVE PRODUCTS

Developed to meet medium-scale public transport needs, e-ATAK offers the advantages of comfort, performance, and zero emissions in urban transportation. As one of the most competitive models in its segment, it stands out with its spacious interior and advanced battery technology.

tons was manufactured for the first time. The development and verification of the electric motor, battery, electronic software, engineering, and processes, as well as the styling of the vehicle, were also conducted by Karsan.

The aim of the e-ATAK project, initiated by Karsan in 2018, was defined as producing a comfortable vehicle with a minimum range of 360 km on a full charge, a maximum charging time of 3 hours with DC, and a Class I capacity for 52 passengers. Within the scope of the project, an electric vehicle with a length of 8 meters and a capacity of 11.5

As one of the brand's most ambitious models since its launch in Germany in 2019, e-ATAK continues to make a name for itself with its successful sales performance in Europe. Maintaining its position as it has for the last 4 years, e-ATAK is the leader of the European electric midibus market for the 5<sup>th</sup> consecutive year in 2024, with a 28.9% market share.

A range of 360 km on a full charge

8 meters in length and a capacity of 11.5 tons

The leader in its segment with a 28.9% market share

Autonomous e-ATAK version equipped with Level 4 autonomous driving features



e-ATAK



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# OUR INNOVATIVE PRODUCTS

With our e-ATA product family, we offer scale and capacity advantages in **the fully electric bus segment ranging from 10 to 18 meters.**

Following the e-JEST and e-ATAK vehicles, we initiated the e-ATA project to expand our product range with the electric heavy-duty commercial passenger bus segment. Designed and engineered by Karsan, e-ATA was made ready for mass production with its launch in 2021 as a fully electric, low-floor, quiet, efficient, economical, and eco-friendly transportation solution featuring

rapid passenger boarding and alighting. Offered in the large-scale electric bus segment, e-ATA meets different capacity requirements with 10, 12, and 18-meter length options. As one of our most preferred models in Europe's largest electric bus fleets, e-ATA has made us the first and only company in Europe to offer a complete product range from 6 to 18 meters.



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Standing out with its autonomous driving capabilities in urban transportation, Autonomous e-ATAK pioneers the transportation systems of the future by enabling driverless operations. Equipped with an Advanced Sensor Package, Karsan Autonomous e-ATAK utilizes a combination of LiDAR, Radar, RGB Cameras, GNSS, and state-of-the-art sensors working in harmony to provide precise navigation and situational awareness under varying weather conditions.

While the design and engineering of this vehicle were carried out by Karsan teams, the software required for

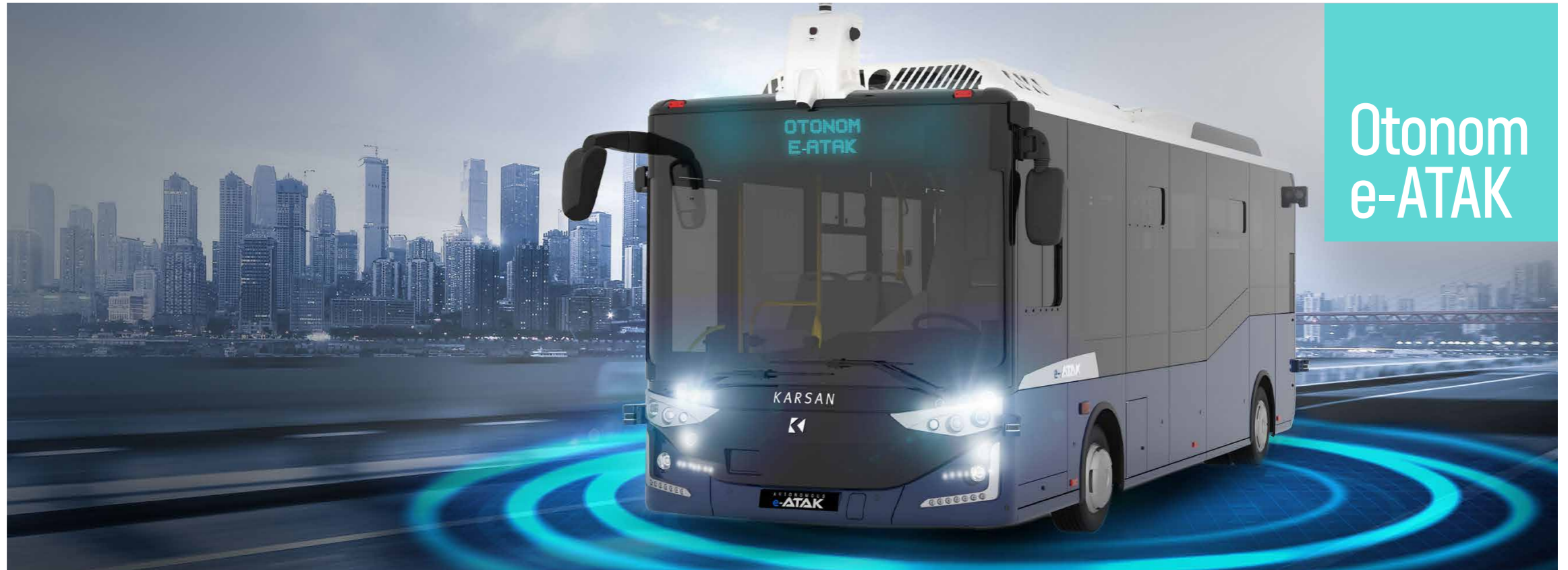
autonomous driving was developed in collaboration with the Turkish company ADASTEC. With all test phases successfully completed, Autonomous e-ATAK was made ready for mass production as of 2021.

Autonomous e-ATAK achieved a global first by transporting passengers on a 5-kilometer route for 1.5 years at the Michigan State University campus in the USA. In Stavanger, Norway, the vehicle recently expanded its existing route to include a section through a tunnel, becoming the first autonomous vehicle to navigate a tunnel.

Level 4 autonomous driving capability

Driverless driving at speeds of up to 40 km/h

LiDAR sensors and intelligent systems



Otonom e-ATAK



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Combining the operational advantages of e-JEST, which has been on the roads since 2018, with the autonomous driving experience accumulated by Autonomous e-ATAK since 2021, Autonomous e-JEST was launched at the Busworld trade fair in October 2025.

Otonom e-JEST



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# OUR INNOVATIVE PRODUCTS

With the hydrogen fuel cell e-ATA Hydrogen, we are scaling long-range, **zero-emission public transportation solutions.**

Powered by a hydrogen fuel cell, e-ATA Hydrogen was specifically developed for transportation requiring a long range. With its high passenger capacity and zero-emission features, e-ATA Hydrogen stands among the transportation solutions of the future. Continuing to support innovation in the automotive sector, the Karsan R&D Center added e-ATA HYDROGEN to its innovative product lineup in 2022. At the 2025 Busworld trade fair, Karsan launched e-ATA Hydrogen, developed in collaboration with Toyota.

A range of 600 km with a hydrogen fuel cell

A passenger capacity of 88 people

Maximum speed: 80-100 km/h

Among the pioneering projects in the hydrogen public transportation segment in Europe



e-ATA  
HYDROGEN

500KM+  
RANGE



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# OUR INNOVATIVE PRODUCTS

e-ATA 12 LE combines high capacity, long range, and enhanced **passenger comfort for urban and suburban routes.**

Our e-ATA 12 LE vehicle is a derivative model developed by specializing our e-ATA 12 Class I vehicle for both urban and intercity (suburban) routes.

In contrast to the completely low-floor structure of our e-ATA 12 model suitable for urban use; in the e-ATA 12 LE Class II model, only the front and middle sections are low-floor, while the rear section features an elevated structure accessed by a few steps. This allows for more seats to be placed, making the vehicle more suitable for longer distances and more comfortable journeys.

All seats are forward-facing

A range of 500 km

200 kW DC charging power

A maximum passenger capacity of 90 people



E-ATA  
12 LE



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# INFORMATION SECURITY AND PRIVACY

**We strengthen our resilience against cyber risks through ISO 27001-compliant processes and continuous monitoring mechanisms.**

At Karsan, we address information security through a holistic approach encompassing people, processes, and technology, aiming to establish a structure that is resilient to cyber risks and compliant with regulations. In this context, information security is managed through a structured Information Security Committee under the supervision of senior management; the committee chairperson and members are appointed annually through official assignment letters. As the senior executive responsible for cybersecurity, our Information Technologies, Digital Transformation, and Cybersecurity Agile Leader coordinates the process.

Our Legal Department is responsible for the processes regarding the protection of personal data. The monitoring of obligations within the scope of the Law on the Protection of Personal Data (KVKK) and the management of related processes are carried out by our Legal Department. Our Information Security team provides support within the scope of technical measures. In this regard, the team contributes to the implementation of technical measures for the protection of personal data and ensures the relevant systemic controls.

We operate our Information Security Management System within the framework of the ISO 27001:2022 standard. We completed our external audits and received our auditor reports within 2025. Furthermore, we ensure the continuity of our system through independent external audits conducted every year in January.

Within the scope of managing information security risks, we record all incidents in line with our information security incident and breach procedure, which are then promptly addressed by our relevant teams. Within the framework of our third-party information security policy, we evaluate our suppliers under ISO 27001 and integrate information security obligations into our contracts.

## Internal Audit and Security Initiatives

In accordance with our Information Technology (IT) security procedures, we conduct regular vulnerability analyses and annual penetration tests, promptly remediating any identified vulnerabilities. In line with our business continuity procedures, we conduct annual tests to remain prepared for potential disaster scenarios.

In our information security management, we actively utilize core processes including business continuity plans and exercises, information security vulnerability analyses and penetration tests, internal audits, independent external audits including ISO 27001, an incident and breach notification mechanism, and information security awareness training for employees. Through this holistic structure, we continuously strengthen both our technical infrastructure and our corporate security culture.

## Awareness Initiatives

We organize annual information security training to enhance employee awareness. In 2025, we provided information security awareness training to 1,500 employees, totaling 3,000 person-hours of training. During the same period, 8 information security breaches were recorded; all cases were evaluated within the scope of our procedures, and the necessary corrective actions were implemented.

## Data Management Initiatives

Within the scope of our data security approach, we implement policies and procedures compliant with the Law on the Protection of Personal Data (KVKK) and relevant local regulations, classify personal data according to confidentiality levels through data inventories, and securely dispose of them at the end of legal retention periods in line with our Data Disposal Policy. In the contracts signed with our domestic and international dealers, we explicitly define obligations regarding the protection of personal data and mandate NDAs for all data sharing with third parties. In this way, we ensure the protection of personal data obtained from both domestic and international sources at both contractual and operational levels.



# INFORMATION SECURITY AND PRIVACY

We manage our information security and privacy processes through a strong infrastructure, regulatory compliance, and a continuous improvement approach.

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We support our information security approach with a robust data management structure. We conduct our data management processes under the following headings:

- **Data Governance:** We establish our corporate data policies by defining data ownership and responsibilities.
- **Strengthening Data Architecture:** We develop data modeling standards and update our database systems with modern architectures.
- **Data Quality Management:** We establish continuous monitoring mechanisms to ensure data accuracy, consistency, and up-to-dateness.
- **Data Security:** We ensure the security and accessibility of data through systems such as Oracle EBS, AWS, Azure, Huawei Cloud, PostgreSQL, Microsoft SharePoint, and Siemens Teamcenter.
- **Data Analytics and Reporting:** We accelerate data-driven decision-making processes through business intelligence and data analytics tools.

We track requests from all business units through centralized systems, perform regular data backups,

and continuously improve our security measures. We perform evaluations in two-week sprints within the scope of agile methodology, continuously analyzing data to improve our processes. Additionally, we monitor process performance through evaluation surveys conducted via M-Files and perform regular reporting.

In 2025, we made significant investments to strengthen our information security infrastructure and increase our resilience against growing cyber risks. In this context, we renewed our existing security architecture and transitioned from Fortinet firewall infrastructure to Palo Alto firewall technology. With this transformation, we have established a redundant structure that prioritizes business continuity. Thanks to this high availability architecture, which was not present in our previous system, we have mitigated potential downtime risks and established our operational continuity on a more robust foundation.

Within the same year, we completed our Data Loss Prevention (DLP) project. With this project, we have begun to monitor our critical data flows more

effectively and have deployed policy sets fully compliant with our organization-specific rules, as well as the requirements of the European Union General Data Protection Regulation (GDPR) and the Law No. 6698 on the Protection of Personal Data (KVKK). In this way, we have both strengthened our obligations regarding the protection of personal data and elevated our preventive control mechanisms against the unauthorized disclosure of corporate data to an advanced level.

By continuously developing our information security and data management processes, we continue to strengthen our corporate structure that is resilient to cyber threats, compliant with regulations, and supports data-driven decision-making mechanisms.

## Disciplinary Processes for Privacy and Personal Data Breaches:

We adopt a zero-tolerance approach to privacy and the protection of personal data. In cases of intentional violations by our employees, we initiate our disciplinary procedures.

Our disciplinary processes are managed by our Human Resources department, and necessary evaluations are conducted based on the nature of the violation.

Moreover, we have a defined information security incident and breach procedure for information security incidents and violations. We conduct the relevant processes within the scope of this procedure.

Information Security Metrics	2024	2025
Information security training hours provided to employees (person-hours)	3,600	3,000
Number of employees provided with information security training	1,800	1,500
Percentage of employees provided with information security training	83%	65%
Number of information security breaches	3	8



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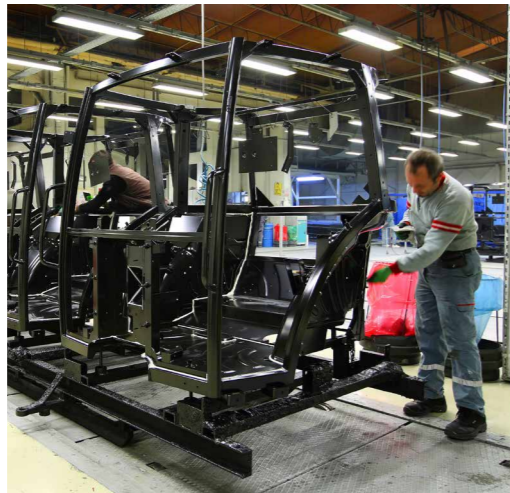
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# PRODUCT QUALITY AND SAFETY

Through our quality management systems and lean manufacturing approach, we manufacture safe, sustainable, and high-performance vehicles.



At Karsan, product safety and quality management form the foundation of our manufacturing processes. We shape our quality policy by focusing on meeting customer needs, developing sustainable and innovative solutions, creating a safe working environment for our employees, and reducing the environmental impact of our activities. By handling our processes with a continuous improvement approach, we support our competitiveness in the global market.

We conduct our quality management processes in accordance with ISO 9001 and IATF 16949 standards. As of 2025, all three of our manufacturing plants are certified under the ISO 9001 Quality Management System Standard. We utilize quality tools such as Failure Mode and Effects Analysis (FMEA) and Measurement Systems Analysis (MSA) to improve our product and process quality. We repeat MSA applications at predetermined intervals throughout the year, evaluating our employees' calibration levels and multi-skills through these initiatives. We plan training for employees who do not meet the calibration criteria and re-conduct the evaluation process.

We structure our quality management approach to encompass the collaborations we maintain with our suppliers. In supplier selection, we prioritize criteria for quality, product safety, and environmental compliance. We regularly monitor our suppliers' quality management systems, request development plans when necessary, and conduct audits. Through this approach, we support the continuity of quality processes across the entire supply chain.

## Quality Tracking System

We use the Quality Tracking System (QTS) to effectively manage quality data for the vehicles we manufacture. This system, specifically designed for our product range, operates through an infrastructure based on vehicle zones and error codes. Defects identified by our employees are recorded in the system in line with the relevant vehicle zone, error code, and location of detection. All quality controls carried out on the manufacturing lines are recorded in the system, and unresolved defects cannot be approved unless they are remedied.

Data entries for control plans and process tracking are conducted through the QTS; the data collected in the system is reported daily, weekly, and monthly to monitor the vehicles' quality performance. This structure enhances the traceability and transparency of our quality processes.

## Internal Audits and Certification Audits

We perform regular internal audits to enhance the effectiveness of our quality management system. We conduct internal audits at least once a year for all processes defined in our primary process map. We audit the processes within the scope of our Quality Management System at specific intervals, in line with risk analyses that prioritize customer satisfaction. We monitor and remedy identified non-conformities through our web-based nonconformity management system.

We maintain the reliability of our Quality Management System through external audits conducted by independent and accredited bodies, and we renew our ISO 9001 and IATF 16949 certification processes every

three years. All our manufacturing plants, including our plants in Hasanağa and OSB and our plant in Italy, hold both ISO 9001 and IATF 16949 certifications.

## Our Lean Manufacturing Approach

At Karsan, we base our manufacturing processes on the lean manufacturing philosophy, focusing on reducing waste and improving operational efficiency. In this context, we utilize methodologies such as Kaizen, 5S, Value Stream Mapping, Error Cards, Autonomous Maintenance Checklists, MP Info, Lessons Learned, TWTP, and the A-B-C-D-E-F Matrix to continuously improve our processes. These approaches contribute to structuring our manufacturing processes in a more efficient and cost-focused manner.

Throughout 2025, we carried out a total of 84 environmental and Kaizen-focused initiatives, implementing improvements aimed at increasing process efficiency.

## Karsan Manufacturing System

As of 2024, we transitioned from the World Class Manufacturing (WCM) methodology and implemented the Karsan Manufacturing System (KMS). In this context, we aimed to manage operational losses more effectively and to address transformation projects within a Karsan-specific framework.

Within the scope of KMS, we prioritize flexible manufacturing systems, error detection and prevention mechanisms, and improvement efforts focused on energy efficiency. We are restructuring our loss management and training activities, with the aim of making our manufacturing processes more agile, efficient, and sustainable.



# PRODUCT QUALITY AND SAFETY

Through our integrated quality systems across design, manufacturing, and after-sales processes, we ensure safe and reliable product performance.

## Safety in Product Design

We consider safety a fundamental priority in our product design and development processes. During the design phase, we carry out all activities with due consideration for legal obligations, specific customer requirements, and safety requirements. In design outputs, safety features, components, and processes are clearly defined, and controls are implemented at the relevant stages.

In this context, Design FMEA (Failure Mode and Effects Analysis) and Process FMEA activities are conducted using an interdisciplinary approach. Based

on these analyses, quality plans, control procedures, and error-prevention measures are developed. In the design verification phase, safety tests and performance trials are conducted to document compliance of the products with safety criteria.

## Product Safety Testing

We conduct comprehensive testing throughout our manufacturing and development processes to ensure product safety. During the control stage, all documents are prepared in accordance with safety and regulatory requirements, and critical points are identified using special characteristics.

We provide training to all our teams working in the quality control stage on safety and regulatory requirements. In the event that a defect is detected with respect to safety and regulatory requirements in products, the Non-Conforming Product Management Procedure is implemented. In addition, Process Controls, COP (Conformity of Production) audits, and Quality Management System audits are regularly performed throughout the quality processes. The effectiveness of safety and regulatory processes is ensured through action plans developed based on these audits.

There have been no reported non-conformities or recall cases regarding product safety within the last three years.

Product Recall Indicators	Unit	2023	2024	2025
Number of recalled vehicles	number	0	0	0
Number of vehicles subject to mandatory recall	number	0	0	0
Costs incurred due to recalls	TRY	0	0	0

## Customer Notification and Complaint Mechanisms

Our customers report notifications and complaints related to defective products directly to us. Since our customer portfolio consists of dealers and municipalities, these notifications—primarily originating from data transmitted to authorized dealer services—are transferred to the industrial side via the PTS system. These notifications are tracked digitally. The transmitted notifications are addressed within the scope of quality processes and, when necessary, provide input for relevant actions. Through this mechanism, we regularly monitor and analyze the effects of our products on customer satisfaction, safety, and operational performance, and implement the necessary improvement actions.

## Training and Process Development Activities

We implement various training programs for our employees to ensure the continuous improvement of our quality and manufacturing processes. We plan our training content with due consideration for quality management system requirements, product safety topics, and process-based responsibilities. Throughout 2025, we conducted a total of 645.5 person-hours of training within the scope of quality and product safety, with the participation of 52 employees.

In addition, we provide comprehensive orientation training for newly hired employees on competency-

based subjects, such as torquing, bonding, and assembly. In these trainings, we include theoretical and practical content regarding bonding techniques and quality norms.

We actively use the Assembly Practical Training Area (DOJO) to support hands-on learning for manufacturing processes. We inform our employees on quality and occupational safety through trainings conducted in the DOJO and daily briefing meetings.

## Warranty and Financial Impacts

We monitor the financial impacts related to product quality and in-service performance through warranty provisions and warranty payments. During the 2025 period, the warranty provision balance amounted to approximately TRY 895 million. During the year, total payments of approximately TRY 395 million were made under product warranties.

These data provide input for monitoring the financial impacts related to product quality and for evaluating the relevant processes.

Warranty and Financial Indicators (TRY)	2024	2025
Warranty provision balance at period-end	278,828,411	507,104,099
Warranty payments made during the period	214,101,791	395,477,990

# PRODUCT QUALITY AND SAFETY

In 2025, we implemented various projects aimed at continuously improving our quality and manufacturing processes:

## Standard Kaizen Certification:

We launched the standard Kaizen certification program to enhance the problem-solving competencies of our team leaders. Through this program, we aim to ensure that all team leaders attain the same level of knowledge. Team leaders who are not yet certified can earn their certificates by presenting the standard Kaizens they have completed during the year. In 2025, 106 individuals qualified for standard Kaizen certification. We encouraged the process by rewarding our employees for each certification they completed.

## Major Kaizen Certification:

The major Kaizen certification program, launched to develop the problem-solving competencies of our white-collar employees, aims to enhance their competencies in process development and operational efficiency. In 2025, 170 individuals qualified for major Kaizen certification. We recognized our employees' achievements by rewarding them upon completion of their certification.

## Teams in Competition Program:

The "Teams in Competition" program, launched to foster team spirit and a culture of continuous improvement, ensures that teams composed of team leaders and operators are evaluated weekly according to predefined criteria. Teams compete in specific leagues against peer teams with similar conditions and receive points each week based on their rankings. We enhance motivation by rewarding our top three teams every three months. In 2025, quick Kaizens increased by 51% compared to 2024. We discontinued the suggestion system. We also observed positive changes in occupational health and safety awareness, the 5S culture, and absenteeism rates. By rewarding the teams that ranked at the end of each quarter, we encouraged greater employee engagement in the process.

## Enhancing Error Detection Capability:

We developed this project to enhance our error detection capability within our quality management processes. We implemented new control methods and equipment to ensure the early detection of errors during quality control stages. In this context, we enhanced our error detection mechanisms by improving the effectiveness of controls carried out at quality gates. We continue our continuous improvement efforts to enable earlier detection of errors originating from warranty claims, PDI, and customer feedback.



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# ENVIRONMENTAL MANAGEMENT

In line with our net-zero target, we are improving our energy, emissions, and supply chain performance through measurable targets.

At Karsan, we consider environmental responsibility an integral part of the industrial transformation process. Within this framework, we focus on optimizing natural resource use, reducing waste generation, and developing long-term, sustainable solutions for energy management. We regularly monitor our environmental performance, identify priority areas for improvement based on the data collected, and update our practices accordingly. We continue our efforts to reduce environmental impacts, particularly in waste, energy, and water management, through a holistic approach.

To manage our environmental impacts systematically, we operate under the ISO 14001 Environmental Management System in two of our three manufacturing plants. At our ISO 14001-certified plants, we regularly monitor our environmental performance and continue our efforts with a focus on regulatory compliance and continuous improvement. We integrate our environmental management

*\*Our Akçalar and OSB plants hold ISO 14001 certification.*

system with our sustainability approach to evaluate environmental risks and opportunities within a more holistic framework.

## Environmental and Climate Change Policy

Our Environmental and Climate Change Policy, approved and enacted by the Board of Directors, enables us to manage our environmental and climate-related impacts across the entire value chain. In this context, we assess our environmental and climate impacts under three main categories:

- **Impacts arising from procurement processes:** We aim to reduce the environmental impacts arising from the procurement of raw materials, components, and services. We monitor environmental performance in our procurement processes, encouraging eco-friendly products and services while considering the total cost-benefit balance.
- **Impacts arising from company operations:** We develop practices in our manufacturing and operational processes to optimize resource use,

## Our Targets and Commitments

At Karsan, we updated our targets in 2025 based on the initiatives undertaken within the framework of our sustainability strategy.

- From **2026** onward, to source 100% of the electricity used in the manufacturing of Karsan-branded vehicles from our own renewable energy generation.
- To achieve net-zero Scope 1 and Scope 2 emissions by **2030**
- To achieve net-zero by **2050** (across all Scope 1, 2, and 3 emissions)
- To increase the recycling or secondary life rate of our products to 20% by **2030**
- To ensure that 20% of wastewater is recycled by **2030**
- By **2035**, to subject 50% of critical suppliers and 30% of all suppliers to ESG assessments

reduce waste volumes, and keep emissions under control.

- **Impacts arising from products and services:** By considering the life cycle of our products, we aim to provide solutions with a lower carbon footprint and reduced environmental impact.
- 🔗 You can access Karsan's Environmental and Climate Change Policy [here](#).





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# ENVIRONMENTAL MANAGEMENT



## Developments in 2025

In 2025, our total environmental and energy expenditures amounted to TRY 88.9 million. The increase compared to previous years was primarily driven by capital investments in environmental management.

During the year, capital investments in environmental management amounted to TRY 76.3 million, while operating expenses totaled TRY 12.6 million. As part of our capital investments, we implemented a solar power plant investment to support the transition to renewable energy and carried out Environmental Product Declaration (EPD) studies to certify the environmental performance of our products. Through these investments, we aim to reduce our environmental impacts and establish an infrastructure aligned with our long-term climate targets.

Within the scope of our environmental and energy management approach, we continued improvement efforts aimed at reducing environmental impacts in

our manufacturing processes. By regularly monitoring environmental and energy losses, we continued to track key indicators—particularly waste generation, water consumption, and recoverable waste volumes—on a per-vehicle basis. Based on these indicators, we implemented practices aimed at process improvement and loss reduction.

We maintained our approach to compliance with environmental legislation in 2025. No environmental violations occurred, and no environmental fines were imposed during the year.

## Noise Management

Through our electric bus solutions, we contribute to the reduction of urban noise pollution. Our electric buses, which do not contain internal combustion engines, undergo official external noise emission tests in accordance with UNECE R51<sup>1</sup>, a regulation aimed at limiting the noise levels emitted by vehicles.

The UNECE R51 regulation aims to control noise pollution, particularly in residential areas, by measuring the sound levels emitted by vehicles during acceleration, steady-speed driving, and various operating conditions. Tests conducted within this framework demonstrate that our vehicles operate at noise levels that do not negatively impact environmental comfort during urban operation.

In the tests conducted, our electric buses demonstrated noise emission levels below the regulatory limits. Thanks to electric motor technology, motor noise, vibration, and mechanical noise are significantly reduced, offering a more comfortable and quieter transportation experience for both passengers and city residents.

*\* It is an international regulation published by the United Nations Economic Commission for Europe (UNECE) that defines the measurement methods and limit values for noise levels emitted by motor vehicles. The regulation aims to reduce noise pollution, particularly under urban operating conditions.*

## Training and Awareness Initiatives

In 2025, we continued our training and awareness initiatives aimed at enhancing the environmental awareness of our employees. A total of 2,250 person-hours of environmental training was completed during the year. The training focused on key environmental topics, primarily environmental management, resource efficiency, and waste reduction.

Additionally, we conducted awareness initiatives to enhance environmental consciousness. As part of World Water Day on March 22, a “Water and Life”-themed drawing competition was held, and the works of participating children were exhibited within the company. Through the “Karsan Children’s Environmental Model Competition,” organized as part of World Environment Day on June 5, children explored themes of sustainable environment, recycling, and renewable energy from their perspective.

# ENERGY AND EMISSIONS MANAGEMENT

We optimize energy use across the entire value chain, from our operations to product development processes, and manage our emissions within a measurable and controllable framework.

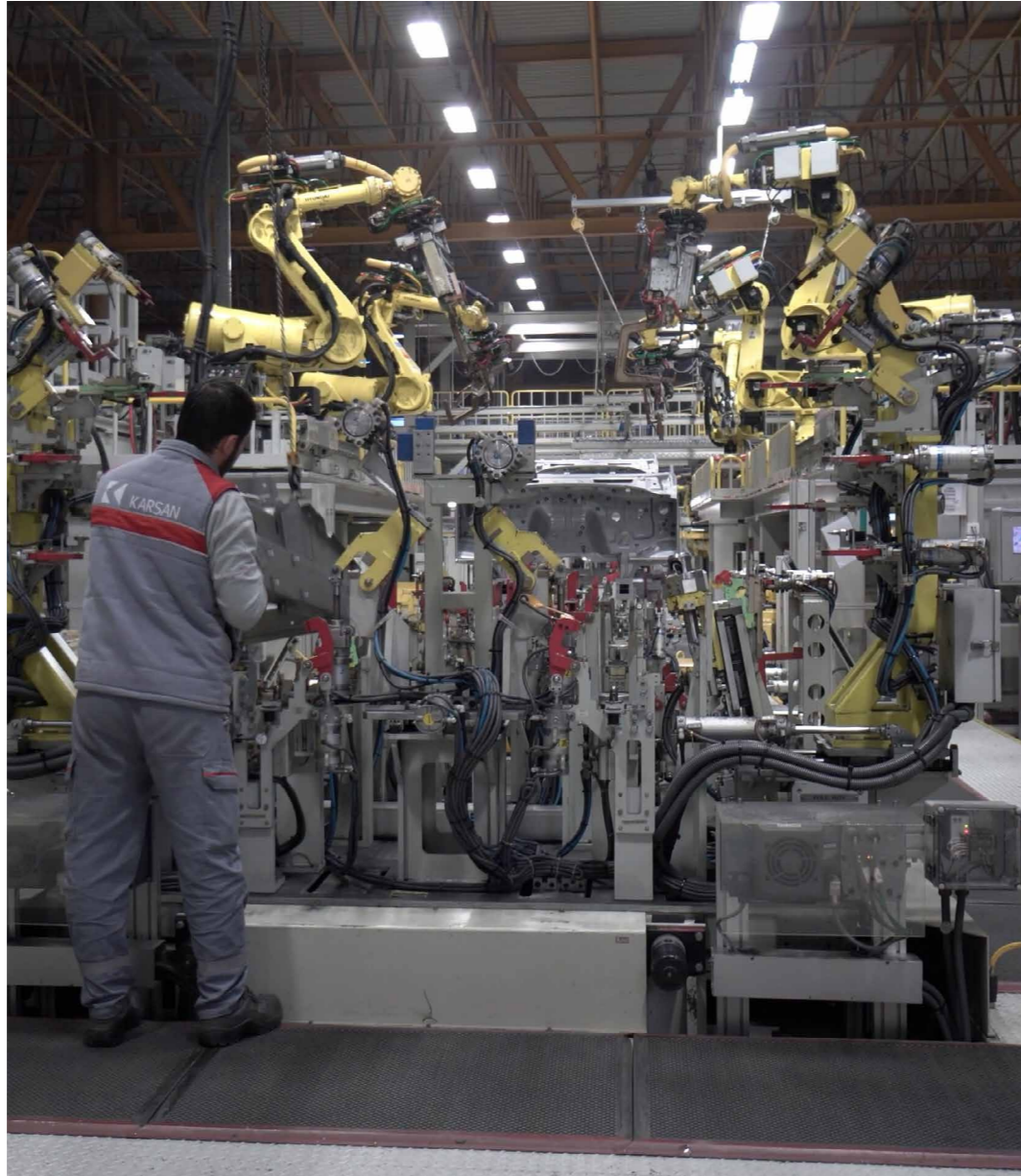
Accelerating global climate policies, carbon pricing mechanisms, and growing demand for low-emission transportation technologies make energy and emissions management a strategic priority in the automotive sector. Regulations in our key markets, particularly the European Union, require the systematic reduction of the carbon footprint across manufacturing processes and the product life cycle.

Fluctuations in energy costs, carbon pricing pressures highlight the link between operational efficiency and climate performance. Within this framework, we approach emissions and energy management not merely as an environmental responsibility, but as a holistic management domain encompassing risk management, cost control, and the preservation of competitiveness.

We systematically monitor, measure, and enhance our direct and indirect emissions arising from our operations. We implement projects aimed at reducing

energy consumption, enhancing efficiency, and expanding the use of renewable energy in close integration with our manufacturing planning and investment decisions. At Karsan, we are committed to eliminating our Scope 1 and Scope 2 emissions by 2030 and achieving net zero by 2050.

In our product development processes, we prioritize addressing environmental impact at the design stage. Through product-based Life Cycle Assessments (LCA) and carbon footprint analyses, we identify critical emission sources and shape our material selection and design decisions in line with these analyses. Through our R&D activities on electric and hydrogen-powered vehicle technologies, we contribute to the wider adoption of low-emission mobility solutions.



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# EMISSIONS MANAGEMENT

We calculate our greenhouse gas emissions in accordance with international standards and **identify regular areas for improvement through performance indicators.**



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We treat emissions management as a core management domain for operational efficiency and climate risk management. We regularly calculate and monitor greenhouse gas emissions arising from our manufacturing activities and value chain, and manage them through projects focused on reduction.

We prepare our greenhouse gas inventory in accordance with the ISO 14064 standard and the GHG Protocol methodology, and annually calculate Scope 1, Scope 2, and relevant Scope 3 categories in line with the operational control approach. We subject our emission data to independent verification processes and continuously improve our data integrity and calculation methodology through regular reviews.

In line with our commitment to achieving net zero Scope 1 and Scope 2 emissions by 2030, we are implementing energy efficiency projects, process optimization initiatives, and renewable energy investments. We monitor our emission performance using both absolute values and intensity indicators based on manufacturing volume.

Using a life cycle approach, we assess the environmental impacts of our products from the design stage, identify critical emission sources, and systematically manage improvement opportunities.

In our distribution and logistics processes, we conduct carbon footprint analyses using the Discrete-Event Simulation (DES) method. Through these efforts, we determine emission reduction potentials by modeling transport scenarios and plan to develop a system infrastructure for more dynamic, real-time monitoring of logistics-related emissions in the coming period.

### Greenhouse Gas Emissions Data

In our greenhouse gas emission calculations, we follow the operational control approach in line with the GHG Protocol Corporate Standard. We include plants and activities under Karsan's operational control in our inventory.

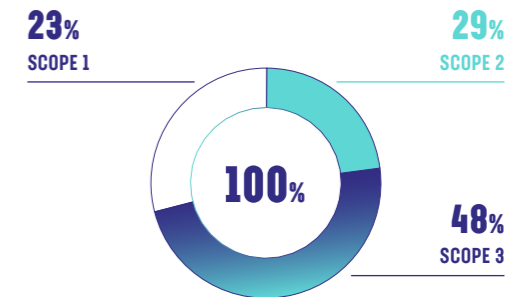
For domestic operations, we use direct activity data from the manufacturing plants in Bursa and the management

office in Istanbul. For foreign subsidiaries where direct measurement data is unavailable, we allocate emissions using a headcount-based proportional method. As of 2024, foreign subsidiaries were also included in the calculation scope alongside the reporting process under the Türkiye Sustainability Reporting Standards (TSRS). Due to this scope expansion, the data set was updated and retrospective adjustments were applied. Accordingly, we report emission data separately for domestic, international, and consolidated operations.

We perform calculations for each emission source based on the relevant activity data and report the results in tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e). We source emission factors and global warming potential (GWP) coefficients from international references such as the IPCC, DEFRA, IEA, and Ecoinvent.

In the 2025 reporting period, total greenhouse gas emissions amounted to 23,351 tons of CO<sub>2</sub>e. Of this, 10,369 tons of CO<sub>2</sub>e were Scope 1, and 12,981 tons of CO<sub>2</sub>e were location-based Scope 2 emissions. Approximately 44% of total emissions were direct, while

### 2025 Greenhouse Gas Emissions Distribution by Scope (%)

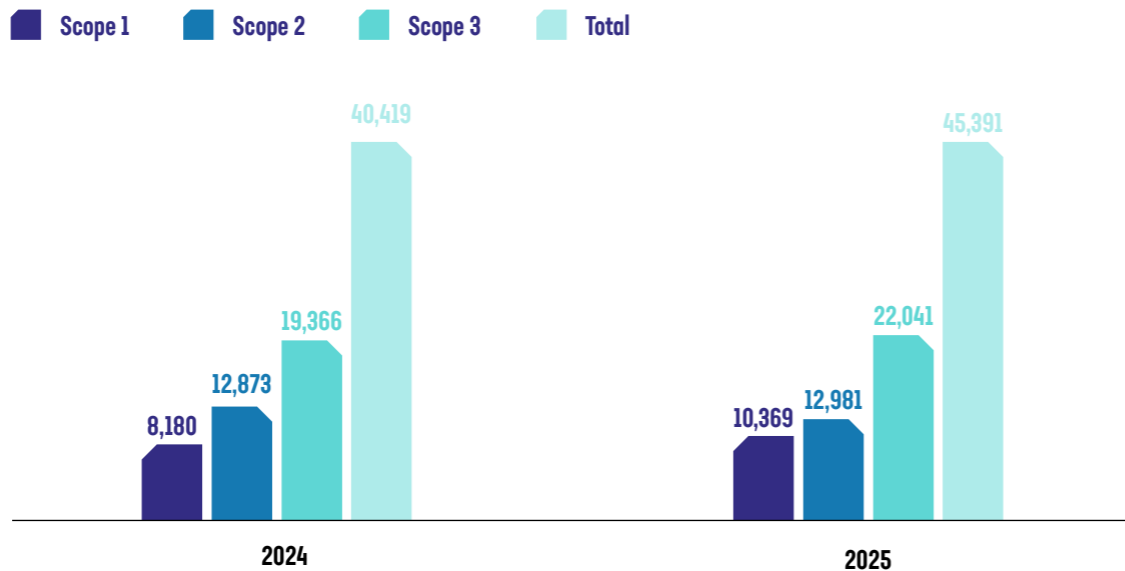


56% were indirect emissions from energy sources. Compared to the previous year, total emissions increased by approximately 11%, mainly driven by the rise in Scope 1 emissions. Scope 2 emissions remained close to the previous year's level.



Greenhouse Gas Emissions (tCO <sub>2</sub> e)	2024			2025		
	Domestic*	International	Consolidated	Domestic	International	Consolidated
Scope 1	8,088	72	8,180	10,133	220	10,369
Scope 2 (location-based)	12,760	113	12,873	12,931	50	12,981
Scope 2 (market-based)	4,845	113	4,958	564	50	614
Scope 3	19,366			22,041		
Total	40,419			45,391		

**Greenhouse Gas Emissions by Year (tCO<sub>2</sub>e)**



\* Scope 1 and Scope 2 emission data reported in the 2024 Integrated Annual Report did not include the Sancaktepe Management Office. In line with the reporting requirements under the TSRS, the 2024 data has been recalculated and updated retrospectively in this report.

# EMISSIONS MANAGEMENT

For Scope 3 emissions, calculations were carried out by category, including Category 1 – Purchased goods and services, Category 2 – Capital goods, Category 3 – Fuel- and energy-related activities, Category 4 – Upstream transportation and distribution, Category 5 – Waste generated in operations, Category 6 – Business travel, Category 7 – Upstream leased assets, Category 8 – Employee commuting, Category 9 – Downstream transportation and distribution, and Category 11 – Use of sold products. The largest share of calculated Scope 3 emissions—62%—was attributed to Category 11 – Use of sold products.

## Life Cycle Assessment (LCA) / Life Cycle Analyses

In addition to our operational emissions, we systematically analyze the environmental impacts across the entire life cycle of the vehicles we manufacture. In the life cycle assessments we conduct for our electric and hydrogen-fueled vehicles using a “cradle-to-grave” approach, we evaluate 27 environmental impact categories, with carbon footprint as the primary focus.

These life cycle assessments cover resource use, ecological impacts, and human health dimensions, including:

- fossil fuel and mineral use (abiotic depletion);
- land and water use;
- global warming potential (GWP);

- acidification, eutrophication, ecotoxicity;
- particulate matter formation, ozone depletion, and photochemical ozone formation;
- human toxicity and ionizing radiation.

Biodiversity and ecosystem impacts, however, fall outside the current scope of analysis.

In 2024, we completed LCAs for our e-ATA 12-meter electric, e-ATA 12-meter hydrogen-fueled, and e-ATA 18-meter vehicles. Currently, 56% of our product portfolio is assessed using a Full LCA approach in accordance with EN 15804 and IPCC 2021 methodologies.

We conduct our life cycle assessments using a “cradle-to-grave” approach. We define our system boundaries based on raw material data obtained from Karsan’s manufacturing records and integrate this data with the Ecoinvent database via SimaPro software. By calculating road and air distances using supplier data for raw material transportation, we incorporate the environmental impacts of logistics processes into our model.

We obtain electricity, natural gas, and water consumption data used in manufacturing from our plant records. We calculate the consumption values of the vehicles within the scope of the analysis directly from operational data and integrate them into the model. At the product transportation stage, we assess the impacts of road and sea freight based on shipments to Portugal for the e-ATA 12-meter vehicle and to Romania for the e-ATA 18-meter vehicle. We base the total electricity consumption of the vehicles over their service life on real-world in-service data. In the end-of-life stage, we analyze recovery and disposal scenarios, assuming a 95% recovery rate and a 5% landfill rate for e-ATA models.



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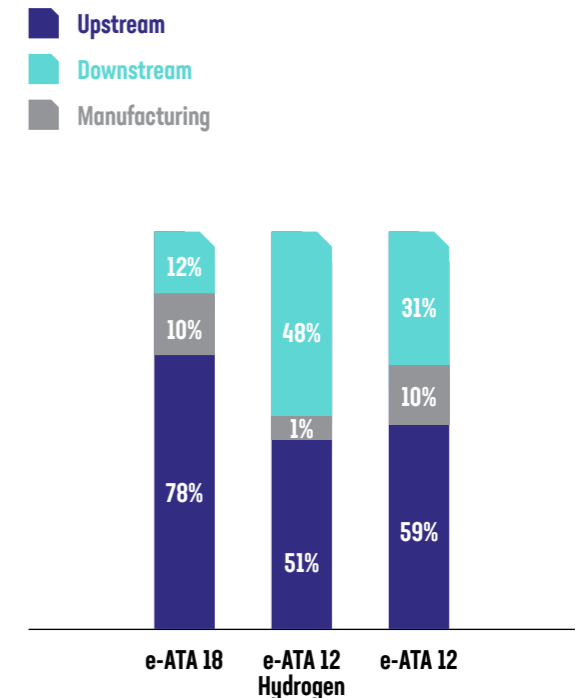
# EMISSIONS MANAGEMENT

We assess the environmental impact of our products through life cycle assessments; **by measuring emission distribution across the supply chain, manufacturing, and use phases, we shape our design decisions based on data.**

Results show that the majority of the environmental impact is concentrated in upstream processes. In the e-ATA 18-meter model, 78% of the total impact comes from the supply chain, 10% from manufacturing, and 12% from the use and end-of-life phases. For the e-ATA 12-meter model, upstream impacts account for 59%, while downstream impacts represent 31%. In the hydrogen-fueled e-ATA 12-meter model, the impact of hydrogen production during the use phase becomes more pronounced, with the downstream share increasing to 48%.

Within the scope of the LCA, we also calculate emission values per passenger-kilometer. This value is 0.018 kg CO<sub>2</sub>e for the e-ATA 12-meter model, 0.027 kg CO<sub>2</sub>e for the e-ATA 18-meter model, and 0.041 kg CO<sub>2</sub>e for the hydrogen-fueled e-ATA 12-meter model.

**Impact Distribution Across the Value Chain According to LCA Results (%)**



**Life Cycle Assessment Results**

	e-ATA 12-meter	e-ATA 12-meter Hydrogen	e-ATA 18-meter
Emissions per Passenger-km (kg CO <sub>2</sub> e)	0.018	0.041	0.027



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# EMISSIONS MANAGEMENT

We document our product-based environmental performance through EPDs; using our internal carbon pricing approach, which incorporates carbon costs into investment evaluations, we establish a holistic framework for emission management.

## Environmental Product Declarations (EPDs)

In 2025, we published Environmental Product Declarations (EPDs) for the 8-meter, 10-meter, 12-meter, and 18-meter models of the e-ATA product family.

In EPDs, we measure performance using the functional unit of “transporting one passenger over one kilometer.” Thus, we evaluate our products from a mobility service perspective, presenting the environmental impact of urban transportation solutions on a more accurate basis.

The analyses cover the entire process, from raw material procurement and manufacturing to the use phase and end-of-life stage. We incorporate energy consumption scenarios during the use phase into the model and analyze environmental impact variations depending on the electricity generation mixes of different countries.

EPDs include not only the carbon footprint but also resource use, recovery potential, and other environmental impact categories. The high recovery rates of our products further support our circularity targets.

The EPDs we published have a validity period of five years. This requires maintaining our data infrastructure up-to-date and regularly monitoring product-based environmental performance. Based on the European geographic scope, these declarations serve as a key reference in public tenders and procurement processes where sustainability criteria are decisive.

## Internal Carbon Pricing

We implement an internal carbon pricing mechanism to integrate carbon costs into our investment decisions. In this context, we apply a shadow carbon price to Scope 1 emissions resulting from our manufacturing processes.

In 2025, we set the shadow carbon price at €72 per ton of CO<sub>2</sub>. We consider this price in the financial feasibility analyses of energy efficiency projects and low-carbon investments. Thus, we incorporate the carbon cost into investment evaluation processes and assess the emission reduction impact of projects alongside their financial performance.

We apply internal carbon pricing specifically to incentivize energy efficiency and steer low-carbon investments. At this stage, the implementation covers only Scope 1 emissions.

Energy and emission reduction projects implemented in 2025 were evaluated within this framework. Through solar power plant investments, we increased renewable energy use and optimized electricity and natural gas consumption through waste heat recovery, boiler return water heating systems, and heat pump projects. Through LED retrofit projects, we reduced energy consumption from lighting. In all projects, we evaluated the carbon reduction impact alongside financial analyses.



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# EMISSIONS MANAGEMENT

We aim to go beyond regulatory compliance by controlling air emissions from our manufacturing activities through regular measurement, analysis, and optimization practices.

## Air Emissions

We regularly monitor air emissions from our manufacturing activities and implement reduction-focused practices that go beyond regulatory compliance. We conduct flue gas analyses to control NO<sub>x</sub> and SO<sub>x</sub> emissions and carry out regular monitoring to ensure burners operate under optimal combustion conditions. Emission measurements are conducted periodically, and the results serve as input for operational optimization activities.

We employ wet and dry filtration systems to reduce particulate matter (PM<sub>10</sub>) emissions. Dust-generating processes are carried out in enclosed areas wherever possible, with ventilation systems and stacks designed to capture up to 99% of particulate matter. Filter systems are replaced at regular intervals to ensure performance continuity.

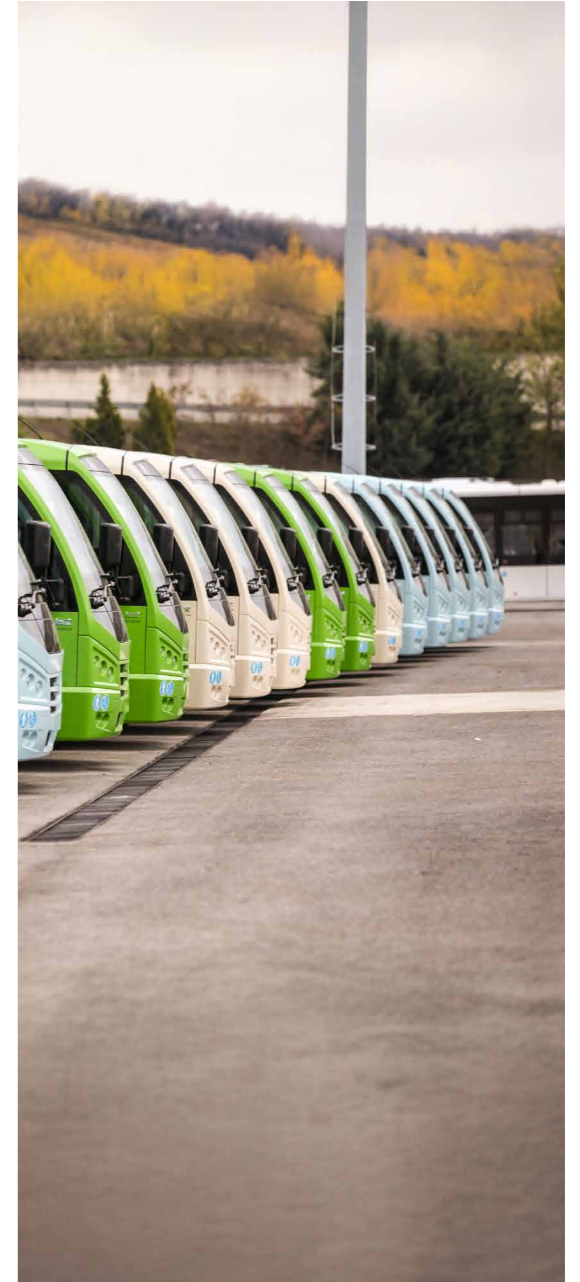
We maintain our paint and chemical management practices to reduce VOC emissions. A systemic chemical management project, scheduled for

implementation in 2026, was presented to senior management to enable more effective monitoring and control of chemical use.

As of 2025, NO<sub>x</sub> emissions totaled 16,006 kg, SO<sub>x</sub> emissions 639 kg, VOC emissions 3,884 kg, and particulate matter (PM) emissions 7,502 kg. While the reduction in VOC emissions observed over the past two years continues, NO<sub>x</sub> and particulate matter (PM) levels may fluctuate periodically depending on manufacturing intensity. All parameters are monitored through regular measurement and analysis, with emissions controlled via combustion optimization, filtration systems, and chemical management practices.

There are no direct emissions from our manufacturing activities in terms of ozone-depleting substances (ODS). ODS-free alternatives are preferred for cooling, air conditioning, and fire suppression systems, and this principle is applied in maintenance and equipment replacement processes. In 2025, ODS emissions to the atmosphere amounted to 0 tons of CFC-11 equivalent.

Air Emissions	Unit	2022	2023	2024	2025
NO <sub>x</sub>	kg	3,427	16,683	18,527	16,006
SO <sub>x</sub>	kg	47	227	637	639
VOC	kg	70,260	71,977	4,915	3,884
Particulate Matter (PM)	kg	3,772	18,358	6,450	7,502
Ozone-Depleting Substances (ODS) Released into the Atmosphere	kg	0	0	0	0





# ENERGY MANAGEMENT

By integrating energy management with operational efficiency and emission reduction targets, we are transforming our energy consumption structure through renewable energy investments and efficiency projects.



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Energy management is a core management area that enhances our operational sustainability and helps reduce environmental impacts while improving the efficiency of our manufacturing processes. We implement systematic projects to reduce energy consumption, optimize costs, and enhance operational efficiency. Under the ISO 50001 Energy Management System, we continuously review our processes and closely monitor energy performance through a digital monitoring infrastructure.

We analyze energy consumption data on a weekly and monthly basis, taking action to minimize consumption during non-manufacturing periods. We monitor key energy consumption points via the SCADA system. We implement efficiency improvement initiatives by focusing on critical consumption points, which account for approximately 65% of our total energy consumption. In this context, we implemented energy efficiency projects at 11 critical points in our Akçalar plant and 4 critical points in our OSB plant in 2025. Through the "Dark Factory" initiatives implemented to reduce energy losses in manufacturing processes, we control

electricity and natural gas consumption during non-manufacturing hours.

In 2025, we made a significant advance in our renewable energy transition. In this context, we commissioned a rooftop solar power plant investment with a capacity of 3,524 kWp. This investment is expected to cover approximately 18% of our current total electricity consumption. This share corresponds to a manufacturing volume accounting for 98% of electricity consumption in the manufacturing processes of Karsan-branded vehicles.

Throughout 2025, we sourced 100% of the electricity consumed in our Bursa operations from I-REC certified renewable sources. When considered together, the solar power plant investment and renewable energy procurement achieve a direct reduction in our Scope 2 emissions.

To increase energy efficiency, we carried out equipment and process optimization within the scope of e-matrix studies and Kaizen practices. Through line consolidation,

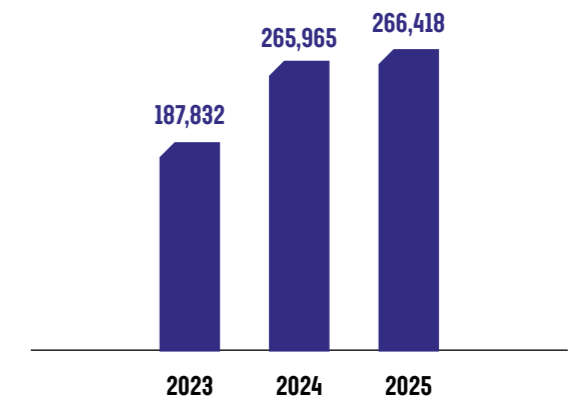
we reduced lighting requirements, rationalized equipment numbers without compromising quality, and prevented uncontrolled energy consumption by strengthening failure management. We optimized electricity and natural gas consumption through waste heat recovery, heat pump applications, and system improvements.

We continue to enhance our digital infrastructure that monitors energy and carbon losses. We plan to integrate advanced analytics and digital solutions into our system to monitor energy performance in a more real-time and predictive manner.

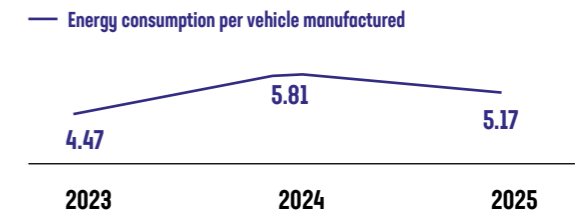
In 2025, our total energy consumption was 266,418 GJ. While total consumption showed a limited increase compared to the previous year, energy intensity improved. Energy consumption per vehicle manufactured decreased from 5.81 GJ/vehicle in 2024 to 5.17 GJ/vehicle in 2025.

Through the efficiency projects implemented in 2025, we achieved energy savings of 30,320 GJ. The financial equivalent of these savings amounted to approximately TRY 28.4 million.

Energy Consumption (GJ)



Energy Intensity (GJ/vehicle)





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# RESPONSIBLE RESOURCE MANAGEMENT

## Waste Management

In conducting our activities, we focus on increasing resource efficiency, reducing waste generation, and integrating circular economy principles into our business processes. In this context, we regularly review our waste management approach and implement practices to optimize material use in our manufacturing processes. We prioritize waste segregation at the source and implement practices aimed at increasing recycling and recovery rates.

We manage our waste within the framework of the 5R principles: **Refuse, Reduce, Reuse, Recycle, and Recover**. We classify wastes generated from manufacturing activities and office operations at our plants as hazardous, recyclable, and non-hazardous domestic-industrial wastes. Our primary waste streams include wastewater treatment sludge, paint and filler residues, waste oils, packaging waste, oily rags and absorbents, paper and cardboard waste, wood waste, plastic waste, and metal scrap.

Within the scope of our waste management system, we implement processes for waste reduction at the source, segregation by type, collection, temporary

storage, and transfer to authorized recovery or disposal facilities. We support increasing recycling and reuse rates by segregating recoverable waste at the source.

### Calculation and Monitoring of Waste Data

We regularly monitor waste data to track and evaluate our waste management processes. In calculating waste quantities, we rely on vehicle weighbridge measurements and conduct analyses based on data categorized by waste type. This data is used to evaluate waste management practices and identify areas for improvement.

In 2025, a total of 3,857.73 tons of waste was generated. We directed 70% of this waste to recovery and recycling processes. The total amount of recovered waste amounted to 2,706.19 tons, continuing the upward trend observed in previous years. Although our recovery practices primarily focus on non-hazardous waste, we also increased the recovery of hazardous waste in 2025 compared to 2024.

None of the disposed wastes were sent to landfills. We primarily carry out disposal operations through incineration for energy recovery purposes. In 2025, the amount of disposed non-hazardous waste was 408.2 tons, while the amount of disposed hazardous waste was 743.35 tons.

When assessed by waste streams, we directed nearly all paper, plastic, and metal waste to recycling.

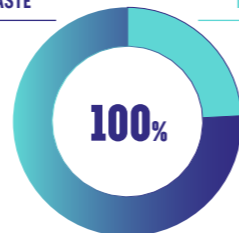
### Waste by Type

76% NON-HAZARDOUS WASTE  
24% HAZARDOUS WASTE



### Waste by Disposal Method

70% RECOVERED WASTE  
30% DISPOSED WASTE





# RESPONSIBLE RESOURCE MANAGEMENT

## Waste Management

### Hazardous Substances and Chemicals

We regularly assess hazardous substances across our product portfolio and operations, covering all product groups. In our annual analyses, we classify substances according to UN numbers, track their hazard class, units of measurement, and transport quantities, and submit the relevant notifications to the Ministry of Transport.

Within the scope of hazardous substance management, we review our manufacturing, storage, and transportation activities using a holistic approach. We compile our chemical inventory based on Section 14 of the MSDS documents, designate the individuals responsible for the processes within our organizational structure, and regularly update our safety procedures. Accordingly, we shape our annual training plans by conducting needs analyses.

We prepare annual reports on hazardous substance activities for all our manufacturing plants and submit them to the relevant public authorities. To manage potential impacts on human health and the environment, we conduct job-specific safety and general awareness training on an annual basis. Through post-training assessments, we measure employee competence and ensure its continuity.

We consider the potential impacts of chemicals used in our products and manufacturing processes on human

health and the environment, and adopt an approach aligned with national and international regulations. We fulfill our obligations regarding Substances of Very High Concern (SVHC) under the REACH Regulation and regularly verify the compliance of our products and supplied components with the current SVHC candidate lists. Furthermore, we comply with the requirements for restricted substances under the RoHS Directive and ensure that banned or restricted substances are not present in our products. Within this framework, grounded in legislative compliance for the use of hazardous substances, we maintain controls through declarations of conformity and technical documentation received from our supply chain.

### Packaging Improvement and Circular Economy Initiatives

In line with our resource efficiency and circular economy approach, we focus on optimizing packaging use, reducing packaging waste, and increasing reuse opportunities. In 2025, all of our packaging was manufactured from 100% recyclable materials. Furthermore, our on-site packaging optimization efforts continue annually.

Although the recycling rate of our packaging waste is high, we do not limit our focus solely to recycling. As part of our circular economy efforts, we aim to prevent the use of disposable packaging through packaging

optimization practices and regularly review our processes accordingly.

Within the scope of our efforts, we address processes for reintroducing materials used in our products back into the product lifecycle. Specifically, we continue our efforts with project partners to enable the second life and raw material recovery of materials such as battery components and seat fabrics.

### End-of-Life Responsibility

We address the end-of-life responsibility of our products within the scope of the European Union End-of-Life Vehicles (ELV) Directive and its counterpart in Türkiye, the End-of-Life Vehicles (ÖTA) Regulation. Within this framework, we ensure that our vehicles are directed to recovery and recycling processes at licensed facilities at the end of their service life, and we share the corresponding recovery rates with the authorized authorities. In 2025, 36 ELVs were processed at a licensed facility, with a total of 50.11 tons of vehicles undergoing depollution and dismantling. According to the ratio tracking form prepared for the same year, the total reuse and recycling rate was 97.35%, while the total reuse and recovery rate stood at 97.58%.

### Collaboration with Initiatives

We assess recycling and reuse options to extend the life cycle of electric vehicle batteries. In this context, we collaborated with an innovative initiative in battery recycling to explore the second-life potential of LFP batteries and the recycling options for NMC batteries. Within the framework of these efforts, critical raw material recovery processes were carried out on 55 batteries.

Furthermore, in line with the approaches we have

developed for the second life of batteries, we aim to recycle the vast majority of our vehicle batteries. We plan to continue assessments regarding the second-life use of electric vehicle batteries in the coming period.

### Awareness Initiatives

We implement initiatives to raise employees' awareness of waste reduction and recycling. We promote the reuse of materials in usable condition and conduct plant-wide training programs focused on waste reduction and recycling. In 2025, during our waste battery collection campaign under the slogan "Bring the Battery, Get the Chocolate," we recovered a total of 4,791 waste batteries. As part of this initiative, we donate 1 sapling for every 50 waste batteries collected; accordingly, a total of 70 TEMA Foundation saplings were donated on behalf of our employees. Through these efforts, we support the integration of a sustainable waste management approach into our corporate culture.

### "Don't Discard - Donate" Project

In collaboration with the Educational Volunteers Foundation of Türkiye (TEGV) and the Informatics Industry Association (TÜBİSAD), we launched the "Don't Discard - Donate" Project to promote electronic waste recycling and generate social impact. Within the scope of the project, the economic value generated from recycling electronic waste supports the educational activities of children at TEGV learning centers. At the same time, we aim to contribute to the conservation of natural resources through the environmentally responsible disposal of electronic waste. To facilitate employee participation in the project, we placed electronic waste collection bins in front of the cafeteria at our Akçalar plant. Through the electronic waste collected, we contributed to the quality education of 11 children through the TEGV Foundation in 2025.

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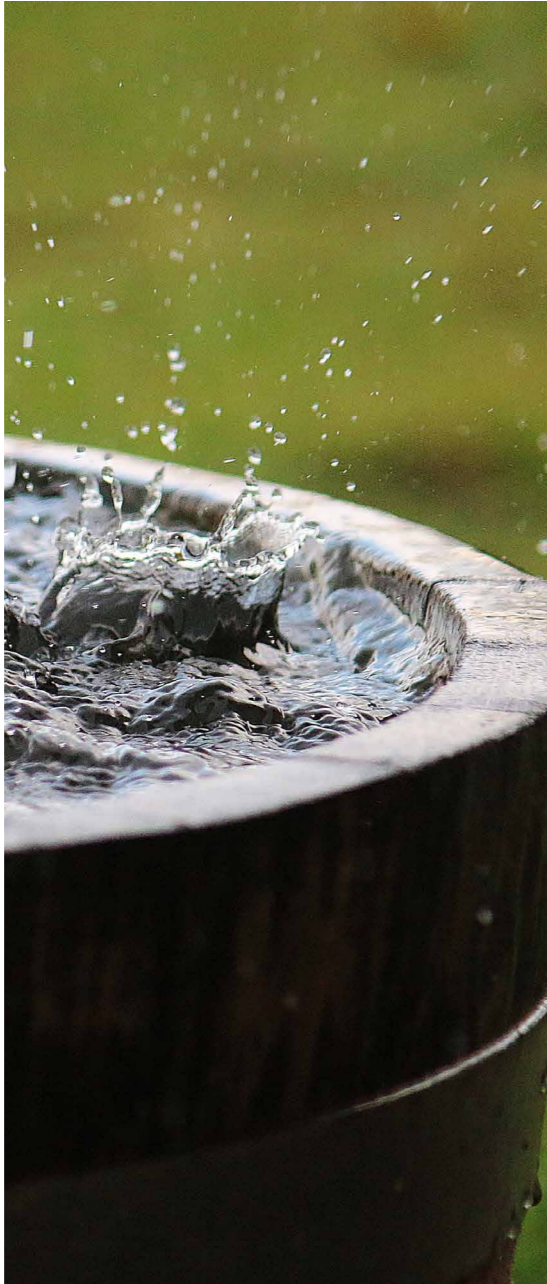
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# RESPONSIBLE RESOURCE MANAGEMENT

## Water Management

We systematically monitor our total water withdrawal and water intensity per vehicle, managing water risks by assessing both resource diversity and consumption efficiency.



We implement a holistic water management approach to ensure efficient water use, reduce water consumption, and evaluate recovery opportunities in our operations. We regularly monitor the water used in our manufacturing processes and enhance our water management practices by evaluating the data collected. We focus on optimizing water use through initiatives across various areas, from wastewater treatment to process water quality.

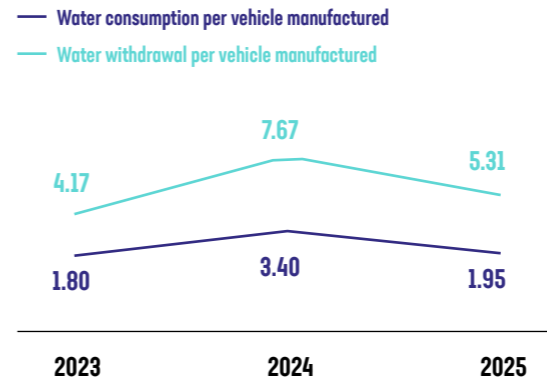
Within the scope of water management, we regularly monitor the amounts of water withdrawn, consumed, and discharged, classifying the data based on source, use, and output. Water data calculations are based on plant-level measurements, creating a comparable dataset across years.

In 2025, total water withdrawal amounted to 273,854 m<sup>3</sup>. Of this amount, 49.4% was provided from the municipal water supply, and 50.6% was sourced from groundwater resources. While total water withdrawal decreased compared to the previous year, the share of municipal water use in the resource distribution increased. In 2025, total water consumption amounted to 100,467

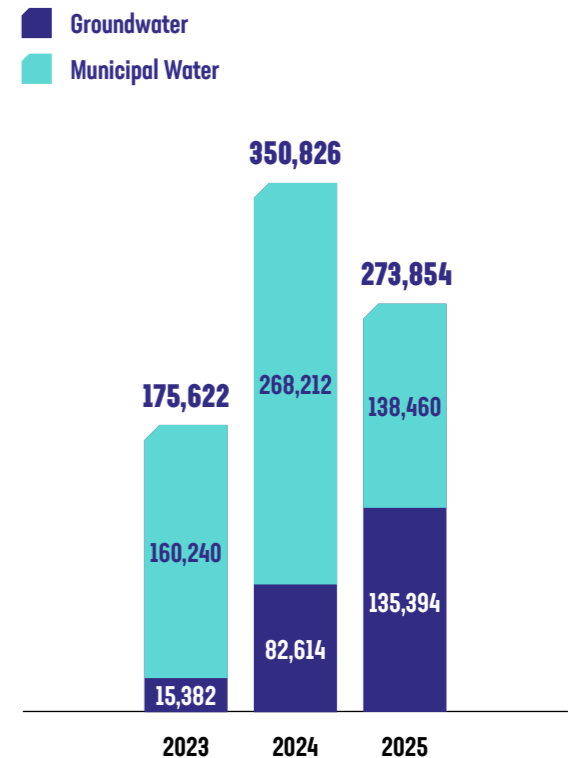
m<sup>3</sup>. In the same year, a significant portion of the water resulting from the processes was discharged to third parties, and the total water discharge was recorded at 173,387 m<sup>3</sup>.

Water consumption per vehicle manufactured decreased by 43% compared to the previous year, reaching 1.95 m<sup>3</sup> per unit in 2025. During the same period, water withdrawal per vehicle manufactured also decreased by 31%, standing at 5.31 m<sup>3</sup> per unit.

### Water Intensity Indicators (m<sup>3</sup>/unit)



### Water Withdrawal by Year and Source (m<sup>3</sup>)



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# RESPONSIBLE RESOURCE MANAGEMENT

## Water Management

By integrating water conservation, wastewater treatment, and recovery initiatives, we are making water efficiency one of the key performance indicators of our operations.

### Water Management and Efficiency Initiatives

A significant portion of the water used in manufacturing processes is supplied through systems located at our plants. We conduct measurement and monitoring activities to track water consumption, using the results as input for our improvement initiatives. Within this scope, the reverse osmosis systems commissioned improve the quality of the water used in manufacturing processes and limit water losses. As a result of the improvements provided by reverse osmosis systems, we achieved approximately 8% water savings in 2025.

In order to increase efficiency in on-site water use, we utilize sensor-controlled systems and water-saving equipment in administrative buildings and social areas. In manufacturing processes, we have phased out legacy chemical-based systems and transitioned to reverse osmosis technology. Through these initiatives, we have reduced both water consumption and chemical use.

### Wastewater Management and Discharge

We carry out the treatment of industrial wastewater through our Wastewater Treatment Plant, which has a capacity of 30 m<sup>3</sup>/hour. In 2025, the amount of water discharged from our treatment plant reached 86,423 m<sup>3</sup>. While initiatives are undertaken to reduce chemical use in treatment processes, treatment performance is regularly monitored through analyses.

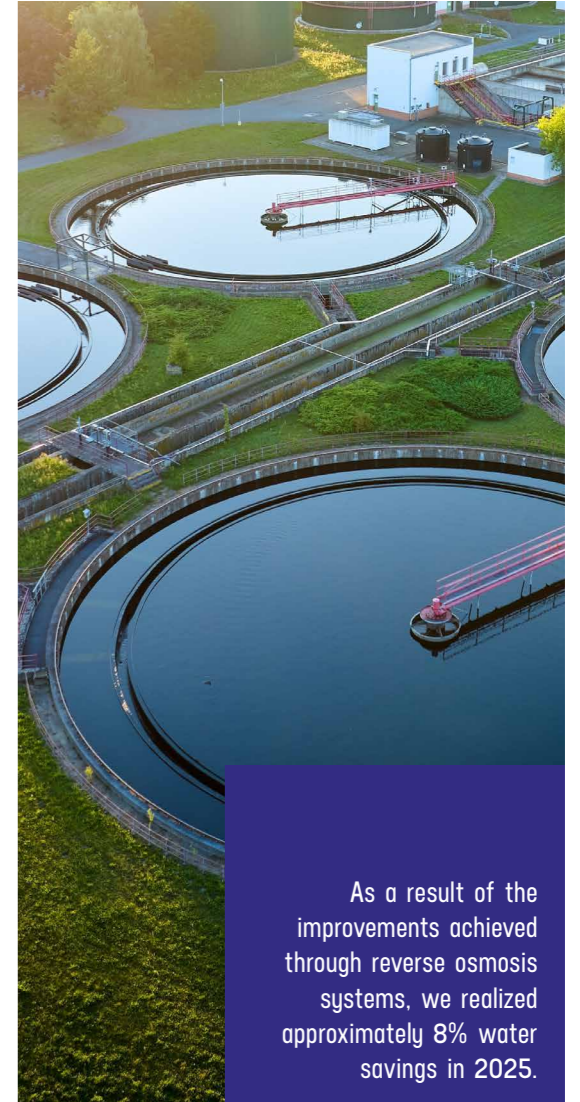
Wastewater quality is monitored through weekly organic and inorganic parameter analyses conducted in our on-site laboratory. Heavy metal analyses are performed on a monthly basis. In addition, independent controls are ensured through sampling conducted by the Organized Industrial Zone (OSB) management at various intervals.

### Water Recovery and Collaborations

As of 2025, our planning and evaluation of wastewater recovery initiatives continue. Within this scope, joint project options for water recycling are being evaluated as part of the clustering initiatives conducted within the Bursa Hasanağa Organized Industrial Zone (HOSAB). Together with plants with high water consumption, we are considering alternatives for the reuse of treated water in manufacturing processes.

### Awareness and Training Activities

We conduct training activities to increase employee awareness on water conservation and water management. During onboarding processes, we provide briefings on water management under the Environment and Energy Management framework and reinforce awareness through hands-on activities for field employees and team leaders. Furthermore, we share informative content on the efficient use of water through internal communication channels.



As a result of the improvements achieved through reverse osmosis systems, we realized approximately 8% water savings in 2025.





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## BIODIVERSITY AND LAND USE

**In conducting our operations, we assess our potential impacts on biodiversity and adopt an approach that safeguards sensitive ecosystems.**

In conducting our operations, we consider biodiversity conservation an integral part of our environmental responsibilities. Although our manufacturing plants are located within the Bursa Organized Industrial Zone, an area not characterized by high biodiversity, we operate with due consideration for our potential impacts on natural habitats and ecosystems. Under our Environment and Climate Change Policy, we evaluate biodiversity; we monitor and take into account the impacts of our activities on nature.

When planning new physical investments and operational changes, we take environmental impact assessment processes into account and evaluate potential impacts on biodiversity on a project-specific basis. We assess the environmental impacts of our products through a life cycle approach, encompassing resource use and land-related aspects.

As our operating site in Hasanağa is located approximately 5 km from Lake Ulubat, which is under protection within the scope of the Ramsar Convention, we act in accordance with the Environmental Impact Assessment (EIA) Regulation for new projects and activities. Within this framework, we continue to evaluate environmental impacts with due consideration for the sensitive ecosystem of Ulubat Lake.

In the coming period, we aim to address our impacts on biodiversity from a more holistic perspective, develop more systematic initiatives to protect natural ecosystems within our areas of operation, and advance approaches to reduce our environmental impacts.

# RESPONSIBLE SUPPLY CHAIN

As of the end of 2025, we have a total of **911 suppliers, including 130 new ones.**

From manufacturing to logistics, and from after-sales services to digitalization, we focus on making our supply chain operations more efficient, integrated, and resilient to risks across all processes. Our supply chain management ensures operational continuity while enabling us to establish long-term, transparent, and sustainable collaborations with our suppliers.

Our supplier network consists of 799 direct (Tier-1) and 112 indirect suppliers. With 714 of our suppliers being local, our localization rate is of strategic importance for supply chain resilience. In 2025, we added 130 new suppliers to our supplier pool. Our number of critical suppliers is 132, consisting of 115 direct and 17 indirect suppliers.

At the same time, we launched the KARSAN ISP (Integrated Supplier Portal) system to enhance the sustainability of our supply chain. This system allows us to track supplier performance and enhances traceability by digitizing order and delivery processes. Through regular audits initiated in 2024, we evaluate the integration levels of our suppliers into the ISP system and the accuracy of their data flows. As of 2025, it was aimed that 75% of shipments would be carried out through the system, and that ISP would become a standard tool for performance evaluations. In 2025, this rate was realized as 77%. For 2026, we aim to reach 85% in conjunction with SAP.

Through the Supplier Capacity Management System (SCMS), we conduct detailed analyses of our suppliers' manufacturing capacities and ensure business continuity by proactively identifying critical risks. Under the SCMS, we conduct quarterly audits and track the implemented actions on a monthly basis.



## Supplier Risk and System Management (SRSM)

Through our Supplier Risk and System Management (SRSM) function, we carry out supplier logistics performance evaluations, capacity analyses, risk management, and digital process improvements under a systematic structure.

Through this framework:

- We identify and measure logistics risks in advance;
- We implement risk mitigation actions;

- We regularly monitor supplier performance using a data-driven approach; and
- We enhance transparency and traceability in our processes.

In 2025, we conducted site visits and capacity meetings focusing particularly on our local suppliers. We maintained systematic performance monitoring by establishing KPIs for Shipment Plan Compliance, ASN Rate, and Logistics Non-compliance. By ensuring early detection of risks, we adopted a proactive approach to prevent logistics losses and manufacturing line stoppages.

Supplier Group	Supplier Category	Supplier Quality Scorecard Rating	Strategies
Group A	Priority Suppliers	85 < SQPS* <100 Points	First Priority in New Business Development
Group B	Active Suppliers	70 < SQPS <85 Points	New Business Can Be Developed Through Audit
Group C	Classified Suppliers	55 < SQPS <70 Points	Close Monitoring & New Business Limitation
Group D	Critical Suppliers	0 < SQPS <55 Points	Search for Alternative Suppliers

\*SQPS=Supplier Quality Performance Score



# RESPONSIBLE SUPPLY CHAIN

In our supply chain, we are building a sustainable and resilient structure by taking into account human rights and environmental criteria, alongside quality, cost, and delivery reliability.

## Digitization and Process Optimization

We continue to strengthen the digitization and data-driven management of our supply chain processes. Within this scope:

- By implementing the Daily Piece Flow approach, we ensured that the manufacturing lines are supplied with materials as needed and at the right time. By optimizing inventory levels, we established a flow system fully aligned with the production schedule.
- By establishing a systematic framework for material requirements planning and management processes, we have strengthened our sustainable production infrastructure.
- Through the Logistics Coordinator function, we centralized the management of inbound logistics processes; by consolidating requests via the Transport Portal, we achieved load pooling and gained a cost advantage by reducing redundant transport organizations.
- We launched the proactive and optimized production planning project; by effectively managing import-export customs operations, incentive management,

warehouse layout optimization, and OHS improvement activities, we enhanced end-to-end process efficiency.

## Supplier Selection and Evaluation Processes

Our suppliers constitute a vital part of our value chain. When analyzing our product-based carbon footprint results, our suppliers account for approximately 35% of our environmental impact and carbon footprint. In this context, 38 of our suppliers account for approximately 50% of this 35% impact. Therefore, we closely monitor our suppliers' sustainability targets, ensure their evaluation by third parties, and conduct efforts to determine joint emission reduction strategies.

At Karsan, we define the code of conduct for our suppliers through our Code of Ethical Conduct Policy. In our supplier selection processes, we evaluate sustainability criteria in an integrated manner, alongside core criteria such as quality, logistical performance, cost, and delivery

reliability. Compliance with environmental legislation, occupational health and safety practices, employee rights, code of conduct, and legal compliance (ESG criteria) are an integral part of the selection process.

Compliance with human rights is among the core criteria in our supplier selection and evaluation processes. Within the scope of our environmental and social assessment mechanisms; employee rights, prevention of discrimination, prohibition of forced and child labor, fair working conditions, and compliance with ethical rules are systematically monitored.

Within this scope:

- Corrective action plans are requested for suppliers where non-compliances are identified;
- Performance of improvements is monitored within the specified timeframe;

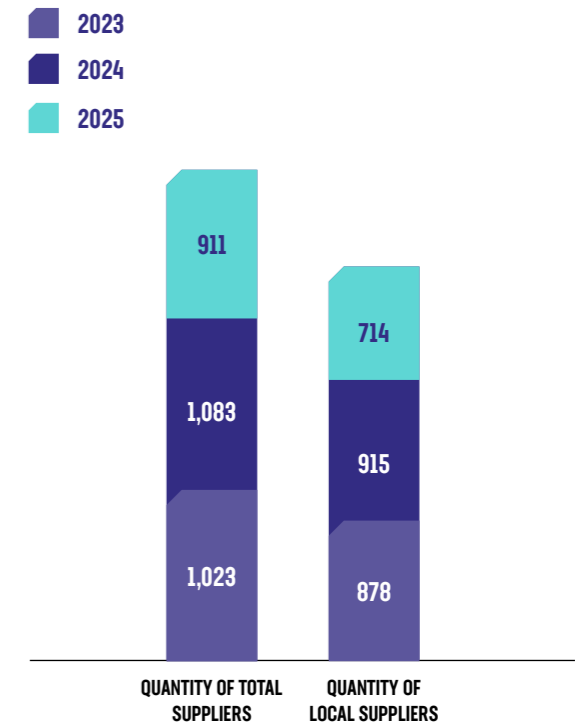
If fundamental human rights violations, such as child labor or forced labor, are identified during our preliminary reviews and evaluations, no business relationship is established with the relevant suppliers, or any existing business relationship is terminated immediately.

Prior to initiating a business relationship with a new supplier, we follow the steps below:

- Preliminary evaluation and NDA process
- Proposal and feasibility study
- Supplier self-assessment process
- Risk assessment (including sustainability)
- Final decision and integration

We conduct VDA 6.3 Potential Analysis for suppliers "newly added to the pool." This analysis assesses the compliance of manufacturing equipment and plant infrastructure with customer requirements and quality expectations.

We regularly monitor the performance of our existing suppliers based on criteria such as quality management, environmental impact, logistics error rates, and cost. In 2025, we conducted audits of four suppliers within the scope of the VDA 6.3 process audit. These audits aim for the early detection of process risks and continuous improvement by evaluating whether the manufacturing infrastructure operates in a secure, stable, and repeatable manner.



# RESPONSIBLE SUPPLY CHAIN



At Karsan, we define strategies focused on ensuring effectiveness and increasing efficiency in supply chain management. These strategies, shared annually by the Strategic Planning Department, are developed in alignment with the Company's short-, medium-, and long-term goals and priorities.

- **Strategy 1:** Finance-oriented effective budget and operation management
- **Strategy 2:** Optimization of "Order-to-Delivery" processes and making product lead times competitive
- **Strategy 3:** Effective management of product, operation, and organization activities geared toward North American market targets
- **Strategy 4:** Reduction of product, warranty, and manufacturing costs, and a competitive product range
- **Strategy 5:** Documenting corporate know-how in collaboration with Karsan Academy and fostering the "Karsan Positive" culture.
- **Strategy 6:** Occupational Health and Safety (OHS)

## Logistics Management

Our logistics management is conducted in line with the objective of a sustainable operational structure that supports uninterrupted manufacturing, operates with low inventory levels, and provides high digital visibility. Our processes are organized under four main categories: internal logistics, external logistics, material sourcing, and logistics methods.

- **Internal logistics:** It covers the processes of receiving, storing, labeling, and supplying materials to the manufacturing lines.
- **External logistics:** It includes the processes for shipping finished products to customers.
- **Material sourcing:** It covers the sourcing of materials and the planning and management of inbound transportation operations.
- **Logistics methods:** It encompasses the determination of product packaging, packaging maintenance processes, line layouts, organization of storage areas, and logistics feasibility studies.

All our logistics processes are managed based on compliance with the manufacturing plan, on-time delivery, cost optimization, and traceability, and are continuously developed with a data-driven improvement approach.

## Logistics Improvement and Optimization Activities Conducted in 2025

In 2025, improvement projects aimed at increasing the efficiency, traceability, and sustainability of our logistics processes were implemented.

### Operational Efficiency and Flow Management

To increase operational efficiency, we implement the "Daily Piece Flow" approach. We supply materials to manufacturing lines at the right time and in required quantities, optimizing stock levels and reducing the risks of line stops. In internal logistics, we manage material receiving, storage, and line feeding processes in accordance with standard workflows, making processes leaner and more effective. In warehouse management, we conduct stock segmentation and layout optimization activities, shorten operation cycle times, and increase stock accuracy and space utilization efficiency.

### Resource and Space Optimization

To make resource utilization more efficient, we regularly update labor saturation analyses and optimize our workforce planning by focusing on lost spaces. We carry out warehouse space optimization and line-side layout improvements to enhance space utilization and reduce unnecessary movements and material handling activities. By reviewing line-feeding methods, we achieve labor and space savings, maintaining the operational flow in a more balanced and effective structure.

### Digital Traceability and Planning

We are enhancing the digital tracking of our logistics operations and advancing our performance monitoring and reporting infrastructure. We increase planning accuracy by supporting decision-making processes with data-driven analyses. We carry out demand consolidation in inbound transportation processes, reduce unnecessary transport operations through load-pooling practices, and ensure cost efficiency.

### Sustainability-Oriented Initiatives

We carry out optimization activities in transport and shipment planning, contributing to reduced fuel consumption by increasing vehicle utilization rates. In packaging processes, we promote the use of recyclable and reusable materials and develop practices aimed at reducing packaging waste. By improving stock and space utilization in warehousing and internal logistics processes, we increase operational efficiency and reduce resource consumption.

Through these projects, we have established a more planned, integrated, and sustainable structure in our logistics processes, thereby supporting manufacturing continuity and shipment performance.





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# RESPONSIBLE SUPPLY CHAIN

We create an end-to-end traceable and transparent structure by strengthening our supply chain with integrated digital systems, data-driven management, and training programs.

## Technologies and Software Used in Supply Chain Management

We utilize integrated digital systems to enhance the traceability, accuracy, and operational efficiency of our supply chain processes. All processes, from material flow and technical documentation to packaging management and field operations, are managed through a data-driven infrastructure.

- **Oracle (ERP & WMS):** Processes including material stock control, order creation, administrative acceptance, stocking, and line feeding are managed through Oracle WMS. Import, export, and logistics operations are managed through the ERP infrastructure, with the Oracle ERP system utilized in PBOM creation processes.

- **MyPack:** It is an application that ensures the monitoring and management of packaging stocks between our suppliers and Karsan. It contributes to keeping the packaging cycle under control.
- **Telnet:** It is an application that works integrated with Oracle and enables the management of operational processes in the field via handheld terminals.
- **OR Delivery Note Portal:** It enables the digital management of delivery note creation processes for scrap, return, and sales shipments to suppliers.
- **TeamCenter:** It is the system used to manage technical drawings, Engineering Change Orders (ECOs), and design outputs.
- **MES Screens:** It is the application used for reporting manufacturing and operational data.

Through these systems, we ensure end-to-end traceability in supply chain processes, increase data accuracy, and support decision-making processes.

## Our Training Programs for Suppliers

We conduct training programs to enhance our suppliers' alignment with our processes, reinforce their integration into digital systems, and support their development in accordance with our shared performance targets.

- **Supplier Day:** It is an annual assessment and information platform where we share our performance expectations, quality standards, and sustainability targets with our suppliers.
- **ASN ve ISP Trainings:** These are training programs conducted to ensure that our suppliers utilize ASN (Advanced Shipping Notice) and ISP systems effectively and accurately. These programs aim to increase the level of digital integration, reduce

errors in data flow, and strengthen operational efficiency.

- **OHS Trainings:** We consider the promotion of an occupational health and safety culture across our supply chain a key priority. Accordingly, we conduct occupational health and safety (OHS) awareness and informational training for our suppliers, while also requiring them to provide regular OHS training to their own employees.

The training content primarily focuses on the use of digital systems, compliance with the shipment plan, and the improvement of process performance. In addition to these trainings, 23 suppliers participated in the "7-Step Problem Solving Techniques" training organized in 2025 to improve the quality and process improvement competencies of our suppliers, and a total of 304 person-hours of training was provided.

By strengthening our collaboration with suppliers, we aim to establish a more transparent, data-driven, and resilient supply chain. In line with our continuous improvement approach, we continue to enhance our processes to strengthen operational efficiency and sustainability.

## Supply Chain Management Practices

In supply chain management, we implement practices focused on efficiency, cost optimization, digitalization, and sustainability. By enhancing our processes at both organizational and operational levels, we establish a more transparent and integrated structure.

## "Where Is My Order?" Portal

Through the "Where Is My Order?" portal, developed to enhance the transparency and accessibility of

our procurement processes, we enable employees to monitor the real-time status of the products and services they request.

Improving the employee experience with its user-friendly structure, this system contributes to operational efficiency by increasing visibility in procurement processes. By centralizing process tracking in a traceable system, the portal enhances internal stakeholder satisfaction.



# RESPONSIBLE SUPPLY CHAIN

By restructuring our supply chain with a focus on digitalization, localization, and sustainability, we are transforming it into a cost-effective, environmentally conscious, and operationally resilient structure.

## Increases in In-Bin Quantities and Green Supply Chain

To make our procurement processes more efficient and sustainable, we have implemented initiatives for increasing in-bin quantities and packaging transformation.

In this initiative, conducted in collaboration with our suppliers:

- We reduced shipment frequency by increasing the quantity of materials within the packaging;
- We enhanced transportation efficiency; and
- We discontinued the use of cardboard packaging for certain part groups and transitioned to Karsan's recyclable plastic packaging system.

In 2025, we aim to secure an additional TRY 500,000 in transportation savings by continuing to increase lot sizes and utilize recyclable plastic and metal packaging.

## Italy Logistics Process Development

By streamlining our shipment processes to Italy, we have enhanced our logistics efficiency. By shifting customs operations previously handled via Trento to the ports of Trieste and Bari, we eliminated unnecessary

movements in the process.

Through this improvement:

- We achieved freight and customs cost advantages per vehicle;
- We reduced carbon emissions by decreasing the total transportation distance; and
- We reduced delivery lead times.

In the long term, we aim to create a sustainable and cost-effective structure by making this model a standard practice for shipments to Italy.

## TRANSPORT Projects (Local and Imported)

To optimize logistics costs and enhance transportation efficiency, we have implemented comprehensive transformations in both local and imported shipment processes.

### Within the scope of TRANSPORT (Local):

- We strengthened the milk-run model;
- We focused on reducing extra trips; and
- We improved vehicle utilization rates.

### Within the scope of TRANSPORT (Imported):

- We reduced air cargo costs by increasing the use of

- sea freight for shipments from China and America;
- We strengthened road freight for European shipments and reduced air cargo to a minimum level.

Through these projects, we achieved significant savings in import and local logistics costs and established a more sustainable transportation model.

## Procurement Organizational Strengthening

We have reinforced our organizational structure to enhance the effectiveness of our procurement processes. By structuring the Procurement Engineering & Process Development and Cost Engineering functions, we have systematized vehicle material cost management and cost reduction processes. Through this organizational transformation, we achieved full alignment with our cost optimization goals and shifted our processes to a more analytical structure.

## RobiOne – Autonomous Logistics Solution

Through the RobiOne project under Horizon EU, we support our in-plant logistics processes with autonomous solutions. Equipped with Lidar and GNSS-based systems, this autonomous material handling robot has optimized our material feeding and empty packaging collection processes.

Through this initiative:

- We increased logistics labor efficiency;
- We reduced operational expenses; and
- We strengthened our digital and smart manufacturing infrastructure.

Through these initiatives, we continue to transform our supply chain processes into a digital, sustainable, cost-efficient, and operationally resilient structure.

## Planned Initiatives for the Upcoming Period

### • SAP Transition and Digitization of Capacity Processes

By transitioning to the SAP system as of 2026, we aim to transform our manually tracked capacity and logistics performance management processes into a digital and integrated structure. In this way, we aim to minimize manual errors and enable proactive actions by enhancing supplier capacity planning and logistics performance.

### • Portal Integration for Shipment and Logistics Loss Notifications

We are implementing a new portal to monitor supplier-related logistics losses more quickly and efficiently. This system enables shipment and logistics errors to be reported digitally and allows for real-time corrective actions. In this way, we will enhance the transparency and traceability of our processes. We actively utilize our Logistics Provider Performance Evaluation report within ERP and have integrated it into the SAP system.

Through these steps, we aim to transform our supply chain management into a more efficient, rapid, and traceable structure by digitalizing it.





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# FOSTERING PEOPLE & COMMUNITIES

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# HUMAN RESOURCES APPROACH

We position our human resources as a **key driver of sustainable growth and corporate resilience.**



At Karsan, we base all our processes—from production to management—on the principle of a “Human Centric Approach.” We regard our employees not merely as a workforce, but as key stakeholders in our corporate success, and position their satisfaction, engagement, and development as core drivers of sustainable growth. Accordingly, we aim to create a work environment that encourages high performance, supports participation, and prioritizes individual development.

Within the scope of our Human Resources Policy, we manage our practices regarding recruitment, compensation, benefits, ethical principles, and training processes with a holistic approach. We recognize respect for employee rights as one of our core principles and support freedom of association and the right to collective bargaining. As of the end of 2025, 1,645 of our total 2,308 employees are covered by collective bargaining agreements. In our company, these employees are organized under the Turkish Employers’ Association of Metal Industries (MESS).

We value age diversity within our workforce. As of 2025, approximately 39% of our employees are aged 30 or under, 56% are between the ages of 30 and 50, and 5% are aged 50 and above. This distribution supports a balanced organizational structure where young talents and experienced employees create value together.

Our seniority distribution further strengthens this structure. As of 2025, 74% of our employees have 0–5 years of tenure, 7% have 5–10 years, and 19% have 10 years or more. This structure contributes to the preservation of institutional knowledge while

also supporting continuous development through new perspectives. Through our career development programs and practices aimed at increasing employee engagement, we aim to create a sustainable work culture that embodies both experience and innovation.

29% of our employees work in white collar functions and 71% in blue collar roles, reflecting an organizational structure balanced to reinforce our manufacturing and engineering focused activities. As of 2025, the vast majority of our employees are employed under indefinite term contracts, while a limited number are employed on fixed term or part time contracts. As of the same period, women represent 12% of our total workforce, while women account for 27% of white collar employees and 21% of managerial functions.

In 2025, we received significant recognition through major awards on both national and international platforms as a tangible outcome of our holistic and measurable practices in diversity, equity, inclusion, and social responsibility. In this context, we received the Diversity and Inclusion Award at the Sustainable Business Awards and were named Company Supporting Women of the Year by BÜİKAD; internationally, we were also honored with the Achievement in Diversity, Equity, and Inclusion award by the Globe Awards. Additionally, our strong performance in employee experience and workplace culture was recognized by the Great Place to Work® Institute with the Best Workplace in Social Responsibility and Best Workplace in Social Cohesion and Occupational Safety awards.

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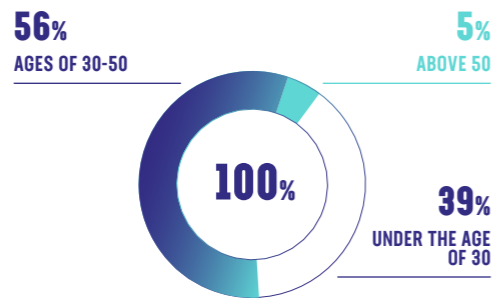
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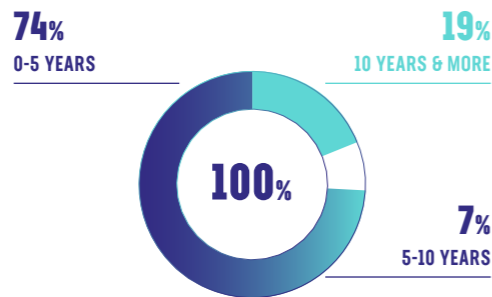
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# HUMAN RESOURCES APPROACH

## Distribution of Employees by Age-Group (%)



## Distribution of Employees by Tenure (%)



### Agile Transformation Journey

At Karsan, we continue our agile transformation journey to modernize our ways of working and enhance the efficiency of our processes. Through this transformation, we aim not only to improve our operational processes but also to strengthen our organizational culture, creating a business model that is more flexible, faster, and better aligned with change.

As part of our agile transformation journey, strategic roles such as Product Owner (Project Owner) and Scrum Master are assigned from among employees outside the management level. This enables our team members—particularly those in specialist and engineering roles—to take on new responsibilities and participate more actively in decision making processes.

Through review meetings held on a bi weekly or monthly basis, we share our outputs, achievements, risks, and impediments with senior management and our stakeholders. These meetings strengthen

our culture of transparency and feedback. The agile transformation process contributes to the development of numerous competencies across the organization, including team spirit, shared goal setting, transparent communication, focus, discipline, empathy, prioritization, efficiency, accountability, planning, time management, and flexibility. At the same time, it supports our organization in making faster decisions and adapting more effectively to changing market conditions.

At our company, agile working approaches are predominantly implemented within the Information Technology (IT) function; we carry out activities in line with agile methodologies, particularly in software development and digital solutions. In addition, we are conducting pilot applications and methodology trials focused on the integration of agile principles within specific units of the R&D organization. A holistic agile transformation has not yet been implemented across the company, and current practices continue within a limited scope and on a functional basis.

Employees by Category	2023		2024		2025	
	Female	Male	Female	Male	Female	Male
White-Collar	130	342	179	472	182	481
Blue-Collar	129	1,893	98	1,427	99	1,546
<b>Total</b>	<b>2,494</b>		<b>2,176</b>		<b>2,308</b>	

We structure our agile transformation journey around a three-phase framework:

#### Discovery Phase:

We launched the process with Agile Leadership Trainings organized for our management team. We analyzed the current state based on organizational assessment surveys and one-on-one stakeholder interviews.

#### Initiation Phase:

We established our agile transformation roadmap, identified critical roles, and formed two pilot teams. We provided the necessary training to our team members. As of 2023, the pilot teams began operating under the leadership of an agile coach. We closely monitored the process by holding regular meetings with our project owners and agile coaches within the company.

#### Scaling Phase:

We established our transformation team to scale the agile transformation across the organization. At this stage, we aimed to integrate the cultural transformation into the entire organization by increasing the number of agile teams.



## 2025: Time to Reconnect with Our Culture

INTRODUCTION

As time has passed, our goals have grown, and our successes have multiplied.

Yet we know that some values never fade – they just gather a little dust.

Therefore, in 2025, we embarked on a journey to revisit and refresh our Karsan Positive culture. During this process, we conducted surveys and workshops with our colleagues from all levels.

We rediscovered the ingrained values that had begun to fade, reviving them within our culture.

We realized that Karsan Positive has evolved from a mere concept into a shared mindset embraced by all our colleagues.

According to our colleagues, a Positive Karsan employee:

- is sincere and authentic;
- is respectful and inclusive;
- is fair and equitable;
- is growth-oriented and committed to continuous improvement;
- is human-centered;
- is responsible and accountable;
- is innovative;
- is sustainable;
- is appreciative and values others' contributions;
- is supportive and promotes solidarity;
- recognizes and celebrates contributions;
- celebrates success.

We all know that this spirit is shaped not merely by words, but by the steps we take together, the values we embrace, and the practices we put into action.

Based on these behavioral attributes, we have collaboratively redefined our Karsan Positive Principles:

As Positive Karsan Employees, we are the heroes of a story shaping the future with shared dreams.

Humanity is at our core, with each of us contributing effort and responsibility behind every vehicle we manufacture.

All our efforts are dedicated to ensuring the Karsan brand is recognized for trust, high performance, innovation, and sustainability. Every day, we work with determination and sincerity to make things better. We respect and value each other as much as we value our work.

We share our ideas freely, listen to every voice, and grow together. We base our actions on fairness and reliability, and we value solidarity.

We recognize contributions, applaud courage, and wholeheartedly believe in innovation.

We take responsibility for everything we do, celebrate success together, and act to drive growth.

Because we believe in the power of creating together and succeeding together.

We know very well:  
**Whatever we have done, we did together;  
whatever we will do, we will do together!**

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# HUMAN RESOURCES APPROACH

## In line with our Karsan Positive approach, we are building a corporate culture that strengthens employee engagement, reinforces shared values, and supports sustainable performance.

### Karsan Positive: Our Cultural Transformation Initiative

In 2017, we launched the Karsan Positive cultural transformation initiative to foster a more positive, collaborative, and efficient business culture and working environment. Through this internal communication and cultural transformation initiative, we aimed to increase employee engagement and productivity, strengthen internal communication, and promote a positive behavior approach across all our processes.

Within this scope, we published the Positive Leaders Manifesto. In line with our vision, mission, and values, we redesigned, reviewed, and implemented our processes in collaboration with our employees. Within the Karsan Positive framework, we have systematically strengthened employee engagement and our corporate culture through projects implemented annually.

In 2024, we launched the Karsan Positive Internal Communication Journal to strengthen employee engagement and support internal communication. Published monthly in a digital format, this journal brings together company announcements, social responsibility projects, employee interviews, and diverse content. This enables streamlined information flow between our teams and ensures company developments are communicated to all employees regularly and effectively. In addition, we have contributed to the strengthening of institutional memory.

Throughout 2025, we continued to develop surveys and feedback mechanisms to further enhance employee engagement. We also continued to conduct interviews with senior management. Through these efforts, we encouraged greater employee engagement in business processes, strengthened internal communication, and supported the transformation of our corporate culture into a more sustainable structure.



# HUMAN RESOURCES APPROACH

From recruitment to social clubs, and flexible benefits to internship programs, we operate a human resources model that supports our employees' entire career journey.

## Recruitment and Employee Experience

At Karsan, we closely follow industry best practices by leveraging candidate tracking systems and innovative digital solutions in our recruitment processes. In line with our Human-Centric Approach principle, we continuously improve our practices aimed at enhancing employee engagement and satisfaction.

In order to empower the employee experience, we support our human resources processes with the following practices:

- By establishing an internal communication function, we build a strong bond among our employees and enhance internal communication.
- We prioritize enhancing employee engagement, which is one of our company's core objectives.
- We provide a flexible and efficient working environment through office layouts designed in accordance with next-generation working models.
- We maintain our flexible benefits program, tailoring it to the needs of our employees.
- We strengthen our family-friendly policies by providing childcare and home care support to female employees with children aged 0-6.
- Through our birthday leave policy, we help employees enjoy their special days.
- By updating our rewarding and recognition processes, we enhance motivation.
- Through our traditional Karsan Family Festival, we bring employees and their families together, fostering a strong sense of community.
- Through social clubs established to encourage our employees to socialize outside of work, we support team spirit and collaboration.

- We arrange for our new employees to be picked up from their homes by a private driver on their first day of work; thus, we support the onboarding process from physical, psychological, and logistical perspectives. Through these practices, we aim to enhance employee engagement and provide a holistic employee experience.

## STAR Internship Program

We launched the STAR Internship Program with the aim of discovering and developing young talents and cultivating the leaders of the future. As part of the program, while providing our interns with real work experience, we contribute to strengthening our company's dynamic and innovative workforce.

Throughout the ten-month program, interns participated in projects contributing to operational excellence, sustainability, and financial performance. Each intern was assigned a one-on-one mentor to support their professional development. At the end of the program, suitable candidates were evaluated for open positions and provided with employment opportunities.

In the 2024-2025 period, we employed 25% of the interns who graduated from the STAR Internship Program within Karsan. Through this program, we continue to cultivate employees who align with our corporate culture, possess an innovative perspective, and demonstrate high long-term commitment.



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# EMPLOYEE ENGAGEMENT AND WELL-BEING

As a result of the employee engagement and satisfaction survey conducted in 2025, the engagement rate was **66%**, and the survey participation rate was **81%**.



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At Karsan, we consider employee engagement and well-being fundamental to our sustainable success, adopting a holistic approach that supports the physical, mental, and social well-being of our employees. In line with our Human-Centric Approach principle, we take continuous improvement-driven steps to create a work environment where employees can maintain work-life balance and feel safe and valued.

To strengthen employee engagement and continuously improve the work environment, we systematically collect and analyze employee feedback and translate the findings into action plans. In line with this approach, we establish six core working groups—Communication and Information, Social Activities and Rewards, Compensation, Seniority and Benefits, Ergonomics and Hardware

Equipment, Teamwork and Development, and Customer Satisfaction—to increase employee participation and maximize workplace satisfaction. Operating under senior management sponsorship, these working groups implement improvement initiatives that consider employee expectations.

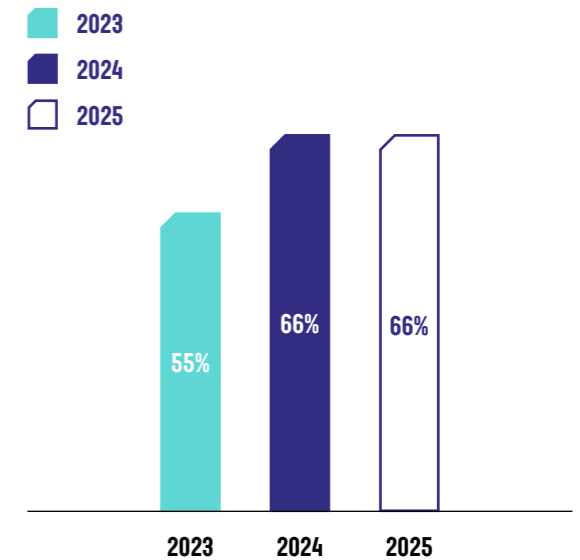
## Employee Engagement and Satisfaction Surveys

To measure employee engagement and satisfaction, we conduct an annual Employee Engagement and Satisfaction Survey in collaboration with Great Place to Work (GPTW), an independent organization. Conducted digitally and anonymously, this survey enables evaluation across five core dimensions – credibility, respect, fairness, pride, and camaraderie (sense of belonging).

Based on the survey results, our company's strengths and areas for improvement are identified. Areas for improvement are communicated to the working groups under senior management sponsorship; the action plans they develop are monitored throughout the year and periodically reported to senior management. The efforts carried out throughout the year are shared with our employees at the end of the year through internal communication meetings and Karsan Positive internal communication channels.

In addition, topic-specific surveys—covering cafeteria and shuttle services, corporate culture perception, employee satisfaction, or post-event feedback—can also be conducted as needed. All surveys are conducted anonymously; the results are reported at the department and management levels rather than on an individual basis.

Employee Engagement Rate (%)



# EMPLOYEE ENGAGEMENT AND WELL-BEING

In 2025, the number of employees who benefited from maternity and parental leave was 127, while 123 returned to work after leave.



## Employee Benefits and Support Programs

We offer a comprehensive benefits and social support framework that caters to the diverse needs of our employees. We implement our benefits practices in compliance with national legislation and International Labour Organization (ILO) standards.

The main benefits we offer our employees include comprehensive health insurance (private and complementary), a company-contributed private pension scheme (PPS), shuttle and cafeteria services, reward and recognition programs, fuel allowance, annual leave allowance, holiday bonuses, Ramadan food support, New Year packages, shoe vouchers, and various social benefits. We regularly evaluate our cafeteria and shuttle services based on employee feedback; in line with this, we implemented a change in our catering provider in 2025.

Through the Karsan Flex - Flexible Benefits system for our white-collar employees, they can adjust certain benefits to suit their individual needs. Within this scope, they can choose among options such as health

insurance, PPS contributions, shopping vouchers, insurance options for family members, and various social benefits.

In 2025, 651 of our white-collar employees benefited from private health insurance, and 294 benefited from private pension contributions. Additionally, 100 of our employees were provided with coverage under personal accident insurance.

## Work-Life Balance and Flexible Working Practices

We implement flexible and inclusive work models to support our employees' work-life balance. We offer remote working opportunities for up to two days a week on a voluntary basis. Within flexible working hours, we allow adjustments such as late arrival or early departure and enable the make-up of missed work hours in accordance with established rules. Under certain conditions, a paid "Flexible Leave" scheme is also implemented.

For employees returning to work after parental leave,

we offer the option of part-time work until their children reach six years of age. In addition, flexible work arrangements appropriate to the nature of the role can be applied for consultancy and similar positions.

## Family-Friendly Practices and Well-being Support

We implement comprehensive practices to support the family life of our employees. We provide childcare and home care support for our female employees with children aged 0-6 and for male employees with certain special circumstances. This initiative is carried out in collaboration with the Ministry of National Education (MEB)-approved institutions and is supported by a social responsibility model aimed at creating social value.

Furthermore, we address employee well-being in a multidimensional way through birthday leave; marriage, birth, bereavement, child, and education allowances; lactation rooms; health center services; stress management and resilience training; sports clubs; and health support. We provide a more comfortable work environment by arranging our office and break areas to meet employee needs.

	Number of Employees Taking Maternity/ Paternity Leave	Return-to-Work Rate After Parental Leave
Female	15	86.7%
Male	112	98.2%



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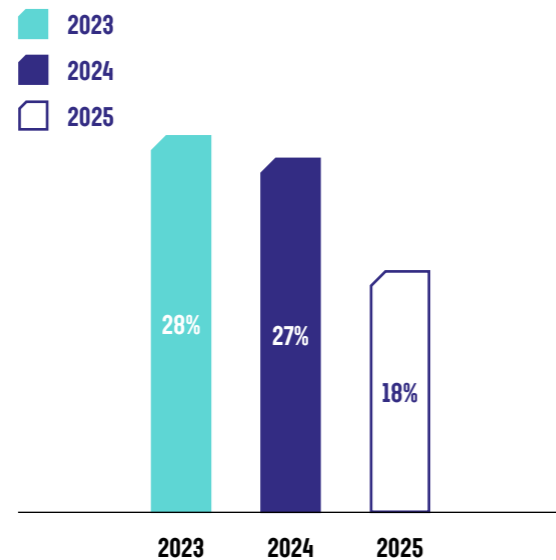
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# EMPLOYEE ENGAGEMENT AND WELL-BEING

Our employee turnover rate declined by approximately **32% compared to the previous period.**

Turnover Rate (%)



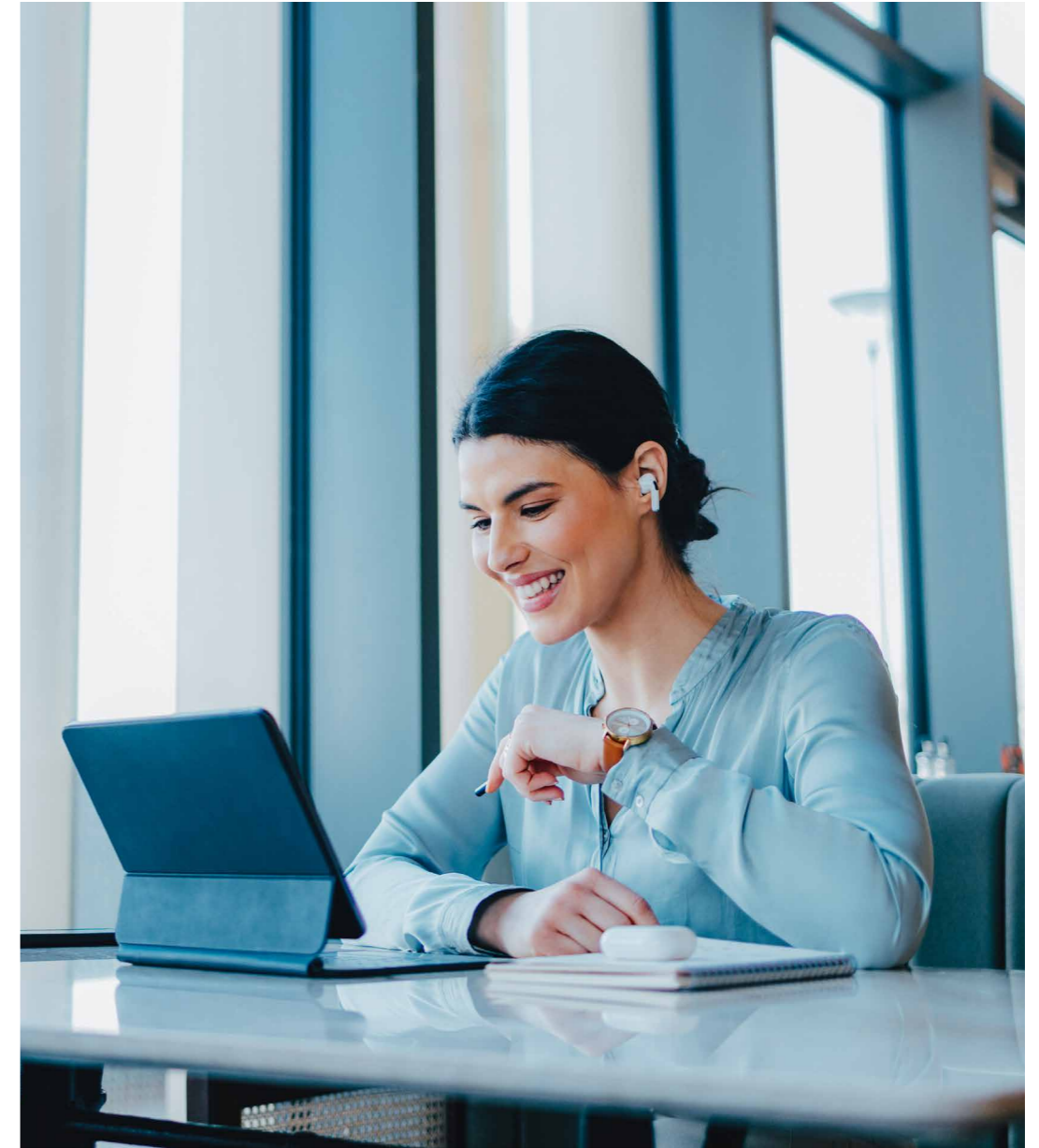
## Our Remuneration and Recognition Approach

We determine our remuneration policy in line with country and sector dynamics, inflation rates, and minimum wage increases. We implement a fair and transparent remuneration structure based on job descriptions and technical and behavioral competencies.

For our white-collar employees, we implement a general salary increase every January and interim salary adjustments in July based on technical competency assessments. The salary increases for our blue-collar employees are determined within the scope of the collective bargaining agreements. While we do not view performance as the sole determining factor in salary increases, we also grant salary increases in line with the company average to employees whose performance falls below the expected level. Through our reward and recognition systems, we support motivation by making our employees' contributions visible.

As a result of the practices we have implemented regarding employee engagement, we have succeeded in reducing the employee turnover rate compared to the previous year. In 2025, a total of 421 employees left the company, including 69 white-collar and 352 blue-collar employees. As of year-end 2025, our total employee turnover rate was approximately 18%, based on the total number of employees.

Through this holistic approach, we continuously enhance our employees' engagement, well-being, and workplace experience, while fostering a trust-based, inclusive, and sustainable work environment.





# TRAINING AND DEVELOPMENT

In 2025, the average training duration per employee was realized at approximately 23 hours.



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At Karsan, we develop Training and Development Plans to support the individual and professional growth of our employees and ensure these plans are backed by senior management commitment within the framework of our Human Resources Policy. By developing our employees' competencies, we aim to strengthen both their individual success and our company's institutional strength.

In line with our goals, strategies, and priorities, we develop annual training and development plans and create development scorecards aligned with our employees' performance targets, job descriptions, company priorities, and technical competency requirements. In this context, we provide strategic training programs aimed at increasing professional and technical knowledge, supporting competency development, and strengthening work performance. When structuring our training and development plans, we prioritize contributing to our employees' career journeys.

We also provide a wide range of training in personal and behavioral development. Our training content covers topics such as emotional resilience,

stress management, time management, conflict management, persuasion skills, and personal leadership. Through these trainings, we support our employees in managing their work more effectively.

### Our Employee Development Plans

We structure our employee development plans under four main categories:

- **Job Descriptions and Technical Competencies:** We provide training aimed at developing our employees' role-specific technical knowledge and skills.
- **Behavioral Competencies:** We focus on developing competencies such as effective communication, leadership, and teamwork.
- **Legal and System Requirements:** We organize training programs that support legal compliance in areas such as occupational health and safety, quality, environment, energy, and information security management systems.
- **Personal Development:** We provide training and seminars that support the personal development of our employees.

We ensure that all our newly hired office employees receive the "7 Habits of Highly Effective People" training. Additionally, we regularly conduct leadership development programs for our new managers, manufacturing leaders, and team leaders. In this context, the curated packages we offer include the following categories:

- Emotional Intelligence in Leadership
- Foundations of Leadership Communication
- Boosting Employee Motivation
- High-Performance Team Management
- Change Management and Innovation

Through these programs, we aim to help our leaders manage their teams more effectively and strengthen their strategic decision-making skills.

### The 70-20-10 Learning Model:

Within the scope of the Karsan Training and Development Tracking initiative, we design our training programs in line with the 70-20-10 learning model:

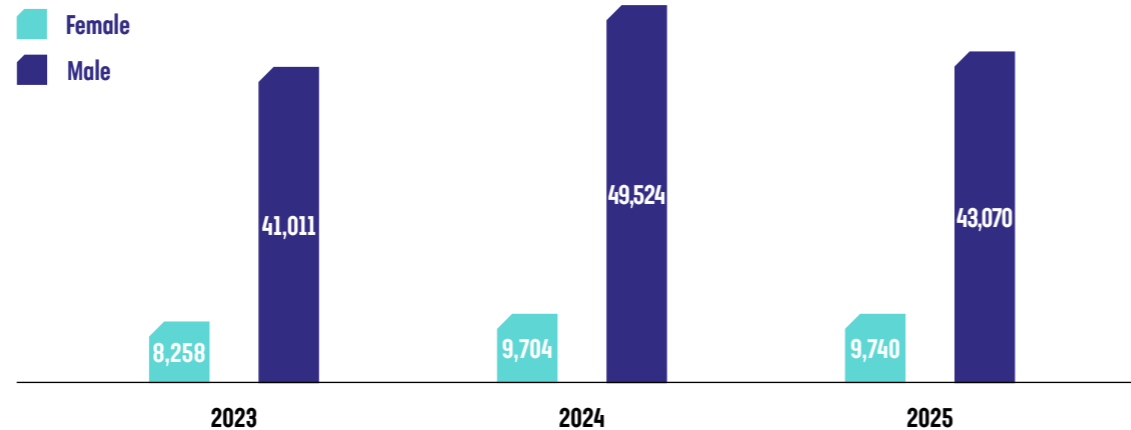
- **70% Experiential Learning:** We support our employees' development by involving them in diverse projects and challenging experiences, including process improvement initiatives, cost-reduction efforts, and actions aimed at lowering error rates.
- **20% Social Learning:** We encourage our employees to learn from experienced team members and managers through mentoring programs, feedback processes, collaborative work, and action plans.
- **10% Formal Learning:** We broaden access to knowledge by supporting our training programs with seminars, workshops, books, articles, and academic resources.

Through this framework, we support the development of the professional and technical competencies our employees need. Our training and development programs not only enhance individual performance but also reinforce our company's sustainability performance. In particular, the development of behavioral competencies boosts efficiency in business processes, positively impacting overall performance.

# TRAINING AND DEVELOPMENT

Through our training investments, we strengthen our employees' **competencies while sustaining our institutional knowledge.**

**Total Training Hours Provided to Employees**



## Our Training and Development Programs

We structure all our training and development activities in line with the 70-20-10 learning model. We support our employees in learning through on-the-job experience, encourage knowledge sharing

through mentorship and peer-to-peer learning, and complement this process with structured training. Through this approach, we ensure that learning is lasting and translates into business outcomes.

As of 2025, we delivered a total of 52,810 person-hours of training through our development activities.

Through our training and development investments, we support our employees' individual performance while directly contributing to manufacturing quality, operational efficiency, and sustainability targets.

Through Karsan Academy, we continue to build a holistic learning ecosystem that supports our employees' career journeys, encourages specialization, and focuses on continuous development.

## Karsan Academy

At Karsan, we carry out our training and development activities under Karsan Academy to support our employees' individual and professional growth, strengthen our institutional knowledge, and foster a strong learning culture that underpins sustainable success. Through Karsan Academy, we approach our employees' professional, technical, and behavioral development within a systematic framework, creating a strong connection between individual growth and operational excellence.

We structure our training and development programs based on employees' job descriptions, performance targets, company priorities, and technical competency requirements, regularly analyzing development needs to update our plans accordingly. Through this approach, we aim to support our employees' career journeys while enhancing our company's competitiveness and long-term success.

## Karsan Academy - Maintenance School

We launched the Karsan Academy - Maintenance School program to develop the technical competencies of our maintenance teams in a systematic and sustainable manner. Launched in August 2023 and designed as an ongoing program, this initiative aims to increase operational efficiency in maintenance processes, reduce downtime, and strengthen adaptation to technological change.

Based on needs analyses, we established a three-stage training model consisting of Basic, Intermediate, and Advanced levels. Within the scope of the program, we focus on critical areas such as electricity, automation, robotic systems, predictive maintenance, and digital technologies. We support the training with classroom sessions, hands-on workshops, on-the-job practice, and technical mentoring.

Through our internal trainer and technical mentoring model, we strengthen internal knowledge sharing and enable our maintenance teams to develop multi-skilled capabilities. As a result of the program, our maintenance teams strengthen their technical knowledge, problem-solving abilities, and ability to intervene effectively on site, while maintenance processes benefit from increased efficiency and significant cost advantages. Beyond fostering a sustainable learning culture within the Company, the Maintenance School also serves as a benchmark practice for the industry.

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# TRAINING AND DEVELOPMENT

## We have updated the New Manager Development Program to strengthen our managers' individual, team, and business leadership skills.

### Karsan Academy – LFF Assembly School

We have established the Karsan Academy – LFF Assembly School to bring quality, safety, and standardization in our manufacturing processes directly to the shop floor. Through this program, we aim to strengthen our employees' knowledge, skills, and quality awareness in assembly processes while enhancing manufacturing performance by increasing the number of qualified personnel on the shop floor.

Using a hands-on training approach, the Assembly School delivers comprehensive training to our employees on assembly standards, quality criteria, and workplace safety practices. Through the program, our employees strengthen their ability to work independently, while the culture of quality and workplace safety is reinforced on the shop floor. Through these trainings, the company vision is translated into tangible practices across our manufacturing areas.

### Karsan Academy – Academy Schools (Welding, Painting, and Maintenance)

Focusing on areas within manufacturing processes that are prone to quality defects, require specialized

expertise, and have long learning curves, we have established structured academy schools, including the Welding School, Painting School, and Maintenance School. Through the specialized training modules developed within these programs, we deepen our employees' technical expertise, enhance manufacturing quality, and support operational continuity.

Through these academy schools, we accelerate our recruitment processes, expand our succession capacity, and strengthen our sustainable manufacturing practices. By developing employees with the specialized knowledge and skills needed in manufacturing, these frameworks contribute to the development of Karsan's specialized teams.

### New Manager Development Program

We have updated the New Manager Development Program to strengthen our managers' individual, team, and business leadership skills. With this program, covering the 2025–2026 period, we aim to strengthen both our managers' individual leadership capabilities and their ability to manage teams more effectively.

Through a modular training structure and one-on-one coaching sessions, the program supports the development of our managers in areas such as personal brand management, team management, business leadership, sustainable decision-making, and digital literacy. Content enriched with benchmark studies enables the widespread implementation of contemporary leadership practices throughout the organization.

### Team Leader Development Program

Through the Team Leader Development Program, we aim to strengthen the leadership competencies of our organization-wide team leaders and improve operational effectiveness. We structure the program to help our team leaders manage their on-site teams more effectively, cultivate a consistent management approach that supports employee performance, and apply a disciplined approach to business processes.

The program focuses on three primary development areas: personal leadership, team leadership, and business leadership. Under personal leadership, we provide content designed to foster a positive leadership attitude and enhance behavioral competencies. Within team leadership, we focus on enhancing employee motivation, delivering effective feedback, and strengthening problem-solving skills. Within the scope of business leadership, we examine Karsan's discipline management processes and practices, supporting our leaders in adopting a consistent and sustainable approach to operational management.

As part of the program, in which 87 team leaders participate annually, we deliver a total of 43 hours of training and development. Through this program, we aim

to enable our team leaders to enhance effectiveness and consistency in team management, foster employee performance, and help establish a shared leadership language across the organization.

### Karsan Academy – Department-Focused Academy Activities

Within Karsan Academy, we deliver department-focused initiatives aimed at fostering expertise in specific functions and disciplines. Within this scope:

- **Through the Procurement Academy**, we develop personnel with expertise in supply chain and procurement processes.
- **Through the Financial Affairs and Finance Academy**, we develop financial management and reporting competencies.
- **Through the Export Technical Support and After-Sales Services Academy**, we enhance technical expertise in export processes and foster social responsibility-driven approaches.
- **Through the Human Resources Academy**, we develop a specialized workforce in human resources management.
- **Through the R&D Academy**, we foster competencies in innovative product development and technology management.
- **Through the Project Management Academy**, we aim to develop expertise in product management, business development, corporate strategy, and innovation.

Each academy aims to develop expert teams that support Karsan's sustainable growth by providing in-depth knowledge and skills in their operational domains.

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# TALENT AND PERFORMANCE MANAGEMENT

In 2025, 626 employees participated in the regular performance evaluation process.

At Karsan, we manage our Talent and Performance Management processes holistically to support employees' career development, promote equal opportunity, and build a sustainable, competency-based workforce. Since 2018, we have been implementing the Positive Career process, managing rotation, promotion, and development opportunities within a transparent and fair framework.

Through the Positive Career process, we support our employees' access to new career opportunities while remaining in their current roles, encouraging both vertical and horizontal career mobility. This approach enhances workforce flexibility and ensures the effective deployment of talent across the organization. In 2025, we filled a total of 30 positions (12 women, 18 men) with internal candidates, maintaining the effective utilization of our internal talent pool by sourcing a significant portion of open positions from within the company.

We execute our performance management process within a measurable and transparent framework,

fully aligned with our corporate strategies. With the Objectives and Key Results (OKR) methodology adopted in 2023, we ensure company goals are effectively cascaded to department and individual levels, fostering alignment of all employees toward a shared vision.

Company goals are set through annual Catchball meetings and finalized across the organization at the start of the following year. Set goals are cascaded to the department level to establish position-based individual OKRs, with each employee assigned up to 5 OKRs and up to 4 Key Results per OKR. This framework ensures that goals are transparent, measurable, and trackable.

Performance evaluations are based on 60% target-based performance and 40% behavioral competency assessment. Specialist-level employees are evaluated across 7 competencies, while management-level employees are assessed across 9 competencies. The performance process is reinforced with mid-year reviews and feedback sessions, with year-end

evaluations calibrated to ensure consistency across the organization.

Performance results serve as inputs for compensation, bonus, and reward processes, as well as for informing career planning, training, and development needs.

At Karsan, performance management is implemented in an integrated manner on both an individual and team basis. Team performance is defined based on departmental targets, while individual OKRs are aligned with both team and corporate objectives. This approach strengthens individual responsibility and ownership while fostering team synergy and cross-departmental alignment.

With the transition to the OKR system, we have enhanced transparency and reinforced a culture of continuous feedback in performance management. We share performance results with employees through one-on-one meetings, clearly addressing strengths, development areas, and future targets. This framework positions performance management not merely as an assessment tool, but as a strategic mechanism that drives employee development and supports corporate sustainability.

Performance Management	2023	2024	2025
Number of employees undergoing a regular performance evaluation process	429	589	626





# EQUITY AND INCLUSION

We embrace diversity as a core value and cultivate an inclusive work environment.

At Karsan, we believe that an equitable and inclusive work environment is a key factor in enhancing employee engagement and driving sustainable growth. Guided by this approach, we develop policies that promote gender equality, support equal opportunity, and recognize differences as a source of value, shaping all our business processes accordingly.

We uphold our approach to equity and inclusion within the framework of our Gender Equality Policy, Zero Tolerance for Violence Policy, and the UN Women’s Empowerment Principles (WEPs). In this context, in line with the “Model for Promoting Gender Equality in Companies” protocol signed by the International Labour Organization (ILO) and Kiraça Holding in 2019, we continuously enhance our equitable and inclusive work environment. As part of this process, we became a signatory to the United Nations Global Compact in 2021.

In 2019, we established the Positive Equality Committee to further advance gender equality

and equal opportunity. Through the Committee’s efforts, we aim to promote equitable practices across recruitment, promotion, training, and career development processes. We design the language and evaluation criteria in our recruitment processes to prevent discrimination and uphold a zero-tolerance policy toward any form of bias based on gender, age, disability, ethnicity, belief, or other individual characteristics.

## Our Initiatives Supporting Gender Equality

We advance the transformation process launched to promote gender equality and develop a skilled workforce through multi-stakeholder collaborations. As part of the Bursa Women’s Empowerment Platform, we contribute to advancing gender equality by sharing our best practices with stakeholders and promoting their broader adoption.

Furthermore, under the Vocational and Technical Education Cooperation Protocol signed with the Bursa Governor’s Office and the Bursa Provincial Directorate

of National Education, we implement projects that enhance access to vocational education. Through the Electric Vehicle Technology Laboratory established within this framework, we encourage young people—especially female students—to develop competencies in technical fields, with the aim of contributing to the long-term growth of women’s employment.

## Employees with Disabilities and Our Inclusive Practices

### Karsan Barrier-Free Transformation Model

We implemented the Karsan Barrier-Free Transformation Model to address the structural challenges faced by employees with disabilities in the workplace through a holistic approach. The model offers a systematic framework designed to enhance inclusivity across processes, technology, and corporate culture.

Through the “Barrier-Free Future” project developed within this framework, we support employees with hearing impairments in adapting more quickly and safely to business processes. Under the project designed in line with employee feedback and Human Resources data analytics, sign language-supported virtual reality (VR) training has been implemented for the first time in Türkiye. Occupational safety awareness is enhanced through virtual reality and animation-supported training, while digital and visual solutions have been implemented to improve accessibility on the production floor.

Through these initiatives implemented in 2025, absenteeism among employees with hearing impairments decreased by 39%, and turnover declined by 71%. In addition, awareness initiatives,

sign language training, and enhanced employment practices have embedded inclusivity as an integral part of our corporate culture.

### Our Sign Language Training and Awareness Initiatives

To foster an inclusive work environment, we have implemented Sign Language Training and Awareness initiatives to support more effective communication with employees with hearing impairments. In this context, we provided training to develop employees’ basic sign language skills and implemented operational improvements to enhance safety and communication on the production floor.

While aiming to foster an inclusive work culture through plant-wide awareness initiatives, we plan to gradually extend these practices to broader employee groups. Through this approach, we reduce communication barriers, strengthen cross-team collaboration, and ensure a safer work environment.



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# OCCUPATIONAL HEALTH AND SAFETY (OHS)

We continue to reduce occupational accidents and reinforce a culture of safety through **digital solutions and data-driven analytics.**

We consider safeguarding our employees' health and safety a core priority and adopt a proactive occupational health and safety approach, aiming for zero accidents and zero occupational illnesses. We conduct all activities in accordance with the ISO 45001:2018 Occupational Health and Safety Management System, implement it effectively across all manufacturing lines, and undergo regular third-party audits.

Our ISO 45001 audit in 2025, conducted by TSE (Turkish Standards Institution), was completed with no non-conformities identified. This outcome highlights the effectiveness of our occupational health and safety management system in operational settings and the maturity of our continuous improvement approach. Through our health center, accessible to employees 24/7, we ensure a safe working environment across both manufacturing plants and office areas.

Occupational Health and Safety (OHS) Indicators	2023	2024	2025
Number of Lost Time Injuries (cases)	75	52	29
Number of Fatal Accidents (cases)	0	0	0
Number of Occupational Illnesses (cases)	0	0	0
Absenteeism due to Accidents (days)	304	210	101
Lost Time Injury Frequency Rate (LTIFR)*	15.34	11.1	4.99

\* Lost Time Injury Frequency Rate (LTIFR) = (Number of Lost Time Injuries / Total Working Hours) × 1,000,000 proactive measures

Our OHS policy is built on the principles of employee participation and shared responsibility, full compliance with legal requirements, proactive risk management, and continuous improvement. To ensure active employee participation, we actively leverage Kaizen and suggestion systems, SMAT audits, safety patrols involving senior management, and digital risk reporting channels.

We make extensive use of digital solutions to manage OHS risks effectively. We conduct risk analyses with the participation of our manufacturing, methods, maintenance, and health teams, and track all risks related to the production floor, ergonomics, machine safety, and periodic inspections through the M-Files risk analysis platform. We regularly monitor identified risks and take the necessary actions to close them within the planned timeframes.

To monitor the health and safety conditions of our work environment, we conduct plant-wide on-site environmental measurements through accredited organizations. We regularly evaluate risks such as noise, vibration, and chemical exposure; based on measurement results, we implement technical and organizational improvements.

### Initiatives Enhancing the Effectiveness of Our OHS Processes

We manage risks with a proactive approach by supporting our occupational health and safety processes with advanced technology initiatives. The main initiatives we have implemented within this framework are as follows:

- **SMAT Audits:** We conduct regular site audits

with participation from all levels, from senior management to shop floor employees, identifying unsafe behaviors and conditions on-site and taking the necessary corrective actions.

- **AI-Powered Unsafe Behavior Detection Systems:** We monitor risky situations in real time—such as personal protective equipment usage, forklift-pedestrian interactions, and unsafe behaviors—ensuring that preventive actions are promptly implemented.
- **QR Code-Enabled Risk Reporting System:** This system enables employees to report hazards on the shop floor quickly and easily, enhancing employee engagement and awareness.
- **AI Applications in Collaboration with MESS:** We reduce risks arising from forklift-pedestrian interactions through automatic deceleration and stopping mechanisms in forklift areas. In paint shop processes, we provide additional safety through systems that stop conveyor movements if employees enter the area.
- **Action Quality Tracking System:** We track the sustainability of risk-mitigation actions and their effectiveness in addressing root causes, promoting engineering and design-based solutions over temporary measures.
- **Machine Learning-Based Accident Prediction Initiatives:** By leveraging data from past occupational accidents, risk analyses, and environmental factors, we aim to forecast potential accidents before they occur and take proactive measures.



# OCCUPATIONAL HEALTH AND SAFETY (OHS)

Through training programs that exceed legal requirements, site audits, and emergency preparedness measures, we promote a culture of safety across the organization.

## Our OHS Programs

To promote a culture of OHS across the organization, we implement programs that actively engage all employees in the process:

- **Safety Captain Initiative:** We ensure that our employees, selected at regular intervals, lead safety awareness.
- **Safety Patrol:** We reinforce a culture of safe behaviors by conducting regular safety patrols with participation from our management team.
- **Near-Miss and Hazard Reporting Systems:** We encourage employees to report unsafe conditions immediately and monitor these reports through digital systems.

We implement comprehensive training programs that go beyond legal requirements to enhance occupational health and safety awareness. We structure our training programs to cover department-specific safety risks, emergency

response, fire safety, and specialized safety topics related to electric vehicles. We conduct regular drills to test our emergency preparedness level and ensure continuous improvement by integrating the drill results into our risk analyses.

## OHS Training and Awareness Activities

We deliver OHS training through a systematic and continuous approach to strengthen employees' awareness of occupational health and safety and foster a culture of safe working. Within this scope, we provided a total of 17,245 person-hours of OHS training to our employees throughout 2025. In addition to mandatory training required by legal regulations, our programs cover department-specific training addressing risks in manufacturing processes, SMAT audits, near-miss awareness, emergency and fire safety, and specialized occupational safety topics for electric vehicles.

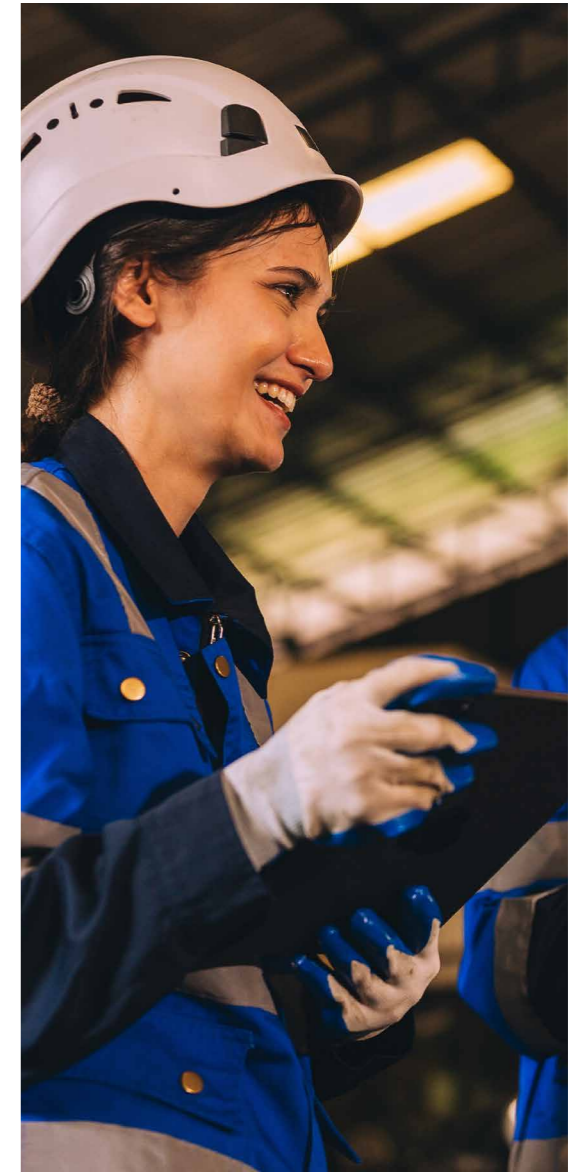
Furthermore, we prioritize OHS training for subcontractors to ensure safe working standards throughout our supply chain. Within the scope

of our supplier and subcontractor management system, we oversee the occupational health and safety processes for our internal and external workforce with an integrated approach. For our subcontracted workforce, we administer trainings, conduct legal conformity assessments, and perform job-specific risk analyses prior to site entry. We aim to mitigate subcontractor-related risks by managing activities requiring special permits—such as working at height, confined space entry, and hot work—through additional assessments.

In 2025, we provided 395 person-hours of OHS training to our subcontracted workforce. In line with this approach, we aim to establish a shared safety mindset for all on-site personnel. We position our training activities as one of the core elements of our continuous improvement approach toward preventing occupational accidents and enhancing risk awareness.

In 2025, we conducted three announced emergency drills to continuously test and enhance our emergency preparedness. Using a QR code application, we collected drill data from all participants, reported the results to senior management, and initiated corrective actions for identified non-conformities. We integrated the risks identified during the drills into the M-Files risk analysis and initiated the monitoring processes.

Furthermore, in collaboration with AFAD, an 18-member Basic Level Search and Rescue Team was established, and our team has been certified.



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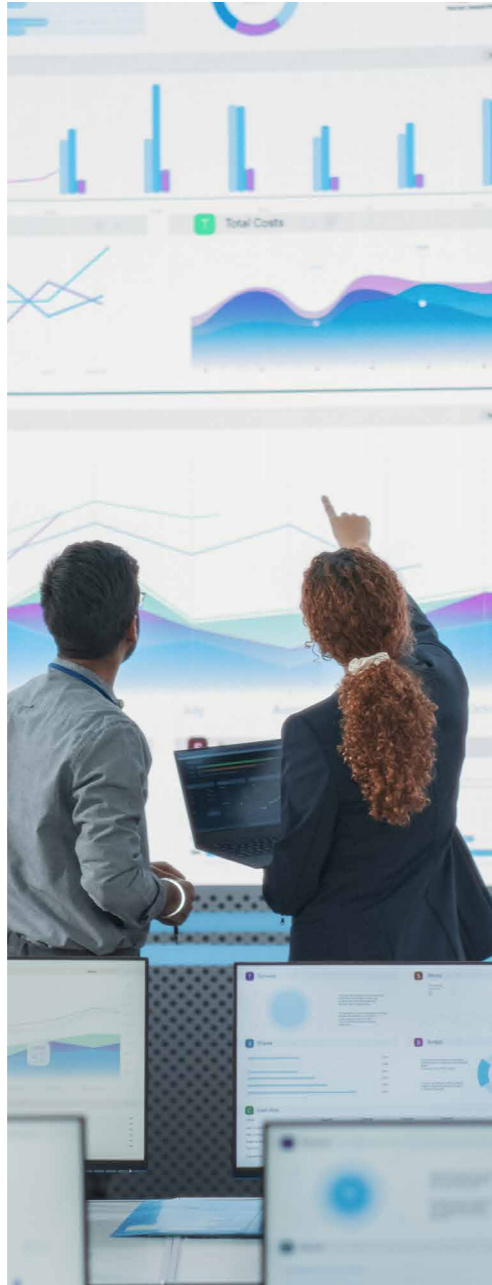


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# SOCIAL INVESTMENTS

We manage our social investments in an impact-oriented **and sustainable framework, aligned with our strategic priorities.**

At Karsan, we shape our corporate social responsibility (CSR) approach around the pillars of sustainability, social benefit, and employee volunteering. Through our Karsan Positive internal communication strategy, launched in 2017, we adopt a positive approach across all processes—from communication and leadership to ways of working and responsibility toward society; we define being a Karsan employee not only by professional success but also by awareness of and responsibility toward society and the environment.

We have allocated a donation budget of TRY 300,000 for social projects in 2025.

When determining our projects, we take into account employee feedback, societal needs, and sector priorities; prior to implementation, we conduct a needs analysis to define our target audience, scope, and intended impact. While our new colleagues are introduced to our culture of volunteering during the orientation process, our senior management actively participates in projects alongside our employees. Based on Great Place to Work surveys and internal assessments, we have established six core working groups through which we develop social responsibility projects aimed at enhancing employee satisfaction and social contribution, implementing these initiatives with the support of our senior management.

To enable our communities and stakeholders to communicate their views directly, we provide an ethics hotline and a suggestion and complaint form accessible through our website. We record notifications submitted through our website in our CRM system and follow them up through the relevant departments. We handle all feedback in accordance with confidentiality principles, operate

our mechanisms in a manner that allows anonymous use, and regularly monitor the effectiveness of our processes.

We shape our corporate social responsibility approach around the themes of gender equality, the participation of people with disabilities in working life, youth education, environmental sustainability, animal welfare, social solidarity, and volunteering. Our Environment, Gender Equality, and Zero Tolerance for Violence policies are supported by our commitments to the United Nations Women's Empowerment Principles (WEPs) and the UN Global Compact.

To encourage the active participation of our employees, we provide financial and non-financial support for projects within the scope of our annual social responsibility budget, while also promoting flexible working practices, social responsibility clubs, and the recognition and rewarding of volunteering efforts. On the special occasions of our colleagues, we contribute to education through donation practices via the Turkish Education Foundation (TEV).



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# SOCIAL INVESTMENTS

## Key Projects Implemented in 2025



- Gender Equality and Women's Employment**  
 As part of the Gender Equality Project conducted in cooperation with the ILO, we increased the number of female employees from 57 in 2019 to 274 by 2025. While 100 of our female employees work on manufacturing lines and 5 hold team leader positions, we support women's access to managerial roles through our Positive Career program. As a result of these efforts, we were recognized with the BUIKAD 'Company That Values Women Employees' award in 2025.

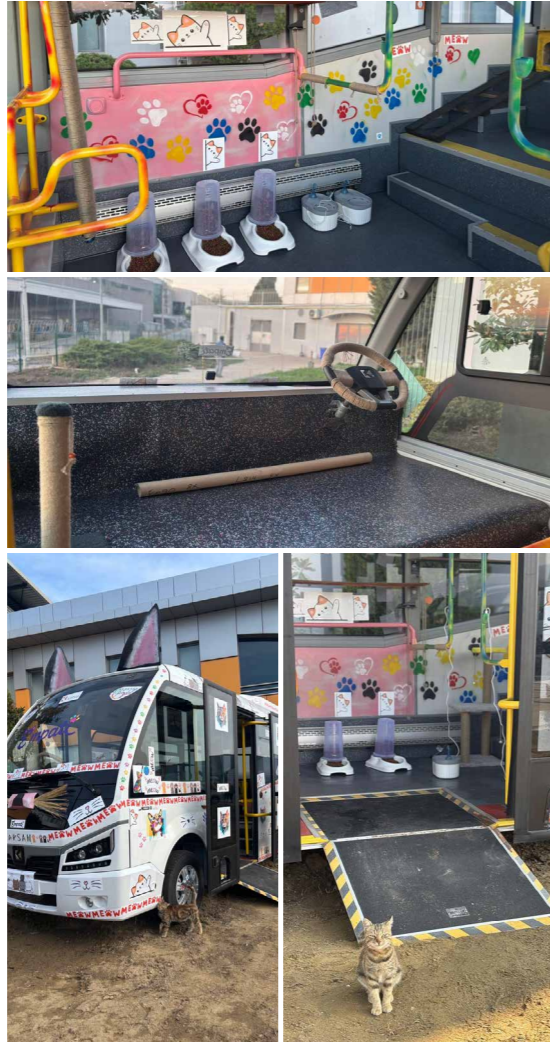
*We were recognized with the BUIKAD 'Company That Values Women Employees' award in 2025.*

*Our Barrier-Free Future Project received the Diversity and Inclusion Award at the 2025 Sustainable Business Awards.*

- Barrier-Free Future Project**  
 For our hearing-impaired employees, we provide sign language-supported VR training, sign language-supported orientation programs, animations, and mini-screen information systems. Going beyond our legal obligations, we have employed five additional hearing-impaired individuals, 40% of whom are female employees. Within the scope of the project, we achieved a 71% decrease in turnover and a 39% reduction in absenteeism among our hearing-impaired employees. Additionally, our Barrier-Free Future Project received the Diversity and Inclusion Award at the 2025 Sustainable Business Awards.

- Investing in Education and the Future of Youth**  
 Within the Karsan Electric Vehicle Technology Laboratory, we delivered a total of 3,000 hours of training, with 50% of participants being female, achieved 100% internship participation, and employed 41% of graduates within Karsan. Through the Suna and İnan Kırac Foundation, we provided a total of TRY 443,400 in scholarships.

# SOCIAL INVESTMENTS



## • Pet-Friendly Plant Project

In collaboration with the Nilüfer Municipality, we launched the Pet-Friendly Plant Project to enhance the welfare of cats residing on our plant premises and to create a sustainable living space compatible with our manufacturing areas. As part of the project, and in line with our circular economy approach, we repurposed an out-of-service minibus and transformed it into a cat habitat integrated with solar panels and a heated floor system. During the design process, we considered the sheltering, feeding, and resting needs of the cats, and created functional interior spaces using reclaimed materials.

As part of our collaboration with the Nilüfer Municipality Directorate of Veterinary Affairs, we systematically conducted periodic health checks, vaccinations, and neutering for the cats residing on our plant premises; as a result of these measures, we were awarded the 'Pet-Friendly Business Certificate.' Through the project, we strengthened our corporate approach to animal welfare, improved resource efficiency by repurposing idle assets, and established a sustainable social impact model based on public-private collaboration. Furthermore, through the active participation of our employees in the project, we supported internal awareness and ownership.



## • Sustainability Awareness Training for the Children of Karsan Employees

At Karsan, we view fostering early awareness of sustainability as a core element of our corporate social responsibility approach. In this context, through the Little Heroes Workshop '25, implemented in collaboration with CISV (Children's International Summer Villages) Türkiye, we aimed to raise children's awareness in line with the Sustainable Development Goals.

Within the scope of the event, young participants improved their solution-oriented thinking skills by engaging in creative and participatory activities in workshops focusing on the themes of Clean Water and Sanitation (SDG 6) and Climate Action (SDG 13). Through the sustainability training provided during the program, children's awareness of environmental and social issues was strengthened, and participants received their certificates at the conclusion of the event. As part of our collaboration with CISV, we continue to support the steps taken by children toward a sustainable world.



## • Employee Volunteerism and Community Engagement

In 2025, our employees took an active role in numerous volunteer projects. Key examples of these initiatives include special occasion donations through TEV (Turkish Education Foundation), blood donation drives with the Red Crescent, raising TRY 90,992 for LÖSEV at the Istanbul Marathon and TRY 35,440 at the Eker Marathon, as well as LÖSEV LSV Shop stands and stationery donation campaigns. In collaboration with Cyber Academy, we provided cybersecurity training for our employees' children, and further promoted awareness through environmental consciousness competitions and e-waste campaigns.

In 2025, in collaboration with BUSİAD, we conducted the "Codes of HR" and "Maintenance School" programs, and in partnership with the ILO, we implemented the "Future Workshop" programs.

Through these projects, we aim to foster a culture of employee volunteerism while creating a sustainable social impact that directly reaches diverse segments of society. In the coming period, we will continue to develop projects that create value for society and encourage our employees to contribute through volunteerism.



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# CUSTOMER SATISFACTION

In 2025, our customer base grew by 43%, reaching 300 compared to the previous year.

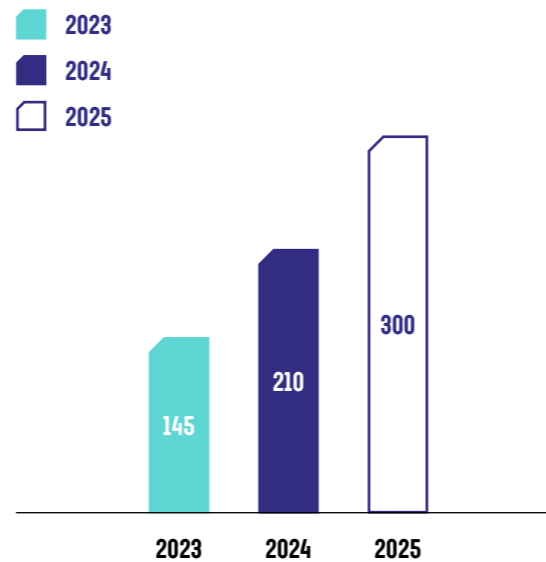
To optimally meet customer expectations, we rigorously analyze current and future needs and develop precise and timely solutions. We place customer satisfaction at the center of our business model and value creation cycle, and by continuously improving our processes in line with our quality policy, we enhance our international competitiveness.

We provide uninterrupted service to our customers through 11 dealers and 75 authorized service centers in Türkiye, and 18 dealers internationally. Within our customer management processes under the After Sales and Spare Parts Directorate, we use a CRM system to track all requests, suggestions, and complaints from both individual and corporate customers in an integrated manner.

As of 2025, our total number of customers reached 300. Within the same year, we received 2,850 customer requests and complaints, resolving 90% of them. The average resolution time for complaints was 6 days. We also regularly analyze product safety-

and quality-related notifications and incorporate them into our root cause analyses. In 2025, there were no customer data breaches or any associated financial sanctions.

Number of Customers



**77**  
NUMBER OF AUTHORIZED SERVICE CENTERS [DOMESTIC]

**29**  
TOTAL NUMBER OF DEALERS [DOMESTIC AND INTERNATIONAL]



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# CUSTOMER SATISFACTION

In 2025, we successfully launched two new vehicles: the **Autonomous e-JEST** and the **Class 2 e-ATA 12-meter**.

## Our Customer Management Approach

Our customers can contact us through our call center for any inquiries or support regarding our products and services. All inquiries are promptly assessed by our After-Sales Services team; our customer representatives initiate resolution steps at the first stage, and technical teams or relevant departments are engaged in the process when necessary. Throughout the process, we keep our customers regularly informed and ensure continuous follow-up until the matter is resolved.

## “We Are Where You Are” Service Model

To strengthen the customer experience domestically and internationally, we are expanding our service portfolio under the motto ‘We Are Where You Are’ and informing our customers through our dealer network. The key services we offer within this scope include:

- Flying Doctor
- Online Help Desk
- Remote Diagnostics
- Dedicated After-Sales Team
- Spare Part Hubs
- International Call Center

Through these services, we accelerate access to technical support, reduce downtime, and support operational continuity in the field.

## Customer Feedback in Product and Service Design

We systematically evaluate customer expectations and feedback throughout the design and development processes of our products and services. Data obtained from customer surveys, on-site visits, and demo drives provides direct input for our R&D processes. This enables us to implement customizations aligned with market requirements and usage scenarios, enhancing customer satisfaction while reinforcing our competitive advantage.

As part of our sustainable product offerings, we support our customers' sustainability goals by

providing electric, autonomous, and hydrogen-powered vehicle solutions, while establishing collaborations with local infrastructure providers and energy companies. In 2025, we successfully launched two new vehicles within this scope: the Autonomous e-JEST and the Class 2 e-ATA 12-meter.

Throughout 2025, we strengthened our electric and autonomous mobility strategy globally through product launches and participation in international platforms. At Busworld Europe 2025 in Belgium, we hosted the world premiere of the Autonomous e-JEST, and presented our e-ATA Hydrogen model—developed in collaboration with Toyota—alongside our Karsan AI (Autonomous Intelligence) platform, which embodies our smart mobility approach. During the same period, we completed the U.S. launch of the Autonomous e-JEST, securing 10 orders from the North American market and initiating preparations for operations on public roads in 2026.

At the UITP Global Public Transport Summit 2025 in Germany, we launched our new 100% electric e-ATA LE (Class 2) model, designed for routes connecting city centers with suburban and neighboring city lines. Featuring up to 528 kWh battery capacity, a range exceeding 500 km, 250 kW motor power, and pantograph fast-charging infrastructure, the e-ATA LE is positioned as a solution that meets public authorities' sustainability expectations while addressing fleet operators' operational efficiency requirements. Equipped with a heat pump system, the model operates efficiently at temperatures down to -25°C, achieving substantial energy savings.

By enhancing range and performance across our electric product range with next-generation battery updates, we sustained our strong position in Europe through our e-JEST and Autonomous e-ATA models. In the first quarter of 2025, we ranked 6<sup>th</sup> in the European electric minibuss and bus market with a 6.2% market share, while our e-JEST model reached a 51% market share in its segment. Today, with over 2,000 electric vehicles across 27 countries and more than 300 million kilometers of operational experience, we are steadily advancing our integrated strategy, spanning electric transformation through autonomous and smart mobility.

## Data Privacy and Security

As part of customer data protection, we implement policies and procedures compliant with the Law on the Protection of Personal Data (KVKK) and the GDPR. By maintaining data inventories, we classify personal data according to confidentiality levels and securely manage all data, including special categories of personal data. In line with our Data Disposal Policy, we ensure that data is deleted upon the expiry of legally required retention periods.

In our contracts with domestic and international dealers, we clearly define compliance requirements related to personal data protection and require the monitoring of regulatory changes as well as the implementation of necessary actions. Through our standard contracts, we ensure the protection of data obtained from both domestic and international sources.

# CUSTOMER SATISFACTION

In 2025, we increased the number of dealers receiving training by 36% compared to the previous year, **strengthening the application of sales and technical competencies in the field.**

## Dealer Management

At Karsan, we manage our dealer network under two main segments: domestic and international. As of 2025, we operate with 11 dealers and 77 authorized service centers in Türkiye, and 18 dealers internationally. We continuously improve our dealer network with a focus on sales performance, customer satisfaction, and operational efficiency.

We manage our domestic dealers and service centers through a dealer automation system. While our dealers place their orders through this system, we also track entitlement and bonus processes on the same platform. To support sales, we implement sales incentive and retail bonus programs.

Our international sales operations are conducted through dealers authorized to sell our full product range. Through these dealers, we manage retail and tender processes. We also receive regular feedback on local market developments, potential sales opportunities, demo plans, and the representation of the Karsan brand in the respective markets.

## Dealer Development, Training, and Performance Management

Each year, we share revenue- and unit-based sales targets with our dealers to support their development and enhance customer satisfaction, implementing them through structured action plans. For customers considering the purchase of electric buses, we conduct plant visits, product presentations, and cost-benefit analyses, while providing user training to those who have purchased our products.

Our training programs cover high- and low-voltage systems and components, heating and cooling systems, safety, chassis and braking systems, ADAS (GSR), and door and diagnostics training.

In 2025, we provided training to 45 dealers as part of our domestic sales training programs. We also continue to deliver technical training to our domestic and international dealers as needed, for example, due to personnel changes or new product launches.

Through our annual dealer meeting held each February, we bring together international dealers and



Customer Privacy	2023	2024	2025
Number of customer data breaches	0	0	0
Number of financial sanctions resulting from data privacy breaches	0	0	0

Dealer Management	2023	2024	2025
Number of domestic dealers	11	11	11
Number of international dealers	17	18	18
Number of domestic authorized service centers	75	75	77

both current and potential customers to review the past year and share our objectives for the year ahead. As part of the same event, we recognize and reward our high-performing dealers. We share all updates on new products and model changes with our dealers in real time, ensuring swift adaptation to rapid technological developments in the electric bus market.



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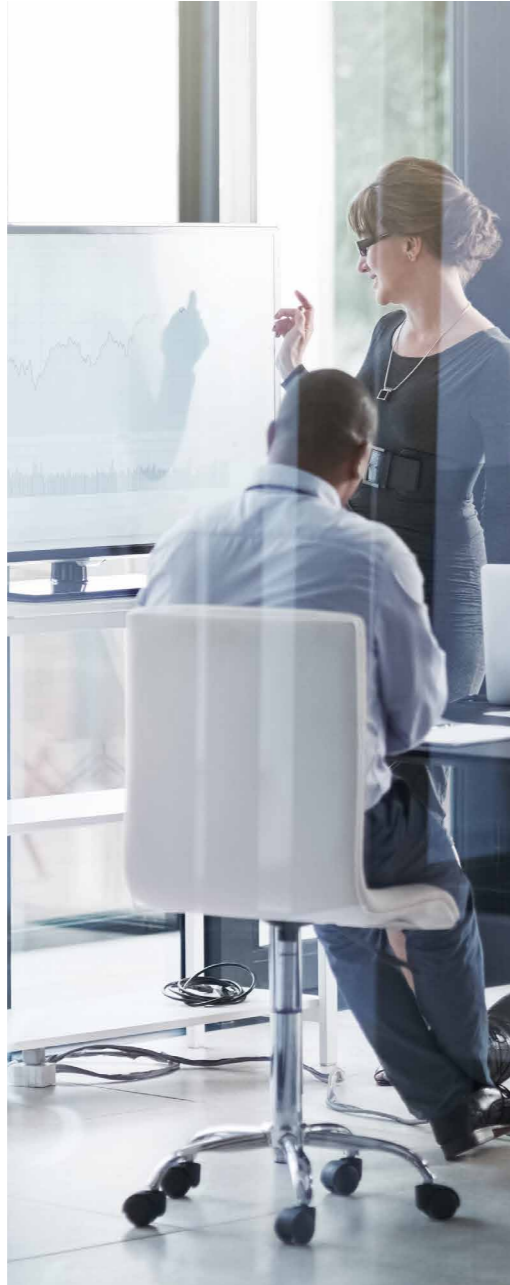
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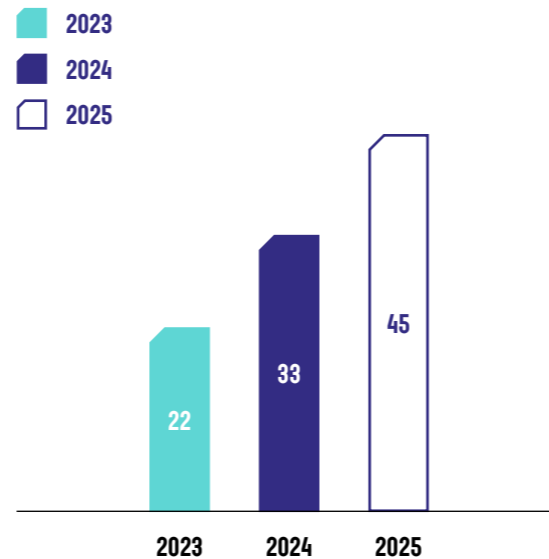
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# CUSTOMER SATISFACTION

As we expand our global dealer network across 27 countries, we secure customer satisfaction through robust on-site engagement and rigorous audit processes.

Number of Dealers Trained



## 2025 Dealer Events and On-Site Activities

As of 2025, nearly 2,000 electric buses are actively operating across 27 countries within our international operations. These vehicles operate in public transport systems across Europe, Japan, the UK, and the US. A significant portion of our sales operations is conducted through the tender system, making promotional activities for municipalities and private operators highly critical.

In this context, we conducted:

- a total of 209 demo activities
- across 15 different countries
- with 7 different vehicle models in collaboration with our dealers in 2025.

Additionally, we facilitated our dealers' participation in international trade fairs such as Busworld and UITP, and hosted our 'Partners Meeting' with the participation of international dealers and customers. Throughout the year, our regional sales and after-sales teams maintain close contact with our dealers through regular on-site visits.

## Dealer Audits

Our dealers operate under the supervision of our regional sales managers, each of whom monitors their assigned dealers through regular visits. Visit frequency varies according to each dealer's regional potential; some dealers are visited 20-30 times per year, while others receive at least one visit annually.

Within the scope of our internal audits, the number of audited dealers increased from zero in 2023 to two in 2024, reaching five in 2025. Karsan Europe undergoes regular external audits, while no separate external audit process is conducted for individual dealers.

## Dealer Agreements and Data Privacy

We require the execution of Non-Disclosure Agreements (NDAs) whenever data is shared with dealers or third parties. Furthermore, our dealer agreements explicitly require compliance with data protection regulations, particularly for international dealers, who are expected to be knowledgeable about the relevant legislation and to take necessary actions in response to regulatory changes.

Under local legislation, we ensure compliance with the Law on the Protection of Personal Data (KVKK) through contractual agreements and clearly define the responsibilities associated with the roles of Data Controller and Data Processor. As of 2025, 100% of our dealers are covered by signed data privacy agreements.

Although no dedicated training program on the Law on the Protection of Personal Data (KVKK)/data privacy was planned for dealers in 2025, contractual obligations and compliance requirements continue to be actively monitored.



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# ENSURING FUTURE-PROOF GOVERNANCE

We structure our corporate governance framework around transparency, **accountability**, and a **robust policy infrastructure**, focusing on sustainable value creation.

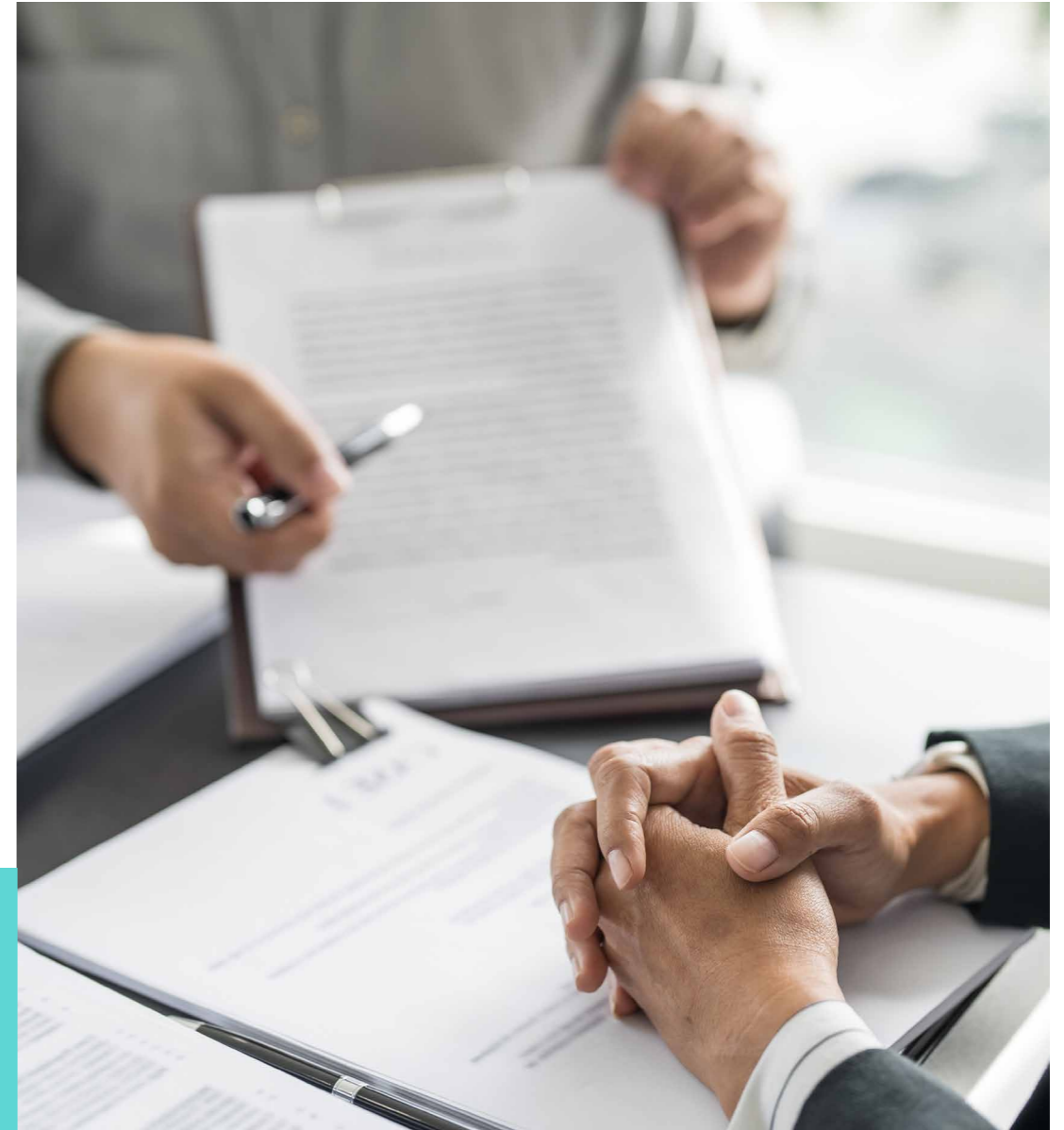
Karsan has established a strong corporate framework based on a transparent, fair, accountable, and responsible governance approach. This corporate governance approach is built on ethical values, stakeholder engagement, and business strategies oriented toward continuous improvement. The company's decision-making mechanisms are structured within a framework that takes stakeholder expectations into account and aims to generate sustainable value.

Through policies established in line with corporate governance principles, Karsan articulates its environmental, social, and governance (ESG) commitments and strives to fulfill its responsibilities accordingly. Karsan's sustainability approach is supported by corporate policies in core areas, including quality, occupational health and safety, environmental management, ethical values, and gender equality. In this context, the policies publicly disclosed by the company are listed below:

- Quality Policy
- Environmental Policy
- Occupational Health and Safety (OHS) Policy
- Information Security Policy
- Human Resources Policy
- Gender Equality Policy
- Zero Tolerance for Violence Policy
- Energy Policy
- Code of Ethical Conduct Policy
- Anti-Bribery and Anti-Corruption Policy



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# BOARD OF DIRECTORS AND COMMITTEES

Through our Board of Directors and committee structure, we carry out corporate governance processes in accordance with **the principles of independence, accountability, and effective oversight.**

The Board of Directors, composed of members elected for specific terms during General Assembly meetings attended by Karsan shareholders, serves as the company's highest decision-making body.

General Assembly meetings, during which elections are held, are conducted with the active participation of Karsan shareholders. The Board of Directors, composed of members appointed for specific terms, is recognized as the company's ultimate decision-making body for key decisions. As of December 31, 2025, the Karsan Board of Directors consists of seven members, excluding the CEO. All members except the CEO meet the non-executive member criteria set by the Capital Markets Board (SPK), with three members meeting the independence requirements.

At Karsan, the Board of Directors, including independent members, consists of a total of seven members, including the CEO. In accordance with the Articles of Association, Board members are elected by the General Assembly for a maximum term of three years and may be re-elected. Under company practice, elections are generally held annually; however, at the most recent General Assembly, Board members were elected for a three-year term. All members of the Board of Directors are elected individually. All members of the Board of Directors have experience in the relevant sectors, and their biographies are publicly available on the company's website.

At Karsan, the Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee report to the Board of Directors, supporting more efficient execution of Board responsibilities and ensuring compliance with the Corporate Governance Principles established by the Capital Markets Board (SPK). These committees report directly to the Board of Directors.

The Corporate Governance Committee also performs the functions of the Nomination Committee and the Remuneration Committee. Compliance with sustainability principles is also among the duties of the Corporate Governance Committee. Independent members of the Board of Directors serve as the chairs of the committees.

At Karsan, the positions of Board Chair and CEO are held by separate individuals. The CEO, who holds the company's highest executive responsibility, performs this role in coordination with the senior management team. As of 2026, a total of 16 executives, including one woman, serve in the company's senior management.

# BOARD OF DIRECTORS AND COMMITTEES

## Karsan Board Members as of December 31, 2025

Full Name	Title	Latest Appointment Date
Giancarlo Boschetti	Chair of the Board of Directors	June 4, 2024
Mehmet Altan Sungar	Vice Chair of the Board of Directors	June 4, 2024
Okan Baş	Executive Board Member	June 4, 2024
Nevzat Tüfekçioğlu*	Board Member	June 4, 2024
Ahmet Nezh Olcay**	Independent Board Member	June 4, 2024
Müfit Ataseven	Board Member	June 4, 2024
Hüseyin Kaan Özkan	Independent Board Member	August 12, 2025

\*As of February 16, 2026, Nevzat Tüfekçioğlu resigned from the Board of Directors.

\*\*As of January 26, 2026, Hüseyin Kaan Özkan resigned from the Board of Directors.

## Number of Board Meetings During the Year and Attendance of Board Members

In 2025, the Karsan Board of Directors convened physically 11 times, achieving an attendance rate of 98%.

## Karsan Board Committees as of December 31, 2025

Committee	Committee Members	Role on the Committee	Status	Meeting Frequency
Audit Committee	Ahmet Nezh Olcay	Chair	Independent Member	At least four times per year, on a quarterly basis
	Müfit Ataseven	Member	Independent Member	
	Hüseyin Kaan Özkan*	Member	Independent Member	
Corporate Governance Committee	Müfit Ataseven	Chair	Independent Member	At least twice a year
	Mehmet Altan Sungar	Member	Non-Independent Member	
	İbrahim Onur Baysal**	Member	Executive	
Early Detection of Risk Committee	Ahmet Nezh Olcay	Chair	Independent Member	At least six times per year, on a bi-monthly basis
	Mehmet Altan Sungar	Member	Non-Independent Member	

\*Hüseyin Kaan Özkan, who commenced his Board and Audit Committee membership on August 12, 2025, resigned from these positions as of January 26, 2026.

\*\*In accordance with Article 11 of the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board (SPK), the Investor Relations Department Manager has been assigned to the Corporate Governance Committee.

## Board of Directors' Remuneration

At the Ordinary General Assembly held on August 12, 2025, it was resolved that each Independent Board Member would receive a monthly gross remuneration of TRY 58,000, and each Board Member a monthly gross remuneration of TRY 50,750, effective from the beginning of the month following the General Assembly.

# BUSINESS ETHICS AND COMPLIANCE

We assess all reports of ethical violations through secure channels and apply an accountable governance model featuring an independent committee structure and disciplinary procedures.



At Karsan, we conduct our operations within an ethical framework, upholding transparency, accountability, and fair labor practices at every stage of our business processes. We aim to create a trust-based business environment by acting in accordance with global ethical standards in our relations with all stakeholders.

↳ To ensure the implementation of the **Code of Conduct** across all processes, we have established the “Karsan Code of Ethical Conduct and Implementation Procedure.” Within this framework, all employees, managers, and business partners are required to fully adhere to our ethical values. We implement a zero-tolerance policy regarding unethical behavior and conduct awareness and training activities to prevent ethical violations.

Our Code of Conduct is based on international frameworks such as the United Nations Universal Declaration of Human Rights and the regulations of the International Labour Organization (ILO).

## Ethics Committee and Reporting Mechanisms

We maintain our Ethics Committee to ensure compliance with ethical principles and to evaluate potential violations. Chaired by the CEO, the Committee meets on a case-by-case basis with the participation of the Human Resources Manager, the Legal Coordinator, and relevant senior executives. In matters concerning our blue-collar employees, the union chief representative is kept informed. Our Ethics Committee reviews the notifications submitted to it in line with relevant procedures, assesses whether the incident or behavior complies with our Code of Conduct, and conducts the necessary interviews and investigations. If an ethical violation is identified, we initiate the applicable disciplinary procedures.

To enable our employees and external stakeholders to securely report ethical violations or non-compliance, we provide written reporting channels via the etik@karsan.com.tr email address and sealed written submissions. Notifications may be submitted to the Chair of the Ethics Committee or the Human Resources Department. We take all necessary measures to protect the confidentiality of the reporting individual.

Under our Code of Ethical Conduct, any retaliation, pressure, discriminatory practice, or adverse treatment against employees who report illegal or unethical situations in good faith is strictly prohibited. We prioritize the confidentiality of reporting individuals and ensure they do not face any disadvantages in their career, remuneration, position, or working conditions due to their good faith disclosures. We take action under our Disciplinary Rules against those who engage

in harassment, discrimination, or mistreatment of reporting individuals in violation of this principle.

Decisions of the Ethics Committee are notified in writing to the relevant personnel by our Human Resources Department and are duly implemented. If notification is avoided, the matter is formally documented and the necessary legal proceedings are initiated. This mechanism enables us to handle reports of ethical violations in a secure, confidential, and systematic manner and ensure company-wide compliance with ethical principles. We have established a comprehensive audit mechanism to prevent violations of the Code of Conduct company-wide. We meticulously evaluate reports of ethical violations and initiate disciplinary procedures when deemed necessary.

Ethics and Compliance Indicators		2025
Number of ethical violations reported throughout the year		0
Number of ethical reports resolved		0
Number of identified ethical violations		0
Number of employees who were subject to disciplinary action as a result of violations		0
Number of employees who received ethics training		647
Total hours of ethics training (employee-hours)		108

# BUSINESS ETHICS AND COMPLIANCE

We adopt ethical standards as our primary reference in all areas of operation and **maintain a clear stance against bribery, corruption, and human rights violations.**

No ethical violations were identified in 2025, and there are no pending lawsuits against the company, including those related to environmental and social matters.

## Management of Ethics and Compliance Processes

To promote an ethics and compliance culture across the organization, we provide Ethics and Compliance training to all new employees as part of their orientation program. Additionally, we conduct specialized ethics training for team leaders under the Corporate Discipline Management System.

KPIs related to ethics and compliance processes have been integrated into our performance management system. While these indicators are not directly tied to remuneration, they do affect employees' bonuses. As such, compliance with ethical principles is also reflected in individual performance evaluations.

Our compliance system is regularly reviewed by third-party organizations as part of ISO 27001 and IATF

16949 audits, and the effectiveness of our processes is ensured through independent audits.

## Human Rights

↳ We regard respect for human rights as a core element of our corporate culture and ensure this approach through our Zero Tolerance for Violence Policy, Gender Equality Policy, and Human Resources Policy. Our ethics- and human rights-based principles are clearly defined in our **Code of Ethical Conduct**, which is binding for our employees and business partners. Within this framework, we maintain a clear stance against forced labor, child labor, harassment, discrimination, and abuse of authority, and uphold equal opportunity and a safe working environment.

We monitor human rights risks through our human resources processes and ethical management approach, and treat preventive and corrective actions as an integral part of our corporate practices. We expect our business partners and suppliers to comply

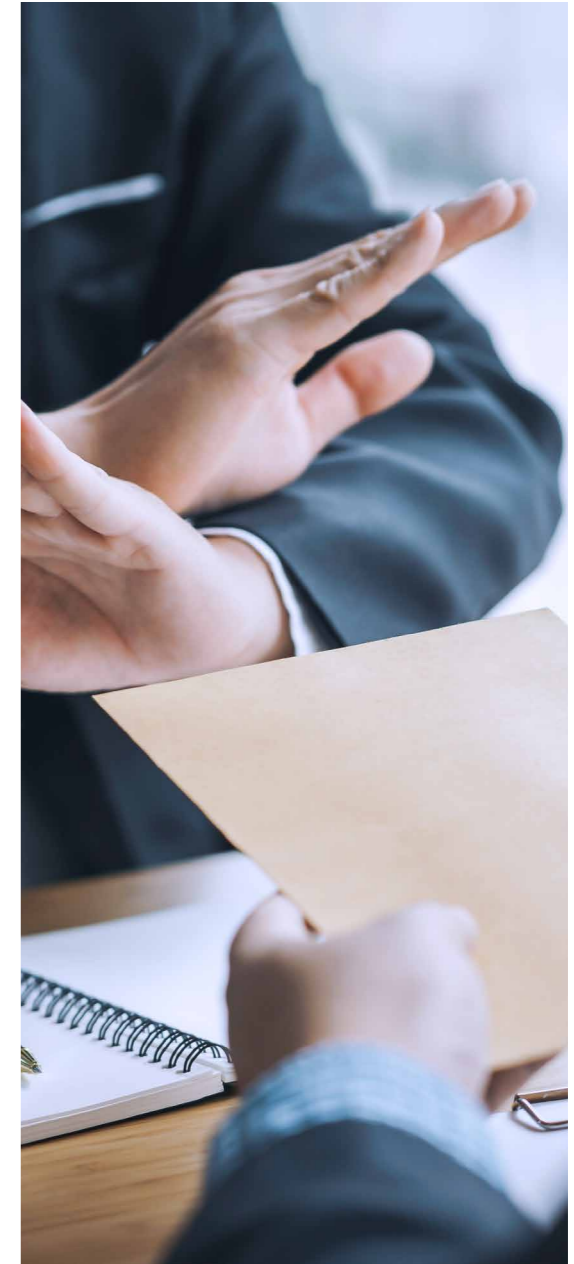
with our Code of Conduct and human rights principles, and we conduct monitoring and audits accordingly. In the event of non-compliance with human rights criteria, we first request corrective actions to be implemented; if meaningful improvement is not achieved, we take necessary measures, including termination of the business relationship.

## Anti-Bribery and Anti-Corruption

We uphold a zero-tolerance principle in the fight against bribery and corruption, and adopt a transparent and ethical approach throughout our business processes. We strictly prohibit our employees and managers from engaging in any activities that may give rise to bribery or conflicts of interest. By refraining from bribery, money laundering, or any form of corruption, we aim to maintain our business ethics to the highest standards.

↳ We adopt a proactive approach to combat corruption and develop preventive measures, taking into account constantly evolving threats. Our **Code of Conduct** prohibits any direct or indirect offer of benefit that could give rise to a conflict of interest. All employees at our company are required to fully comply with our anti-bribery and anti-corruption principles. The principles and procedures established in this regard are detailed under the **Karsan Anti-Bribery and Anti-Corruption Policy**.

Adhering to our ethical values, we continue to create a fair, transparent, and sustainable business model across all our processes. At Karsan, we aim to further advance our commitment to business ethics and our ethical standards.



# RISK MANAGEMENT

We regularly review risks through the Board of Directors and relevant committees, and develop proactive actions in line with our company's risk appetite.



Karsan considers risk management and internal audit as an integral part of its corporate governance framework and integrates these processes into its strategic decision-making mechanisms. While our risk management approach focuses on anticipating potential threats, developing proactive solutions, and ensuring business continuity, internal audit strengthens control mechanisms and promotes a culture of continuous improvement by evaluating the effectiveness, efficiency, and regulatory compliance of our processes.

## Enterprise Risk Management

Karsan implements a comprehensive risk management strategy to ensure the sustainability and success of its activities. This strategy offers an integrated approach covering the processes of early detection, assessment, and management of potential risks. Karsan's risk management aims to anticipate risks that could affect corporate strategies and objectives, particularly for shareholders, to analyze these risks in line with the company's risk appetite, and to strengthen crisis management by taking the necessary measures. In this context, the processes of identifying risks, assessing their impacts, and planning the actions to be taken are regularly reported to the Board of Directors through the Early Detection of Risk Committee.

The Early Detection of Risk Committee was established during the Board of Directors meeting on June 28, 2013, in compliance with Article 378 of the Turkish Commercial Code No. 6102 and the Corporate Governance Principles of the Capital Markets Board.

In 2025, a total of 6 reports were submitted by the Committee, and the elements in the company's risk inventory along with current risks related to strategic objectives were analyzed and communicated to the Board of Directors.

At Karsan, risk management activities are carried out under the leadership of the Enterprise Risk Management and Internal Audit departments, which report to the Legal and Internal Audit Directorate under the CEO. This organization is responsible for ensuring coordination in risk management processes, establishing a unified risk framework, and providing guidance on implementing this framework.

The management teams and process owners of all departments within the Karsan organization are responsible for identifying and assessing risks related to their own processes within the defined risk framework, implementing preventive measures, and monitoring and reporting these risks to the Enterprise Risk Management and Internal Audit Department.



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# RISK MANAGEMENT

Risks within Karsan are prioritized and categorized into four main types: financial, strategic, operational, and compliance risks. The risk management approach is based on assessing uncertainties as threats or opportunities in alignment with the company's activities and strategic objectives, identifying the root causes of risks, and analyzing their potential impacts. In this context, the risk management process is carried out in four fundamental stages: identifying risks, assessing their impact and probability, managing them in accordance with the company's risk appetite, and monitoring and reporting outcomes.

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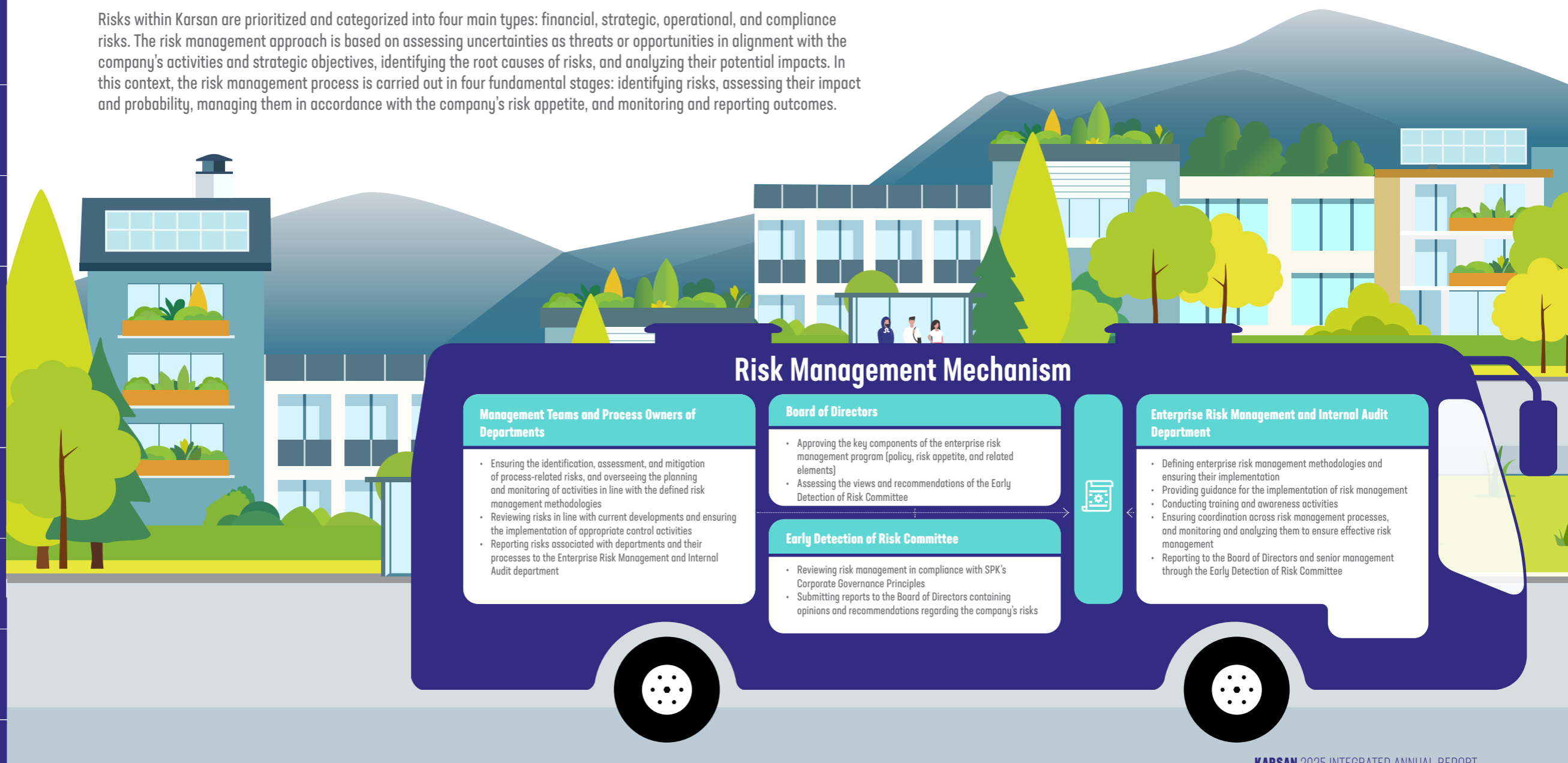
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## Risk Management Mechanism

### Management Teams and Process Owners of Departments

- Ensuring the identification, assessment, and mitigation of process-related risks, and overseeing the planning and monitoring of activities in line with the defined risk management methodologies
- Reviewing risks in line with current developments and ensuring the implementation of appropriate control activities
- Reporting risks associated with departments and their processes to the Enterprise Risk Management and Internal Audit department

### Board of Directors

- Approving the key components of the enterprise risk management program (policy, risk appetite, and related elements)
- Assessing the views and recommendations of the Early Detection of Risk Committee

### Early Detection of Risk Committee

- Reviewing risk management in compliance with SPK's Corporate Governance Principles
- Submitting reports to the Board of Directors containing opinions and recommendations regarding the company's risks

### Enterprise Risk Management and Internal Audit Department

- Defining enterprise risk management methodologies and ensuring their implementation
- Providing guidance for the implementation of risk management
- Conducting training and awareness activities
- Ensuring coordination across risk management processes, and monitoring and analyzing them to ensure effective risk management
- Reporting to the Board of Directors and senior management through the Early Detection of Risk Committee



# RISK MANAGEMENT

Through our holistic approach encompassing the identification, assessment, management, and reporting of risks, we embed a corporate risk culture across the organization.

## Monitoring and Updating Risks

Strategic, financial, operational, and legal risks to which our company is exposed are regularly and systematically monitored and updated within the scope of the Enterprise Risk Management (ERM) framework. The probability and impact of risks are assessed in line with the defined methodology, and action plans are updated.

The risk inventory is planned annually and based on risk prioritization; in the first year, risks are identified and control measures are defined, while in the subsequent year, the effectiveness of these control measures is assessed according to risk priority. Critical and high-priority risks are presented to senior management and relevant committees via periodic management reports. According to Capital Markets Board regulations, the Early Detection of Risk Committee receives reports every two months; these reports serve as direct feedback for updating risk prioritization and reviewing the effectiveness of control plans.

## Risk Training and Corporate Awareness

The Enterprise Risk Management department is responsible for developing the risk methodology, providing implementation training, and developing risk management guides and standards. The Board of Directors and senior management participate in preparing status reports.

Risk management briefing sessions were held for managers and directors of business units, and risk identification was supported through follow-up interviews. The risk inventory is updated through risk workshops organized with the participation of the management team. These activities aim to increase risk awareness across the company and strengthen the risk management culture.

## Risk Management Integrated into Project and Performance Processes

In line with our Enterprise Risk Management (ERM) approach, we ensure that risks are addressed across all operational and decision-making processes.

In this context, financial, legal/regulatory, and operational risks are systematically assessed during the project planning, concept development, and economic feasibility stages of new product development projects. Design- and process-related risks during product development are identified and managed using the FMEA methodology, ensuring that projects are managed with a holistic risk management approach covering both technical and business processes.

We have structured our risk management approach to integrate with corporate goals and performance processes; in line with the strategic plan, we have cascaded the 2025 company goals to departments and individual employee targets. As part of managing key financial risks, key indicators, including cash flow velocity, sales volumes, and production delivery performance, are prioritized and monitored weekly by the CEO. Employees receive bonuses based on their level of target achievement. This structure not only contributes directly to the management of key financial risks but also enhances risk awareness and accountability among employees.

## Identification of Risks

- Identifying uncertainties related to company strategies and goals according to risk categories, and analyzing their root causes

## Assessment of Risks

- Assessing the impacts and likelihoods of identified risks and root causes according to the risk matrix

## Management of Risks

- Responding to risks as 'accept, mitigate, avoid, or transfer' based on the risk score from the assessment and aligned with the company's risk appetite
- Planning risk response activities

## Monitoring and Reporting of Risks

- Monitoring of planned activities and reporting the risk inventory based on priority risks

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# RISK MANAGEMENT

## Emerging Risks

In line with our long-term value creation perspective, we regularly monitor emerging risks with the potential to significantly impact the company in the medium and long term, and evaluate them in integration with existing risk management processes. Emerging risks include external risks that are newly emerging or whose impacts are expected to materialize over time, with the potential to affect our strategy, business model, or operations.

In classifying a risk as an emerging risk, we classify it based on the following criteria: being newly identified, its potential impact extending over the long term, its significant impact on the company, and its origin from external factors.

## Internal Audit

An internal audit system has been designed with a risk-oriented approach to ensure that activities at Karsan are carried out effectively, efficiently, and in compliance with laws and regulations. This system aims to enhance the reliability of financial reporting, ensure the safeguarding of assets, and minimize the risks the company may encounter. The internal audit function operates structurally under the CEO, while the Audit Committee provides oversight and approval for internal audit activities.

The Audit Committee is responsible for regularly reviewing Karsan's accounting, reporting, and internal

control systems, and for evaluating independent audit reports. Reviews of the annual and interim financial statements to be disclosed publicly, regarding their compliance with accounting principles and fair presentation, are completed and reported in writing to the Board of Directors. In this context, the effectiveness of risk management processes is regularly reviewed by the Audit Committee and the Early Detection of Risk Committee, and independent

audit findings and committee reports are considered by the Board of Directors

In addition, internal audit planning is conducted for the priority issues identified in connection with the company's risk management activities, and aims to structure the internal control system effectively through the resulting action plans. Violations, whistleblowing, and complaints regarding company

activities are evaluated and investigated by the Enterprise Risk Management and Internal Audit Department, in cooperation with relevant units, and reported with recommendations to ensure effective control of activities. The Audit Committee periodically monitors all internal audit activities and reviews and approves the annual audit plans. In 2025, the Audit Committee submitted 6 reports to the Board of Directors.

Emerging Risk	Category	Risk Description	Impact Description	Risk Mitigation Measures
Trade Restrictions Arising from Geopolitical Developments and Regulations	Geopolitical / Macroeconomic Risk	Rising geopolitical tensions and regulatory differences, particularly in Europe and the United States, coupled with origin, supply chain, and sustainability criteria becoming prerequisites for trade, may affect vehicle exports. The long-term impacts of the risk have not yet been clarified.	Market entry times may lengthen, and certification and compliance costs may rise. Target market priorities, the supply chain, and product platforms could be restructured. Sales plans for public buyers and municipalities could be impacted.	<ul style="list-style-type: none"> <li>Regional diversification of markets</li> <li>Modular and flexible vehicle platforms</li> <li>Monitoring international trade and regulatory developments</li> <li>Dual-sourcing and flexible supply chain management</li> </ul>
New and Binding Regulations for Digitalization and Artificial Intelligence Applications	Legal / Regulatory Risk	New regulations for autonomous driving and artificial intelligence systems, together with data security and user safety requirements, could affect sales and usage in target markets. The long-term impacts of the risk have not yet been clarified.	Compliance costs for autonomous vehicle software and data infrastructure may increase. Market entry and launch processes may be delayed. Market access may be restricted in case of non-compliance. Product development and fleet management may be reconfigured.	<ul style="list-style-type: none"> <li>Early integration of legal and regulatory compliance</li> <li>Data security and algorithm security standards</li> <li>Coordination of legal, IT, and product development</li> <li>Regulatory monitoring and rapid adaptation</li> <li>Modular and flexible software / data infrastructure</li> </ul>

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# INVESTOR RELATIONS ACTIVITIES

In our company, the Investor Relations Department operates directly under the Deputy General Manager of Financial Affairs and Finance.

## **İbrahim Onur Baysal**

Investor Relations Director,  
Corporate Governance Committee Member

## **Seda Uludağ**

Investor Relations Manager

The Investor Relations Department operates with the objectives of providing accurate, timely, and consistent information about the Company to existing and potential investors; enhancing the Company's recognition and credibility; reducing the Company's cost of capital through compliance with Corporate Governance Principles; and ensuring effective two-way communication between the Board of Directors and capital market participants.

The Department responds promptly to shareholders' inquiries and information requests, excluding confidential and trade secret information, in coordination with relevant internal departments.

The Company's Disclosure Policy is based on the principles of ensuring equal treatment for all capital market participants in exercising their right to obtain and review information, and making disclosures simultaneously and with consistent content.

The Company makes public disclosures via the Public Disclosure Platform (KAP) without delay regarding developments that may affect the exercise of shareholders' rights, and shares information within the scope of publicly disclosed content.

Information and disclosures are regularly updated and made available to investors on the Company's website.

You can access our investor presentations, which include expectations for 2025 and future periods, via the links below.

↗ <https://www.karsan.com/tr/yatirimci-iliskileri/sunumlar>

### **Investor Relations Unit Contact Information:**

**Phone No.:** +90 224 484 21 80

**Fax No.:** +90 224 484 21 69

**E-mail:** [yatirimciiliskileri@karsan.com.tr](mailto:yatirimciiliskileri@karsan.com.tr)



# EVENTS AFTER THE REPORTING PERIOD

On January 5, 2026, our company announced on the Public Disclosure Platform (PDP) the 2025 Report on Anticipated Common and Continuous Related Party Transactions.

On January 7, 2026, our company published on the Public Disclosure Platform (PDP) the announcement regarding the Tranche Issuance Certificate.

On January 8, 2026, our company announced on the Public Disclosure Platform (PDP) the completion of the sale of the domestic lease certificate with ISIN TRDKTLM72613.

On January 8, 2026, our company announced on the Public Disclosure Platform (PDP) the redemption and coupon payment of the domestic lease certificate with ISIN TRDKTLM12619.

On January 21, 2026, our company announced on the Public Disclosure Platform (PDP) its reporting to the Carbon Disclosure Project (CDP) on Climate Change and Water.

On January 26, 2026, our company announced on the Public Disclosure Platform (PDP) the completion of the sale of the domestic lease certificate with ISIN TRDKTLM72621.

On January 26, 2026, our company announced on the Public Disclosure Platform (PDP) the redemption and coupon payment of the domestic lease certificate with ISIN TRDKTLM12627.

On January 26, 2026, our company announced on the Public Disclosure Platform (PDP) the resignation of an independent member of the Board of Directors and the corresponding change in the Audit Committee membership.

On January 27, 2026, our company announced on the Public Disclosure Platform (PDP) an update to the Company General Information Form.

On February 2, 2026, our company announced on the Public Disclosure Platform (PDP) the interest rate for the second coupon payment of the bond with ISIN TRFKRSN82614.

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# REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

This policy document defines the remuneration system and practices for our Board of Directors, Company Leader, and Business Leaders, who comprise our senior management. In accordance with the Turkish Commercial Code and Article 13 of the Articles of Association of Karsan Otomotiv Sanayii ve Ticaret A.Ş., a fixed remuneration is determined each year at the Ordinary General Assembly meeting for the functions of Board membership, applicable to all members of the Board of Directors. Executive Board members receive additional payments in line with the senior management compensation policy, as detailed below. Executive members of the Board of Directors are also paid within the scope of the policy determined for senior executives as detailed below. In addition to the fixed remuneration determined at the General Assembly, members who are assigned to carry out certain functions outside the Board of Directors in order to contribute to the Company's activities may be provided with additional benefits within the framework of the opinion of the Corporate Governance Committee due to this function they undertake. Performance-based payment plans cannot be used in the remuneration of Independent Board Members. Expenses incurred by Board Members due to their contributions to the Company (such as transportation, telephone, insurance, etc.) may be covered by the Company.

Senior executive remuneration consists of two components: fixed and performance-based. Under our remuneration policy, salary and benefits management is designed and implemented to be fair, objective, performance-oriented, competitive, rewarding, and motivating. Fixed salaries for senior executives are determined in compliance with international standards and legal obligations, considering macroeconomic data, prevailing market compensation policies, company size, long-term objectives, and individual positions. The remuneration policy aims to increase the motivation and loyalty of employees by taking into account the wage balance within the Company and competitiveness in the market and to attract qualified employees who will enable the Company to achieve its strategic business goals. Bonuses for senior executives are calculated based on bonus base, company performance, and individual performance in a way to support the realization and exceeding of the Company's business targets and to encourage superior performance by rewarding sustainable success. Information on the criteria is summarized below:

- **Company Performance:** Company performance is assessed at the end of each period by measuring the financial and operational targets (such as market share, exports, international activities, efficiency, etc.) set for the company at the beginning of the year. When defining company targets, key principles include ensuring the sustainability of success and incorporating improvements compared to previous years.
- **Individual Performance:** The determination of individual performance considers the personal and collective goals, as well as key result indicators, set by senior executives in collaboration with their teams and managers. In addition to financial metrics, long-term sustainable improvements and adherence to Environmental, Social, and Corporate Governance (ESG) policies are also taken into account. The total amounts paid to senior executives and members of the Board of Directors during the year, determined in accordance with the above principles, are submitted to the shareholders for information and/or approval at the following general assembly meeting in accordance with the legislation.



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# DECLARATION OF INDEPENDENCE OF THE BOARD OF DIRECTORS

## Karsan Otomotiv Sanayii ve Ticaret A.Ş. Independence Declaration of the Candidate for Board Member

In accordance with the Capital Markets Legislation, I hereby declare that I meet all the criteria required to be qualified as an “independent member” of the Board of Directors, and in this respect, I hereby accept and declare that:

- a) Within the last five years, neither I, nor my spouse, nor my relatives by blood or marriage up to the second degree, have had any employment relationship in an executive position involving significant duties and responsibilities with Karsan Otomotiv Sanayii ve Ticaret A.Ş. (the Company), its subsidiaries over which the Company has management control or significant influence, or with the shareholders who have control over the management of the Company or significant influence over the Company, and the legal entities controlled by such shareholders; furthermore, none of the aforementioned parties have held, jointly or individually, more than 5% of the capital or voting rights or privileged shares, nor established any significant commercial relationship;
- b) Within the last five years, I have not worked as a partner (holding 5% or more shares), held an executive position with significant duties and responsibilities, or served as a member of the board of directors in companies from which the Company purchases or to which the Company sells services or products to a significant extent under agreements made, particularly companies providing audit (including tax audit, statutory audit, and internal audit), rating, and consultancy services, during the periods when such services or products were procured or provided;
- c) As an independent board member, I possess the professional training, knowledge, and experience required to duly perform the duties assigned to me;
- d) As of the date of my nomination and during my term of office, I am not employed on a full-time basis in any public institution or organization (except for academic positions such as university professorships, in accordance with the relevant legislation);
- e) I am considered to be a tax resident in Türkiye in accordance with the provisions of the Income Tax Law No. 193 dated 31/12/1960;
- f) I am able to make positive contributions to the activities of the Company, maintain my impartiality in potential conflicts of interest between the Company and its shareholders, make independent decisions by considering the rights of stakeholders, and I possess strong ethical standards, professional reputation, and experience;
- g) I will allocate sufficient time to follow the Company's operations and to fully perform the requirements of my duties;
- h) I have not served as a member of the Board of Directors of the Company for more than six years within the last ten years;
- i) I have not served as an independent board member in more than three companies controlled by the Company or by the shareholders who control the management of the Company, and in more than five publicly traded companies in total;
- j) I have not been registered and announced on behalf of a legal entity elected as a member of the board of directors;
- k) In the event that a situation arises which may impair my independence, I will immediately inform the Board of Directors of the Company and resign from my position.

**Müfit ATASEVEN**



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**Ahmet Nezih Olcay**

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- b) Within the last five years, I have not worked as a partner (holding 5% or more shares), held an executive position with significant duties and responsibilities, or served as a member of the board of directors in companies from which the Company purchases or to which the Company sells services or products to a significant extent under agreements made, particularly companies providing audit (including tax audit, statutory audit, and internal audit), rating, and consultancy services, during the periods when such services or products were procured or provided;
- c) As an independent board member, I possess the professional training, knowledge, and experience required to duly perform the duties assigned to me;
- d) As of the date of my nomination and during my term of office, I am not employed on a full-time basis in any public institution or organization (except for academic positions such as university professorships, in accordance with the relevant legislation);
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- f) I am able to make positive contributions to the activities of the Company, maintain my impartiality in potential conflicts of interest between the Company and its shareholders, make independent decisions by considering the rights of stakeholders, and I possess strong ethical standards, professional reputation, and experience;
- g) I will allocate sufficient time to follow the Company's operations and to fully perform the requirements of my duties;
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- j) I have not been registered and announced on behalf of a legal entity elected as a member of the board of directors;
- k) In the event that a situation arises which may impair my independence, I will immediately inform the Board of Directors of the Company and resign from my position.

**Hüseyin Kaan Özkan**



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# INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

## KARSAN OTOMOTİV SANAYİİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

### CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2025 TOGETHER WITH AUDITOR'S REVIEW REPORT

(ORIGINALLY ISSUED IN TURKISH)



## KARSAN OTOMOTİV SANAYİİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2025, unless otherwise stated.)

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## KARSAN OTOMOTİV SANAYİİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2025 AND 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2025, unless otherwise stated.)

	Note References	31 December 2025	31 December 2024
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	1,526,478	1,542,145
Derivatives	30	111,691	79,404
Trade receivables		5,407,851	5,983,566
- Trade receivables from related parties	6	922,050	248,247
- Trade receivables from third parties	7	4,485,801	5,735,319
Other receivables		435,889	165,233
- Other receivables from third parties	8	435,889	165,233
Inventory	9	2,956,587	1,886,192
Prepaid expenses	10	728,428	262,815
Assets related to current period tax	28	13,501	8,020
Other current assets	18	152,098	76,814
<b>Total current assets</b>		<b>11,332,523</b>	<b>10,004,189</b>

	Note References	31 December 2025	31 December 2024
<b>Non-current Assets</b>			
Trade receivables		-	93,405
- Trade receivables from third parties	7	-	93,405
Other receivables		161,670	380,429
- Other receivables from third parties	8	161,670	380,429
Derivatives	30	50,243	153,879
Investments in associates accounted for using equity method	11	70,830	67,865
Tangible assets	12	5,279,713	5,365,682
Right of use assets	14	67,550	67,967
<b>Intangible assets</b>		<b>3,778,387</b>	<b>3,455,840</b>
- Goodwill		40,196	-
- Other intangible assets	13	3,738,191	3,455,840
Prepaid expenses	10	34,850	53,985
Deferred tax asset	28	1,859	151,119
Other non-current assets	18	10,904	-
<b>Total non-current assets</b>		<b>9,456,006</b>	<b>9,790,171</b>
<b>Total assets</b>		<b>20,788,529</b>	<b>19,794,360</b>

The consolidated financial statements for the fiscal year ended 31 December 2025 were reviewed by the Audit Committee and approved by the Board of Directors on 23 February 2026. The General Assembly has the authority to amend the consolidated financial statements.

The following footnotes form an integral part of the consolidated financial statements.

## KARSAN OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2025 AND 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2025, unless otherwise stated.)

	Note	31 December 2025	31 December 2024
<b>LIABILITIES</b>			
<b>Short Term Liabilities</b>			
Short term borrowings	19	6,407,829	4,913,039
Short term part of long-term borrowings	19	880,099	895,215
Short term payables from leasing transactions	19	11,772	136,594
Trade payables		2,645,671	2,928,590
- Trade payables to related parties	6	186,015	226,393
- Trade payables to third parties	7	2,459,656	2,702,197
Employee benefits liabilities	17	115,445	194,701
Other payables		-	85,082
- Other payables to related parties	6	-	85,082
Deferred income (other than contractual obligations)	10	224,178	667,303
Current tax liability	28	9,867	8,614
Short term provisions		928,347	261,852
- Short term provisions for employee benefits	17	261,267	67,608
- Other short term provisions	16	667,080	194,244
Other short term liabilities	18	78,743	61,754
<b>Total Current Liabilities</b>		<b>11,301,951</b>	<b>10,152,744</b>

	Note	31 December 2025	31 December 2024
<b>Long Term Liabilities</b>			
Long term borrowings	19	1,458,672	1,871,451
Long term borrowings from leasing transactions	19	2,854	15,746
Deferred income	10	109,924	83,459
Long term provisions		635,770	484,620
- Long-term provisions for employee benefits	17	291,875	269,376
Other long-term provisions	16	343,895	215,244
Deferred tax liability	28	45,909	-
<b>Total Non-Current Liabilities</b>		<b>2,253,129</b>	<b>2,455,276</b>
<b>Total Liabilities</b>		<b>13,555,080</b>	<b>12,608,020</b>
<b>Equities of Parent Company</b>			
Paid-up capital	20	900,000	900,000
Capital adjustment differences	20	13,128,427	13,128,427
Share premiums/discounts		187,889	187,889
Other accumulated comprehensive income		1,104,533	1,236,515
Items not to be re-classified under profit or loss	1,135,811	1,227,454	1,227,454
Items to be reclassified to profit/losses		(31,278)	9,061
Restricted reserves	20	33,164	33,164
Accumulated losses		(8,299,655)	(8,372,276)
Net period profit/(loss)		179,091	72,621
<b>Total Equity</b>		<b>7,233,449</b>	<b>7,186,340</b>
<b>Total Liabilities</b>		<b>20,788,529</b>	<b>19,794,360</b>

The following footnotes form an integral part of the consolidated financial statements.

## KARSAN OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2025 AND 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2025, unless otherwise stated.)

	Note	1 January - 31 December 2025	1 January - 31 December 2024
<b>PROFIT OR LOSS</b>			
Revenue	21	16,599,038	14,224,493
Cost of sales (-)	21	(11,999,335)	(11,370,270)
<b>GROSS PROFIT/ (LOSS)</b>		<b>4,599,703</b>	<b>2,854,223</b>
General and administrative expenses (-)	22	(817,127)	(760,263)
Marketing expenses (-)	22	(1,617,076)	(1,231,650)
Research & development expenses (-)	22	(205,120)	(25,070)
<b>Other operating incomes</b>	23	983,795	1,223,869
Other operating expenses (-)	23	(271,970)	(731,230)
<b>OPERATING PROFIT (LOSS)</b>		<b>2,672,205</b>	<b>1,329,879</b>
Investing income	24	100,677	308,605
Investing expenses (-)	24	(48,317)	(319,826)
Shares of profit/loss of investments accounted for Using the equity method	11	6,757	3,058

	Note	1 January - 31 December 2025	1 January - 31 December 2024
<b>OPERATING PROFIT (LOSS) BEFORE FINANCIAL EXPENSES</b>		<b>2,731,322</b>	<b>1,321,716</b>
Financial expenses (-)	26	(3,764,832)	(2,613,633)
Monetary gain/ (loss)	27	1,434,178	1,678,295
<b>PRE-TAX PROFIT/(LOSS)</b>		<b>400,668</b>	<b>386,378</b>
<b>Tax income/ (expenses)</b>		<b>(221,577)</b>	<b>(283,802)</b>
Current tax (expense)	28	(9,279)	(18,748)
Deferred tax income/ (expense)	28	(212,298)	(265,054)
Net profit/ (loss) for the period		179,091	102,576
<b>Distribution of current profit/ (loss)</b>			
Non-controlling interests		-	29,955
Equity holders of the parent		179,091	72,621
For 100 shares with a nominal value of Kr 1 Earnings per share	29	0,199	0,081

The following footnotes form an integral part of the consolidated financial statements.

**KARSAN OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES****1 OCAK - 31 ARALIK 2025 VE 31 ARALIK 2024 HESAP DÖNEMLERİNE AİT KONSOLİDE KAR VEYA ZARAR VE DİĞER KAPSAMLI GELİR TABLOLARI**

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2025, unless otherwise stated.)

	Dipnot	1 Ocak - 31 Aralık 2025	1 Ocak - 31 Aralık 2024
<b>Other Comprehensive Income/ (Expense)</b>			
<b>Net Profit/ (Loss) for the Period</b>		<b>179,091</b>	<b>102,576</b>
<b>Other Comprehensive Income/ (Expenses):</b>			
<b>Items That Will Not Be Subsequently Reclassified to Profit or Loss, before tax</b>		<b>(109,294)</b>	<b>87,453</b>
Gains (losses) on revaluation of property, plant and equipment, before tax	12	(75,807)	171,003
Gains (losses) on remeasurements of defined benefit plans, before tax	17	(33,487)	(83,550)
<b>Items That Will Be Reclassified Subsequently To Profit or Loss</b>		<b>(40,339)</b>	<b>254,988</b>
Foreign currency translation differences, before tax		(40,339)	(116,535)
Gains (losses) on cash flow hedge, before tax		-	371,523

	Dipnot	1 Ocak - 31 Aralık 2025	1 Ocak - 31 Aralık 2024
<b>Total Other Comprehensive Income and Expense, Before Tax</b>		<b>(149,633)</b>	<b>342,441</b>
<b>Total Taxes on Other Comprehensive Income/ (Expense) Elements</b>		<b>17,651</b>	<b>(13,064)</b>
<b>Total Taxes on Other Comprehensive Income/ (Expense) that will not be Reclassified in Profit or Loss</b>		<b>17,651</b>	<b>(13,064)</b>
Deferred tax income/(expense)	28	17,651	(13,064)
<b>Total Taxes on Other Comprehensive Income to be Reclassified in Profit or Loss</b>		<b>-</b>	<b>-</b>
Deferred tax income/(expense)	28	-	-
<b>Total Other Comprehensive Income/(Expense)</b>		<b>(131,982)</b>	<b>329,377</b>
<b>Total Comprehensive Income</b>		<b>47,109</b>	<b>431,953</b>
<b>Distribution of Total Comprehensive Income and Expense:</b>			
Non-controlling interests		-	29,955
Equity holders of the parent		47,109	401,998

The following footnotes form an integral part of the consolidated financial statements.

## KARSAN OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2025 AND 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2025, unless otherwise stated.)

	Other Comprehensive Income and Expenses not to be Reclassified to Profit or Loss					Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss			Accumulated Profits/(Loss)					
	Paid-up Capital	Capital Adjustment Difference	Share Premiums/ Discounts	Revaluation and Remeasurement Gains/Losses	Accumulated Remeasurement Gains/ Losses of Defined Benefit Plans	Shares of Other Comprehensive Income of Investments Accounted Through Equity Method that will not be Reclassified to Profit/Loss	Foreign Currency Translation Differences	Hedging Gains/Losses	Restricted Reserves	Previous Years'	Net Period Profit/ (Loss)	Equities of Parent Company	Non-Controlling Interest	Equities
<b>Balances as of 1 January 2024 - adjusted</b>	<b>900,000</b>	<b>13,128,427</b>	<b>187,889</b>	<b>1,272,665</b>	<b>(119,600)</b>	<b>(202,294)</b>	<b>125,596</b>	<b>(371,523)</b>	<b>33,164</b>	<b>(8,897,958)</b>	<b>727,976</b>	<b>6,784,342</b>	<b>62,670</b>	<b>6,847,012</b>
Transfers	-	-	-	-	-	202,294	-	-	-	525,682	(727,976)	-	-	-
Total comprehensive income/ (expense)	-	-	-	137,051	(62,662)	-	(116,535)	371,523	-	-	72,621	401,998	29,955	431,953
- Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	72,621	72,621	29,955	102,576
- Total other comprehensive income/(expense)	-	-	-	137,051	(62,662)	-	(116,535)	371,523	-	-	-	329,377	-	329,377
Acquisition or disposal of Subsidiaries (footnote 2.3)	-	-	-	-	-	-	-	-	-	-	-	-	(92,625)	(92,625)
<b>Balances as of 31 December 2024</b>	<b>900,000</b>	<b>13,128,427</b>	<b>187,889</b>	<b>1,409,716</b>	<b>(182,262)</b>	<b>-</b>	<b>9,061</b>	<b>-</b>	<b>33,164</b>	<b>(8,372,276)</b>	<b>72,621</b>	<b>7,186,340</b>	<b>-</b>	<b>7,186,340</b>
<b>Balances as of 1 January 2025 - adjusted</b>	<b>900,000</b>	<b>13,128,427</b>	<b>187,889</b>	<b>1,409,716</b>	<b>(182,262)</b>	<b>-</b>	<b>9,061</b>	<b>-</b>	<b>33,164</b>	<b>(8,372,276)</b>	<b>72,621</b>	<b>7,186,340</b>	<b>-</b>	<b>7,186,340</b>
Transfers	-	-	-	-	-	-	-	-	-	72,621	(72,621)	-	-	-
Total comprehensive income/ (expense)	-	-	-	(66,472)	(25,171)	-	(40,339)	-	-	-	179,091	47,109	-	47,109
- Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	179,091	179,091	-	179,091
- Total other comprehensive income/(expense)	-	-	-	(66,472)	(25,171)	-	(40,339)	-	-	-	-	(131,982)	-	(131,982)
<b>Balances as of 31 December 2025</b>	<b>900,000</b>	<b>13,128,427</b>	<b>187,889</b>	<b>1,343,244</b>	<b>(207,433)</b>	<b>-</b>	<b>(31,278)</b>	<b>-</b>	<b>33,164</b>	<b>(8,299,655)</b>	<b>179,091</b>	<b>7,233,449</b>	<b>-</b>	<b>7,233,449</b>

The following footnotes form an integral part of the consolidated financial statements.

## KARSAN OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2025 AND 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2025, unless otherwise stated.)

	Dipnot	1 Ocak - 31 Aralık 2025	1 Ocak - 31 Aralık 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(Loss) for the Period From the Activities Carried out</b>		<b>179,091</b>	<b>102,576</b>
<b>Adjustments to Reconcile the Profit/(Loss) for the Period</b>		<b>4,757,239</b>	<b>2,553,867</b>
Adjustments for depreciation and amortization expenses	12, 13,14	768,487	714,302
Adjustments for impairment/reversal of impairment		(30,011)	(164,479)
- Adjustments for impairment of receivables	7	(30,011)	(117,194)
- Adjustments for impairment/reversal of inventory	9	-	(47,285)
Adjustments for provisions		1,267,909	392,342
- Adjustments related to provisions for employee benefits	16, 17	110,280	140,158
- Adjustments related to lawsuit and/or penalty provisions	16	8,627	14,406
- Adjustments related to warranty provisions (cancellation)	16	690,496	240,658
- Adjustments for other provisions		458,506	(2,880)
Adjustments for interest (income) and expenses		2,580,132	1,559,381
- Adjustments to interest income	24	(91,136)	(109,341)
- Adjustments to interest expense	26	2,671,268	1,668,722
Adjustments for unrealized foreign exchange gains		1,171,035	617,499
Adjustments for fair value losses (gains) (+/-)		-	371,523
- Adjustments related to fair value losses (gains) of derivative financial instruments		-	371,523
Adjustments for tax expense	28	221,577	283,802
Adjustments for gains on disposal of fixed assets		38,776	(72,255)
- Adjustments for losses (gains) due to disposal of property, plant and equipment	24	38,776	(72,255)
Adjustments related to losses (gains) arising from the disposal of subsidiaries or joint operations	24	-	(127,009)
Adjustments for losses/(gains) incurred due to the disposal of subsidiaries, joint ventures and financial investments or changes in their shares	24	-	319,826
Adjustments related to retained earnings of investments valued using the equity method.		(6,757)	(3,058)
Monetary loss/(gain)		(1,253,909)	(1,338,007)

	Dipnot	1 Ocak - 31 Aralık 2025	1 Ocak - 31 Aralık 2024
<b>Changes in Working Capital</b>		<b>(2,758,097)</b>	<b>(1,471,857)</b>
Adjustments for increase in trade receivables		(575,984)	(3,482,853)
- Decrease in trade receivables from related parties	6	(725,975)	(279,783)
- Increase in trade receivables from third parties	7	149,991	(3,203,070)
Adjustments related to the decrease/(increase) in other receivables related to operations		(165,874)	995,617
- Decreases/(increases) in other receivables from third parties	8	(165,874)	995,617
Adjustments for increase (decrease) in inventories	9	(1,070,395)	496,263
Increase/decrease in derivative assets		22,322	-
Adjustments related to increases/(decreases) in prepaid expenses (+/-)		(446,478)	-
Increase/(decrease) in debt as part of employee benefits.		(38,337)	-
Increase/(decrease) in deferred revenues (excluding obligations arising from customer contracts)		(416,660)	-
Adjustments related to other increases/(decreases) in working capital		(332,046)	-
- Decrease (increase) in other assets related to operations	6	(102,331)	-
- Increase/(decrease) in other liabilities related to activities	7	(229,715)	-
Adjustment for increase/(decrease) in trade payables		332,556	683,401
- Decrease in trade payables to related parties	6	7,201	93,911
- Increase/(decrease) in trade payables to third parties	7	325,355	589,490
Adjustments related to the increase/(decrease) in other liabilities related to operations		(67,201)	(164,285)
- Increases/(decreases) in other payables to related parties	6	(67,201)	(72,733)
- Increases/(decreases) in other payables to third parties	8	-	(91,552)
<b>Net cash flow from operations (+/-)</b>		<b>2,178,233</b>	<b>1,184,586</b>
Taxes paid (+/-)		(14,095)	(11,851)
Other cash inflows/(outflows) (+/-)	16	(438,795)	(308,088)
Payments related to employee benefit provisions	17	(38,398)	(149,405)
<b>Net cash flow from operating activities</b>		<b>1,686,945</b>	<b>715,242</b>

The following footnotes form an integral part of the consolidated financial statements.

## KARSAN OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

### 1 OCAK - 31 ARALIK 2025 VE 31 ARALIK 2024 HESAP DÖNEMLEİNE AİT KONSOLİDE NAKİT AKIŞ TABLOLARI

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2025, unless otherwise stated.)

	Note	1 January - 31 December 2025	1 January - 31 December 2024
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>			
Cash inflows from sales that result in loss of control of subsidiaries		-	97,198
Cash inflows from the sale of property, plant and equipment and intangible assets		17,270	103,259
- Cash inflows from the sale of property, plant and equipment and tangible assets	12	10,789	103,259
- Cash inflows from the sale of property, plant and equipment and intangible assets	13	6,481	-
Cash outflows from the sale of property, plant and equipment and intangible assets		(1,029,456)	(1,262,018)
- Cash outflows from purchase of tangible fixed assets	12	(244,998)	(307,396)
- Cash outflows from purchase of intangible assets	13	(784,458)	(954,622)
Interest earned	24	91,136	109,341
Other cash inflows (outflows)		(104,597)	155,006
<b>Cash flows from financial activities (+/-)</b>		<b>(1,025,647)</b>	<b>(797,214)</b>

	Note	1 January - 31 December 2025	1 January - 31 December 2024
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>			
Cash inflows from borrowings		10,160,903	14,468,272
- Cash inflows from bank borrowings	19	10,099,729	14,388,201
- Cash inflows from other financial borrowings		61,174	80,071
Cash outflows from borrowings		(8,152,858)	(12,605,801)
- Cash outflows from bank borrowings	19	(8,152,858)	(12,605,801)
Cash outflows from debt payments arising from lease agreements	19	(186,539)	(71,111)
Interest paid		(2,235,395)	(1,553,767)
<b>Net Cash Flows From Financing Activities (+/-)</b>		<b>(413,889)</b>	<b>237,593</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents Before the Effect of Foreign Currency Translation Differences</b>		<b>247,409</b>	<b>155,621</b>
<b>Effects of Exchange Rate Changes on Cash and Cash Equivalents (+/-)</b>		<b>100,888</b>	<b>42,158</b>
<b>Effects of Exchange Rate Changes on Cash and Cash Equivalents</b>		<b>(363,964)</b>	<b>(596,616)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(15,667)</b>	<b>(398,837)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	4	<b>1,542,145</b>	<b>1,940,982</b>
<b>Cash and Cash Equivalents at end of Period</b>	4	<b>1,526,478</b>	<b>1,542,145</b>

The following footnotes form an integral part of the consolidated financial statements.



## KARSAN OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2025, unless otherwise stated.)

#### INTRODUCTION

#### KARSAN AT A GLANCE

#### SUSTAINABILITY AT KARSAN

#### INNOVATING CLEAN MOBILITY

#### DECARBONIZING VALUE CHAIN

#### FOSTERING PEOPLE & COMMUNITIES

#### ENSURING FUTURE-PROOF GOVERNANCE

#### BOARD OF DIRECTORS ANNUAL REPORT

#### APPENDIX

#### NOTE 1 - ORGANIZATION AND FIELD OF ACTIVITY OF THE COMPANY

Karsan Otomotiv Sanayii ve Ticaret A.Ş. ("The Company" or "Karsan Otomotiv") is incorporated in 1966 Bursa, Turkey. The Company was established in order to establish all kinds of auto assembly and bodywork facilities in Turkey, to purchase and participate in already established ones, to import automobiles for bodywork manufacturing, to make and sell all kinds of auto bodywork. The Company's fields of activity; to produce, import and export motor vehicles for various automotive brands and to provide industrial services to the automotive main and sub-industries.

The Company's General Directorate and production facilities are located at Hasanağa Organized Industrial Zone (HOSAB), Sanayi Street, 16225, Nilüfer-Bursa.

The main shareholder of the Company and the party holding the main control is Kıraca Holding A.Ş. The Company is registered with the Capital Markets Board ("CMB") and its shares are traded on Borsa Istanbul A.Ş. ("BIST"). The Company's share ratio traded on the BIST is 39.44% (31 December 2024: 39.44%).

As of 31 December 2025 and 31 December 2024, Karsan Otomotiv's subsidiaries ("subsidiaries") (hereinafter collectively referred to as the "Group") and the investments valued through equity management are as follows:

#### Subsidiaries Subject to Full Consolidation

	Field of Activity
Karsan İç ve Dış Ticaret A.Ş.	Sales and marketing
Karsan Europe S.R.L.	Sales and marketing
E-Buskar Sociedad Limitada Unipersonal <sup>(*)</sup>	Sales and marketing
Karsan North America LLC	Sales and marketing (Inactive)

#### Subsidiaries accounted according to the equity method

	Field of Activity
Hervout Corporate Industry SAS <sup>(*)</sup>	Sales and marketing
Hervout Corporate Lease SAS <sup>(*)</sup>	Sales and marketing

(\*) See Footnote 2.3.

As of 31 December 2025, the Group's average number of employees during the year is 2,364 (31 December 2024: 2,364).

#### Approval of Consolidated Financial Statements

The consolidated financial statements for the accounting period of 1 January - 31 December 2025 were approved by the Board of Directors of Karsan Otomotiv Sanayii ve Ticaret A.Ş. on 23 February 2025. The General Assembly and the relevant regulatory bodies have the right to amend the financial statements prepared in accordance with the legal regulations and these consolidated financial statements.

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

##### Basic Principles of Presentation

The Group's consolidated financial statements have been prepared in accordance with the provisions of the CMB's "Communiqué on Principles Regarding Financial Reporting in the Capital Market" ("Communiqué") No. 14.1 of Series II, published in the Official Gazette dated 13 June 2013 and numbered 28676 ("Communiqué"), on the basis of the Turkish Financial Reporting Standards ("TFRS") and its annexes and interpretations thereto, in line with the international standards published by the Public Oversight Accounting and Auditing Standards Authority ("KGK"). TFRS is up-dated through communiqués in order to provide parallelism with the changes in International Financial Reporting Standards ("IFRS"). The consolidated financial statements are presented in accordance with the formats set out in the "Announcement on TFRS Taxonomy" published by the CGK on 3 July 2024 and the Financial Statement Examples and Usage Guide published by the CMB.

The Group complies with the requirements of the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance in keeping accounting records and preparing its statutory financial statements. The financial statements of subsidiaries operating in foreign countries have been prepared in accordance with the laws and regulations applicable in the countries in which they operate. The consolidated financial statements are measured and presented in Turkish Lira ("TRY"), the functional currency of the Group, on a historical cost basis, excluding lands, plots and buildings from the group of tangible fixed assets shown at their fair values, and financial investments, financial assets and liabilities carried with their fair values. The consolidated financial statements are prepared by reflecting the corrections and classifications required for compliance with TFRS in the statutory records prepared on a historical cost basis. In addition, the Group has prepared its financial statements prepared pursuant to the TCC in accordance with the accounting policies set out in Footnote 2.5 in order to ensure accurate presentation in accordance with TFRS.

##### Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will realize the benefits from its assets and settle its liabilities within the next year and in the normal course of business. As of 31 December 2025, the Group has previous year losses amounting to TRY8,299,655. In the period ending on the same date, a period profit of TRY179,091 occurs. In addition, as of 31 December 2025, the Group's current assets are TRY 30,572 more than its short-term liabilities. In the budget and forecast studies for 2025, the Group Management expects an increase in operating profitability with the scale that will be formed from the growth in revenue and anticipates that this level will generate cash inflow to close the current working capital deficit. For these reasons, the Group management does not foresee any risk to networking capital for the Group's ability to continue as a going concern.

##### Currency translation

###### i. Functional and reporting currency

The financial statement items of each company of the Group are measured in the currency applicable in the main economy in which the company operates and operates ("functional currency"). The consolidated financial statements are presented in TRY, the functional and reporting currency of the parent company.

## KARSAN OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2025, unless otherwise stated.)

#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.1 Basic Principles of Presentation (continued)

###### ii. Transactions and Balance

Transactions made in foreign currency are converted into functional currency at the exchange rates on the day of the transaction. Exchange rate difference income and expenses arising from the realization of these transactions and the conversion of monetary assets and liabilities denominated in foreign currency at the end-of-period exchange rates are considered as cash flow and net investment protection and are included in the consolidated profit or loss and other comprehensive income statements, except for those tracked under equity. All FX profit and loss are presented in the consolidated profit or loss and other comprehensive income statement as financial income and expenses and other income and expenses from core operations.

###### iii. Translation of financial statements of subsidiaries in foreign countries

The financial statements of the subsidiaries registered in foreign countries have been prepared in accordance with the standards, laws and regulations of the countries in which they are located and have been adapted to the TAS/IFRS for an accurate presentation and content. The assets and liabilities of subsidiaries operating in foreign countries were converted into TRY using the exchange rates on the date of the financial position statement (balance sheet). The profit or loss and other comprehensive income statement items of these partnerships are converted into TRY using average exchange rates (if the average exchange rate does not logically reflect the exchange rate changes on the transaction dates, it is converted from the exchange rate on the dates of the transactions). Exchange rate differences arising as a result of the use of closing and average exchange rates are accounted for under the item "foreign currency conversion differences" in equity if they belong to the parent company.

The rates on the dates of the statement of financial position (balance sheet) and the relevant periods used for profit or loss and other comprehensive income statement items are as follows:

	31 December 2025	31 December 2024
EUR/TRY (Balance sheet date)	50.2859	36.7362
EUR/TRY (Average)	44.6948	35.4893

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

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

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

The revisions made pursuant to TAS 29 were made using the correction coefficient obtained from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute ("Turk-Stat"). As of 31 December 2025, the indices and correction coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Correction coefficient	Three-Year Compounding Inflation rate
31 December 2025	3,513.87	1,00000	211%
31 December 2024	2,684.55	1,30892	291%
31 December 2023	1,859.38	1,88981	268%

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

- The financial statements for the current period prepared in Turkish Lira are expressed by the purchasing power on the date of the financial position statement, and the amounts of the previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not currently adjusted as they are expressed in terms of current purchasing power on the date of the statement of financial position. In cases where the inflation-adjusted value of non-monetary items exceeds the recoverable amount or the net realizable value, the provisions of TAS 36 and TAS 2 are applied, respectively.
- Non-monetary assets and liabilities and equity items that were not expressed in terms of current purchasing power on the date of the statement of financial position were adjusted using the relevant adjustment coefficients.
- All items in the consolidated profit or loss and other comprehensive income statements, except those for which non-monetary items on the balance sheet have an impact on the consolidated profit or loss and other comprehensive income statements, are indexed with coefficients calculated over the periods in which the income and expense accounts are first reflected in the financial statements.
- The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary position gains/(losses) account in the income statement. The impact of inflation on the Group's net monetary assets/liabilities position in the current period amounting to TRY 1,434,178 for the accounting period 1 January - 31 December 2025 was recognized as net monetary position gains in the consolidated profit or loss and other comprehensive income statement (1 January - 31 December 2024: net monetary position gains of TRY 1,678,295).



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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.2 Changes in Turkish Financial Reporting Standards

###### a. Standards, amendments, and interpretations applicable as of 31 December 2025:

- **Amendments to IAS 21 – Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

###### b. Standards, amendments, and interpretations that are issued but not effective as of 31 December 2025:

- **Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments;** effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available). These amendments:
  - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
  - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
  - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
- **Annual improvements to IFRS – Volume II;** effective from annual periods beginning on or after 1 January 2026 (earlier application permitted). Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
  - IFRS 9 Financial Instruments;
  - IFRS 10 Consolidated Financial Statements; and
  - IAS 7 Statement of Cash Flows.

- **Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity;** effective from annual periods beginning on or after 1 January 2026 but can be early adopted subject to local endorsement where required. These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'.
- **Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency;** effective from annual periods beginning on or after 1 January 2027. These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:
  - its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or
  - it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.
- The amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.
- **Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37- Disclosures about Uncertainties in the Financial Statements;** These amendments include Examples illustrating how an entity applies the requirements in IFRS Accounting Standards to disclose the effects of uncertainties in its financial statements. The Examples demonstrate how to disclose the impacts of uncertainties within climate-related scenarios, but the principles and requirements are also applicable to disclosure of other uncertainties. The Examples do not add to or change requirements in IFRS Accounting Standards and therefore there are no transition requirements. Instead, these Examples will accompany the respective IFRS Accounting Standards to which they relate. The Examples do not have an effective date, but entities might consider the application for December 2025 year-ends.



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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.2 Changes in Turkish Financial Reporting Standards (Continued)

- IFRS 18 Presentation and Disclosure in Financial Statements; effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
  - the structure of the statement of profit or loss;
  - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
  - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

For the year ending December 2025, disclosures should include:

- the nature of the changes,
- the fact that IFRS 18 application is required for annual periods beginning on or after 1 January 2027,
- the planned adoption date, and
- either:
  - known or reasonably estimable information relevant to assessing the possible impact that application of IFRS 18 will have on the entity's financial statements in the period of initial application; or
  - if that impact is not known or reasonably estimable, a statement to that effect.

In order to comply with Paragraphs 30-31 of IAS 8, entities should consider the following principles when preparing disclosures related to the adoption of IFRS 18:

a. Disclosures are expected to become increasingly detailed as entities implementation process progresses toward 2027.

The level of detail that an entity includes in its disclosures will depend on the progress of its implementation activities, including those related to internal controls. For the year ending December 2025, entities that have yet to make significant progress in implementation might only disclose that they are actively assessing the impact of IFRS 18 and that more comprehensive disclosures cannot reasonably be provided.

b. Where appropriate and reliable, consider including quantitative information.

It may be appropriate to disclose preliminary figures, when the company has an appropriate and reliable basis for making such disclosures and provides clear explanations regarding their provisional nature. For example, an entity might quantify the effects on profit and loss subtotals. If the quantitative impact is not reasonably estimable, a statement to that effect should be included. An entity may disclose known and reasonably quantifiable impacts, but it is not expected to early provide IFRS 18 disclosures, such as an MPM reconciliation, before the application date.

c. Consider alignment with other public communications.

If management has publicly detailed anticipated impacts, such as in an investor presentation, the IAS 8 financial statement disclosures should be consistent with these communications.

d. Disclosures should be based on the information available through the date of issuance of the financial statements, not only the end of the reporting period.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures' and amendment; effective from annual periods beginning on or after 1 January 2027. This new standard works along-side other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures'; with these amendments, IFRS 19 reflects the changes to IFRS Accounting Standards that take effect up to 1 January 2027, when IFRS 19 will be applicable. These amendments help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024, specifically:

- IFRS 18 Presentation and Disclosure in Financial Statements;
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12);
- Lack of Exchangeability (Amendments to IAS 21); and
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.3 Consolidation Principles

###### Full Consolidation Principles

The consolidated financial statements contain the accounts of the Group and its subsidiaries in accordance with the principles described below. The financial statements of the companies covered by the consolidation have been prepared as of 31 December 2025, with the dates of the consolidated financial statements, applying uniform accounting policies in accordance with TFRS and providing the same representation. The accounting policies of the subsidiaries have been revised to be consistent with the Group's policies when necessary.

All entities over which the Group has control are subsidiaries of the Group. The Group controls the business in the event that it is exposed to or entitled to variable returns due to its relationship with the business, and at the same time has the opportunity to influence these returns with its power over the business. From the moment the control over the subsidiary passes to the Group, the subsidiary in question is included in the scope of consolidation. From the moment the control over the subsidiary ends, the subsidiary in question is excluded from the scope of consolidation.

The balance sheets and income statements of the companies included in the consolidation were consolidated using the full consolidation method, and all significant debit/credit balances and buy/sell transactions between them were mutually deleted. The subsidiary amounts and the equity capital of the subsidiary company were mutually written off. Profits and losses arising from intra-group transactions recognized in assets are mutually written off, while unrealized losses are written off when the transaction does not indicate an impairment of value in the transferred asset.

The table below shows the subsidiaries and controlling interests of the Group that are included in the consolidation as of 31 December 2025 and 31 December 2024:

Subsidiaries	Place of activity and establishment	Current currency	Group's share in the capital rate and vote Entitlement rate (%)	
			31 December 2025	31 December 2024
Karsan İç ve Dış Ticaret A.Ş.	Turkey	TRY	100	100
Karsan Europe S.R.L.	Italy	EUR	100	100
E-Buskar Sociedad Limitada Unipersonal (*)	Spain	EUR	100	-
Karsan North America LLC (**)	A.B.D.	USD	100	100

(\*) As disclosed in the Company General Information Form on the Public Disclosure Platform (KAP) dated 9 May 2025, the Group acquired 100% of the shares of E-Buskar Sociedad Limitada Unipersonal on 24 April 2025. As of the acquisition date, the entity has been included in the Group's consolidated financial statements using the full consolidation method.

(\*\*) Karsan North America LLC was not included in the financial statements as of 31 December 2025 and 31 December 2024 by full consolidation method due to its inactivity.

The share of non-controlling shares in the subsidiary's net assets and current period consolidated profit or loss and comprehensive income or expenses are further classified as "non-controlling shares" in the consolidated profit or loss and other comprehensive income and expense and consolidated equity change statements. As of 31 December 2025, the Group has no non-controlling shares.

###### Disposal of Subsidiaries

Changes in the share of capital in the Group's subsidiaries that do not result in loss of control are recognized as equity transactions. The carrying values of the Group's shares and non-controlling shares are adjusted to reflect changes in subsidiary shares. The difference between the amount adjusted for non-controlling shares and the fair value of the consideration received or paid shall be recognized as the Group's share in direct equity.

In the event of loss of the Group's control over the subsidiaries, the Group's shares in the subsidiaries shall be measured at their fair value at the date of loss of control, and the difference between them and their carrying value shall be recorded as profit or loss. Fair value is the initial purchase value for the purpose of later accounting for the shares held in jointly managed partnerships and financial assets. In addition, amounts previously recognized as other comprehensive income in respect of this company shall be recognized as if the relevant assets or liabilities had been disposed of by the Group. This may mean that amounts previously recognized as other comprehensive income should be classified as profit and loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred directly to retained earnings in accordance with TFRS). The fair value of the investment remaining after the sale of the subsidiary at the date on which control is lost is regarded as the fair value on initial recognition as determined in accordance with TFRS 9 Financial Instruments or, where applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

###### Investments in subsidiaries accounted for using the equity method

The subsidiary is accounted for using the equity method and is initially accounted for at cost consideration. These are undertakings over which the Group has between 20% and 50% voting rights or has significant influence over which it has no control. Unrealized earnings in transactions between the group have significant impact, but are not subject to control. Unrealized gains from transactions between the Group and its subsidiaries are eliminated to the extent of the Group's share in the subsidiaries; Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset. The Group's share of the profits or losses of its subsidiaries after acquisition is recognized in the comprehensive income statement. Dividends to be received from affiliates are accounted for by deducting them from the carrying value of the investment.



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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.3 Consolidation Principles (Continued)

Subsidiary stock purchases that do not result in a loss of material business or gain of control are recognized as goodwill for the difference between the fair value of the subsidiary's identifiable net assets and the fair value paid for the acquisition of the asset as of the date of the acquisition.

The accounting policies of the invested entity, whose equity was accounted for by the share acquisition method, have been amended accordingly in order to ensure consistency with the accounting policies implemented by the Group, when necessary.

Unless the Group has incurred an obligation or made a commitment in this regard in relation to the subsidiary, the equity method is not continued upon the zero registered value of the investment in the subsidiary or the end of the Group's significant influence. The registered value of the investment on the date of the end of the significant impact is shown as the cost after that date. In proportion to the reduction in the share ratio in the subsidiary that does not result in the loss of significant activity, the amounts previously recognized in the comprehensive income/(expense) are associated with the net period profit/ (loss) and accumulated profit in accordance with the relevant TFRS provisions.

Increases or decreases in participation amounts that do not arise from total comprehensive income/expense changes are accounted for by associating them with the relevant equity items. The carrying value of the investment, which is accounted for by the equity allocation method, is tested for impairment in accordance with the policy described in Footnote 2.4.

The table below shows the subsidiaries and shareholding structure as of 31 December 2025:

Associate	Shareholders/Vote Right (%)	
	30 December 2025	31 December 2024
Hervout Corporate Industry SAS ["HCI"] (*) (**)	20	20
Hervout Corporate Lease SAS ["HCL"] (*) (**)	20	20

(\*) Since HCI owns all of HCL's shares, the Group's indirect shareholding in HCL is 20%.

(\*\*) As of 1 October 2024, the Group's 20% direct stake in HCI has been transferred to BYmyCAR Importer, a 100% subsidiary of Cosmobilis Group, for 30% of HCI's shares. BYmyCAR Importer acquired a 30% stake in HCI, which was owned by the other partner of HCI, and now has a total of 80% of the shares in HCI. As a result of the transaction, the Group's share in HCI's shareholding structure became 20%, and the Group's control over HCI and HCL was lost, and it continues to have significant influence in these companies. For this reason, the Group's investments in HCI and HCL are recognized as investments valued by the equity method as of 31 December 2025 and 2024 (Footnote 11).

##### 2.4 Accounting Policies and Changes and Errors in Predictions

Changes in accounting policy resulting from the initial implementation of a new standard are applied retrospectively or prospectively, if any, in accordance with the transitional provisions. Changes that do not include any transitional provisions, significant changes in the accounting policy or accounting errors detected are applied retrospectively and the financial statements of the previous period are revised. The Group does not have any significant changes in its accounting policies for the accounting period of 1 January - 31 December 2025.

If the changes in accounting estimates are for only one period, they are applied in the period in which the change is made and if they are for future periods, they are applied both in the period in which the change is made and prospectively in future periods. The Group has not made any significant changes in accounting estimates in the current year.

Significant accounting errors detected are applied retrospectively and the consolidated financial statements of the previous period are reissued. Material accounting errors identified during the Group's current accounting period are described in footnote.

##### 2.5 Summary of Significant Accounting Policies

###### Related Parties

For the purpose of these consolidated financial statements, the shareholders who have control, joint control and significant influence over the Group, Kıraca Holding, which is the ultimate shareholder of the Group, the members of the Board of Directors, senior executives, and the companies that have control, joint control or significant influence over these persons are defined as related parties (Footnote 6).

For the purpose of the consolidated financial statements, the following parties are deemed and referred to as related parties.

a) A related party is a person or entity that is related to the entity that prepares its financial statements (the group).

- i) has control or joint control over the group; or
- ii) has significant influence over the group; or
- iii) is a member of the key management personnel of the group or a parent of the Company.

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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5 Summary of Significant Accounting Policies (Continued)

###### Related Parties (Continued)

b) An entity is related to a group if any of the following conditions are met:

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

A related party transaction is a transfer of resources, services or obligations between a group and a related party, whether or not consideration is received.

###### Revenue

In accordance with TFRS 15 "Revenue from Customer Contracts Standard", the Group recognizes revenue in its consolidated financial statements under the five-stage model below (Footnote 21).

- Defining contracts with customers
- Defining performance obligations in contracts
- Determining the transaction price in contracts
- Allocation of the transaction price to performance obligations
- Revenue recognition.

The Group evaluates the goods or services promised in each contract with customers and assesses whether the goods or services represent a separate performance obligation.

For each performance obligation, it is determined at the inception of the contract whether the performance obligation is to be satisfied over time or at a specified point in time. When the Group transfers control of a good or service over time and therefore fulfils the performance obligations associated with the related sales over time, the Group recognizes revenue over time by measuring the progress towards complete fulfilment of those performance obligations.

When the Group fulfils its performance obligation by transferring a promised good or service to a customer, the Group recognizes the transaction price corresponding to this performance obligation as revenue in the consolidated financial statements. The goods or services are transferred when (or as) the customers obtain control of the goods or services.

According to this model, first of all, the goods or services promised in each contract made with the customers are evaluated and each commitment made to transfer the goods or services in question is determined as a separate performance obligation. Afterwards, it is determined whether the performance obligations will be fulfilled over time or at a certain time. If the Group transfers control of a good or service over time and therefore fulfils its performance obligations related to the relevant sales over time, it measures the progress towards the full fulfillment of such performance obligations and includes the revenue in the financial statements over time. Revenue related to performance obligations, which are commitments for the transfer of goods or services, are recognized when the control of the goods or services is in the hands of the customers.

The Group recognizes a contract with a customer as revenue if all of the following conditions are met:

- a) The parties to the contract have approved the contract (in accordance with written, oral or other commercial practices) and undertake to perform their own actions,
- b) The Group can define the rights related to the goods or services to be transferred by each party,
- c) The Group can define payment terms for the goods or services to be transferred,
- d) The contract is commercial in nature,
- e) It is likely that the Group will collect remuneration for goods or services to be transferred to the customer. When assessing whether a price is likely to be collectible, the business only considers the customer's ability to pay that price on due date and his intention to do so.

###### Revenue from product sales

The Group earns revenue mainly from the sales of Karsan and other branded products (buses, min-buses, passenger cars) that it produces. Revenue is recorded when control of the products is transferred to the customer. In addition, there are legal warranty commitments given by the Group to its customers with the products, the duration of which varies between 2-5 years depending on the product sold and the country of sale. These statutory warranty commitments are commitments that are required by law, do not have a price independent of the product and cannot be sold independently, and are not considered as a product or service separate from the sale of the product.

Revenue is recorded when the control of the products has been transferred, the collection of the price payable is likely, the relevant costs to be incurred and the possible return amounts of the goods can be reliably estimated, there is no ongoing management efficiency on the goods subject to sale, and the amount of revenue can be reliably measured. If a discount is likely to be granted and its amount can be reliably measured, the amount of the discount is recorded as soon as the revenue is recorded. The Group considers the following while assessing transfer of control of the goods or services sold to the customer;

- The Group's right to collect the goods,
- the customer's legal ownership of the goods,
- transfer of possession of goods,
- Ownership of the significant risks and returns brought by the ownership of the goods,

the conditions of the customer's acceptance of the goods.

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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5 Summary of Significant Accounting Policies (Continued)

###### Revenue (Continued)

For each performance obligation, the Group determines whether it has fulfilled its performance obligation over time at the beginning of the contract or whether it has fulfilled the performance obligation at a certain point in time. The Group records the proceeds from product sales in its financial statements following the transfer of control to the customer. In the event that the Group is entitled to collect a price that directly corresponds to the value of the completed performance from its customers to the customer (at the delivery of the products), the Group includes the revenue equal to the amount it is entitled to invoice in the financial statements.

###### *Sales of vehicles with Karsan brand*

The Group recognizes revenue from own brand vehicles in the consolidated financial statements at the time of sale in accordance with the above mentioned policy.

###### *Revenue from extended warranty and maintenance service sales*

The Group sells warranties and maintenance services for its products for periods starting from the end of the statutory warranty period. The price of the additional commitments is considered to be a separate contractual service from the products sold. Therefore, the Group recognizes the service to be provided for the sale of extended warranties and maintenance services as a separate performance obligation. Service revenues are recognized in the period in which the services are rendered. Revenues arising from maintenance and repair contracts with terms longer than one year are recognized on a straight-line basis over the contract period, and the amounts related to future periods are presented as deferred revenue in the consolidated financial statements.

###### *Bus sales (Tenders)*

The Group recognizes the tender revenue under public (municipal) tenders in the consolidated financial statements upon delivery of the buses. The Group provides five-year after-sales maintenance and repair services within the scope of the tenders and recognizes the cost of such services in the consolidated financial statements simultaneously with the maintenance and repair provision revenue. In the case of maintenance package sales, the Group transfers control of the service overtime and therefore fulfills its performance obligations related to such sales over time and includes the revenue in the financial statements over time by measuring the progress towards the full fulfillment of this performance obligation. Advances received from customers within the scope of projects are recorded in the financial statements as obligations arising from customer contracts and are recorded as revenue when the relevant performance obligation is realized.

###### Dividend and interest income:

Dividend income from equity investments is recognized when the right to receive dividends is established (as long as the Group will receive the economic benefits and the income can be measured reliably). Interest income on financial assets is recognized when it is probable that the Group will receive the economic benefits and the income can be measured reliably. Interest income is accrued over the remaining life of the financial asset using the effective interest rate that discounts estimated future cash inflows over the expected life of the asset to its carrying amount.

###### Inventory

Inventories are stated at the lower of cost and net realizable value. Cost, including an appropriate proportion of fixed and variable overheads, is allocated to inventories using the most appropriate method for each class of inventory, with the majority being valued using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. When the net realizable value of inventories is less than cost, inventories are written down to net realizable value and the expense is recognized in the income statement in the year of the write-down or loss. An impairment loss is reversed when the circumstances that previously caused inventories to be written down to net realizable value no longer exist or when there is evidence of an increase in net realizable value due to changes in economic conditions. The amount of the reversal is limited to the amount of the previously recognized impairment loss.

###### Tangible fixed assets

Land and plots and buildings, land improvements expressed (indexed) with the purchasing power as of 31 December 2025. As of July 31, 2025, they are reflected in the consolidated financial statements with their net values after deducting the accumulated depreciation in the following five months, based on their reasonable values determined in the valuation studies carried out by the independent professional valuation company. With land and plots as of 31 December 2025 All other tangible fixed assets, except buildings, land improvements, are reflected in the consolidated financial statements with their net value after deducting accumulated depreciation and impairment, if any, from the cost of acquisition expressed by purchasing power (indexed) as of 31 December 2025 (Footnote 12). As of the date of revaluation, the accumulated depreciation of the relevant tangible asset subject to valuation is netted with the cost of the asset and tracked over the revalued net book value in subsequent periods.

Increases in the carried values of land and plots, buildings and land improvements as a result of revaluation are credited to the account of tangible fixed asset revaluation increases/decreases under equity in the consolidated financial position statement, deducting the deferred tax effect. Valuation increases in respect of assets that were previously reflected in the profit or loss and other comprehensive income statement will be credited to the consolidated profit or loss statement in the amount of such impairment that was reflected in the profit or loss and other comprehensive income statement. Decreases corresponding to the increases of the same asset in the fund in the previous period are deducted from the fund; All other decreases are reflected in the consolidated profit or loss statement. Each year, the difference between the depreciation calculated on the revaluation amount (profit or loss and depreciation reflected in the other comprehensive income statement) and the depreciation allocated over the pre-revaluation cost of the asset is transferred from the tangible fixed asset revaluation increases/decreases account to the profits of the previous year, minus the deferred tax effect.

Buildings, land improvements, machinery, facilities and devices are capitalized and depreciated as soon as they are brought to the necessary state and place in order to operate in line with the objectives of the management. The scrap value of tangible fixed assets is estimated to be not significant. In each reporting period, the scrap value and approximate economic life of tangible fixed assets are reviewed, and the necessary adjustments are reflected prospectively.



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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5 Summary of Significant Accounting Policies (Continued)

###### Tangible fixed assets (Continued)

Land and plots are not depreciated, assuming they have eternal life. Depreciation was calculated by applying the linear depreciation method on tangible fixed assets that were revalued or expressed with the purchasing power on the date of the financial position statement (balance sheet), except for the investments made with land and plots. The estimated useful lives, residual values and depreciation methods is reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation periods for tangible fixed assets, reflecting their estimated economic life, are as follows:

###### Useful lives

Land improvements	5-25 years
Buildings	4-50 years
Machinery and equipment	3-25 years
Vehicles	4-5 years
Fixtures	6-5 years
Leasehold improvements	5 years

Advances made for the purchase of tangible fixed assets are tracked under prepaid expenses under other fixed assets until the relevant asset is capitalized. Expenditures after capitalization are added to the cost of the relevant asset or reflected in the financial statements as a separate asset if they are of a nature to increase the future economic benefit of the relevant tangible asset and the cost of the relevant expenditure is measured reliably.

Tangible fixed assets; Movable values are reviewed for impairment in conditions that indicate that they may be more than their recoverable value. For impairment detection, assets are grouped at the lowest level, which are cash-generating units (cash-producing unit). If the value of a tangible fixed asset is more than its recoverable value, the book value is reduced to its recoverable value by setting aside a provision. The recoverable value is the greater of the net selling price after deducting the value of the tangible asset in use or the expenses incurred for the sale of the asset.

Normal maintenance and repair expenditures on tangible fixed assets are recognized as expenses. Investment expenditures that increase the future benefits of the tangible asset by expanding its capacity are added to the cost of the tangible asset.

The profit or loss obtained in the disposal of tangible fixed assets is determined according to the value of the tangible asset and recorded in the income and expense accounts from investment activities (Footnote 24). In the disposal of a revalued tangible asset, the revaluation fund related to the disposed tangible asset is transferred to the profits of previous years.

###### Leasing transactions

###### Group in the case of a lessee

The Group assesses whether an arrangement is, or contains, a lease at the inception of the arrangement. The Group recognizes the right-of-use asset and the related lease liability for all leases in which it is the lessee, except for short-term leases (leases with terms of 12 months or less) and leases of low-value assets. For these leases, the Group recognizes lease payments as an operating expense on a straight-line basis over the lease term, unless there is another systematic basis that better reflects the timing of the economic benefits to be obtained from the leased assets.

On initial recognition, lease liabilities are measured at the present value of the minimum lease payments, discounted at the lease's effective interest rate. If this rate is not predetermined, the Group uses an alternative borrowing rate determined by the Group.

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

- Fixed lease payments (essentially fixed payments) less any lease incentives;
- Variable lease payments linked to an index or rate, initially measured by reference to an index or rate at the inception of the lease;
- The amount of debt expected to be paid by the lessee under residual value guarantees;
- The exercise price of payment options if the lessee would reasonably exercise the payment options; and
- The lease termination penalty, if there is a right to terminate the lease during the lease term.

The lease liability is presented as a separate line item in the consolidated balance sheet. Lease liabilities are subsequently measured by increasing the net carrying amount to reflect the interest on the lease liability (using the effective interest method) and decreasing the net carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes appropriate changes to the related right of use asset) when

- There is a change in the lease term or in the assessment of the exercise of a purchase option, the lease liability is remeasured by discounting the revised lease payments using the revised discount rate;
- The lease liability is remeasured by discounting the revised lease payments at the original discount rate when there is a change in the lease payments due to changes in the index, the interest rate or a change in the expected payment of the committed residual value (a revised discount rate is used when the change in the lease payments is due to a change in the variable interest rate);
- A lease is modified and the lease modification is not accounted for as a separate lease, the lease liability is restated by discounting the revised lease payments using the revised discount rate.

The Group has not made any such changes during the periods presented in the financial statements.

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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5 Summary of Significant Accounting Policies (Continued)

###### Leasing transactions (Continued)

###### Group in the case of a lessee (Continued)

Right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made on or before the commencement date and other direct initial costs. These assets are subsequently measured at cost less accumulated depreciation and impairment losses.

A provision is recognized in accordance with TAS 37 when the Group incurs costs necessary to dismantle and remove a leased asset, restore the site on which the asset is located or restore the underlying asset to working order in accordance with the terms of the lease. These costs are included in the related right of use asset unless they are incurred to produce inventories.

Right of use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. The associated right-of-use asset is depreciated over the useful life of the host asset when ownership of the underlying asset is transferred or when the Group intends to exercise a purchase option based on the cost of the right-of-use asset. Depreciation commences at the inception of the lease.

Right of use assets are presented as a separate line item in the consolidated statement of financial position.

The Group applies TAS 36 to determine whether right-of-use assets are impaired and recognizes all identified impairment losses as described in the 'Tangible Fixed Assets' policy.

Variable rents that are not dependent on an index or rate are excluded from the measurement of the lease liability and the right of use asset. Related payments are recognized as an expense in the period in which the underlying event or events giving rise to the payments occur and are included in 'other expenses' in the income statement.

As a practical expedient, TFRS 16 allows a lessee to account for all leases and non-lease elements as a single lease and not to present the non-lease elements separately. The Group has not made use of this practical expedient.

###### Group - as lessor

###### Financial leasing transactions

Financial activities include finance lease transactions in which the Group is the lessor under TFRS 16 - "Leases". The Group has evaluated the terms of the contract signed with Renault within the scope of TFRS 16 - Leases.

- (a) The agreement depends on the investment financed by the Group.
- (b) The agreement transferred the right to use the investment to Oyak Renault Otomobil Fabrikaları A.Ş.
- (c) The right to control the investment and the products produced through the investment has been fully transferred to Renault.
- (d) Lease payments for the investment can be made separately from other payments.

As a result, the Group has classified these investments as finance leases, where all risks are transferred to Oyak Renault Otomobil Fabrikaları A.Ş. Under finance leases, the leased asset is recognized as a receivable equal to the net lease investment. Finance income from finance leases is recognized as a fixed periodic rate of return on the net investment in the leased asset. Lease payments received are deducted from the gross amount of the lease investment to reduce principal and unearned finance income (Note: 8.) Unearned finance income is the difference between the gross lease investment and the present value of the gross investment at the interest rate implicit in the lease. The implied interest rate is the discount rate at the inception of the lease that equals the sum of the minimum lease payments and the unguaranteed salvage value to the fair value of the leased asset plus the initial costs.

Revenue recognized at the beginning of the lease term is the fair value of the leased asset or, if lower, the present value of the minimum lease payments to be received by the lessor, calculated using a market interest rate. The cost of sales recognized at the beginning of the lease term is the cost of the leased asset. The difference between the sales revenue recognized by the Group and the cost of sales is the gain on sale.

###### Intangible fixed assets

Intangible assets include acquired rights, information systems, project costs related to the development of new products, and computer software. Intangible assets are reflected from the cost value by deducting the accumulated amortization and impairment, if any. Intangible assets are depreciated by the linear depreciation method over their estimated useful life for a period of between 5 and 15 years after the date of acquisition. In order for intangible assets to be capitalized, the economic benefit of the relevant asset to the business in the future must be determinable and the cost of the asset must be reliably measured. In the event of impairment, the registered value of intangible assets is reduced to their recoverable value.

###### Intangible Fixed Assets Acquired

Purchased intangible assets include assets with a limited life and are indicated by the amount after deducting accumulated amortizations and accumulated impairments from their cost value. These assets are amortized on a straight-line basis over their estimated useful lives. The estimated useful lives and the amortization method are reviewed at each year-end and the effects of any changes in estimates are accounted for prospectively. Purchased intangible assets are amortized by applying the linear depreciation method within an average of 5-10 years from the date of acquisition.

###### Computer software

Acquired computer software is capitalized at the time of acquisition and at the cost incurred from the time of acquisition until the software is ready for use. These costs are amortized over their useful lives (1-5 years). Costs associated with the development and maintenance of computer software are recognized in the income statement in the period in which they are incurred. Costs that are directly attributable to the development of identifiable and unique software products controlled by the Group and that will generate economic benefits in excess of costs for more than one year are recognized as intangible assets. Costs include the cost of the employees who develop the software and a proportion of production overheads.



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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5 Summary of Significant Accounting Policies (Continued)

##### Intangible fixed assets (continued)

###### *Internally generated Intangible Fixed Assets- Research & Development Expenses*

Capitalized development costs represent expenditure incurred within the Group for the development of vehicles produced. Internally generated intangible fixed assets are capitalized at cost when it is probable that future economic benefits will flow to the Group.

Research costs are recognized in the income statement in the period in which they are incurred.

Internally generated intangible assets arising from development activities (or the development phase of an internal project) are only recognized when all of the following conditions are met:

- It is technically feasible to complete the intangible asset so that it is ready for use or sale, the intention to complete, use or sell the intangible asset
- The intangible asset can be used or sold
- It is clear how the asset is likely to generate future economic benefits,
- Adequate technical, financial and other resources are available to complete the development of the intangible asset and to use or sell the asset; and
- The development costs of the asset can be measured reliably during the development process.

The amount of an internally generated intangible fixed asset is the total expenditure incurred from the date on which the intangible asset meets the recognition criteria described above. Where internally generated intangible assets are not recognized, development expenditure is recognized as an expense in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets, like separately acquired intangible assets, are carried at cost less accumulated amortization and accumulated impairment losses.

The capitalized development expense is amortized by applying the linear depreciation method within 5 years, which is the expected life expectant with the start of commercial production of the product.

###### *Derecognition of intangible assets*

An intangible fixed asset is derecognized when it is disposed of or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an intangible asset is calculated as the difference, if any, between the net proceeds from the disposal of the asset and its carrying amount. This difference is recognized in the income statement when the asset is derecognized.

##### Impairment of intangible fixed assets other than tangible fixed assets and goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible fixed assets to determine whether there is any impairment in value. If assets are impaired, the recoverable amount of the assets, if any, is measured to determine the amount of impairment. When the recoverable amount of an asset cannot be measured, the Group measures the recoverable amount of the cash-generating unit associated with the asset. If a reasonable and consistent basis of allocation can be determined, the assets of the company are allocated to the cash-generating units. Where this is not possible, Group assets are allocated to the smallest cash-generating unit for the purpose of determining a reasonable and consistent basis of allocation.

If the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized directly in the income statement unless the asset is carried at revalued amount. In this case, the impairment loss is recognized as a revaluation decrease.

If an impairment loss is reversed in a subsequent period, the carrying amount of the asset (or its cash-generating unit) is increased to reflect the revised estimate of its recoverable amount.

The increased carrying amount should not exceed the carrying amount that the asset (or its cash-generating unit) would have had if no impairment loss had been recognized for the asset in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount. A reversal of an impairment loss on a revalued asset is recognized as a revaluation increase.

##### Borrowing costs and financial borrowings

Loans received are recorded at their reasonable value at the time of receipt with their net value after deducting transaction costs. Loans received are shown at the cost value discounted using the effective interest method. The difference between the remaining amount after deducting transaction costs and the discounted cost value is reflected in the consolidated profit or loss and other comprehensive income statement using the effective interest method as the cost of financing during the loan period. When the cost of financing arising from the loans taken out is incurred, it is reflected in the consolidated profit or loss and other comprehensive income statement (Footnote 26). If the maturities of the loans are less than 12 months from the date of the statement of financial position, they are shown in the short-term liabilities, and if they are more than 12 months, they are shown in the long-term liabilities. Financial liabilities are classified as short-term liabilities if the Group does not have an unconditional right to defer repayment within 12 months from the date of the consolidated statement of financial position.

The fees paid for credit agreements and limits are reflected in the consolidated financial statements as transaction costs in accordance with the above principles, in cases where it is highly likely that the relevant limit will be used in whole or in part within the scope of the said agreement.



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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5 Summary of Significant Accounting Policies (Continued)

###### Financial instruments

Financial assets and financial liabilities are recognized in the Group's balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of those financial assets and liabilities on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are recognized directly in the income statement.

###### Financial assets

Financial assets that are traded in the normal course of business are recognized or derecognized on the trade date.

The Group classifies its financial assets as either at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss on subsequent recognition based on (a) the entity's business model for managing financial assets and (b) the characteristics of the contractual cash flows of the financial asset. When an entity changes its business model for managing financial assets, it reclassifies all affected financial assets. The reclassification of financial assets is applied prospectively from the date of reclassification. In such cases, no adjustment is made to previously recognized gains, losses (including impairment gains or losses) or interest.

###### Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows at specified dates that are solely payments of principal and interest on the principal outstanding.

Financial assets that meet the following conditions are measured at fair value through other comprehensive income:

- The financial asset is held within a business model whose objective is to collect the contractual cash flows and sell the financial asset; and
- the contractual terms of the financial asset give rise to cash flows at specified dates that are solely payments of principal and interest on the principal outstanding.

If a financial asset is not measured at amortized cost or fair value through other comprehensive income, it is measured at fair value through profit or loss.

On initial recognition, the Group may make an irrevocable election to recognize subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

###### (i) Amortized cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, with the exception of:

- (a) financial assets that were credit impaired at acquisition or origination. For such financial assets, the entity applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that were not credit-impaired financial assets when acquired or originated but subsequently become credit-impaired financial assets. For such financial assets, the entity applies the effective interest rate to the amortized cost of the asset at subsequent reporting dates.

Interest income is subsequently recognized using the effective interest method for debt instruments measured at amortized cost and at fair value through other comprehensive income.

###### (ii) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria to be measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period and all changes in fair value are recognized in the income statement, unless the financial assets are designated as hedging instruments (see policy on hedge accounting).

###### (iii) Equity instruments at fair value through other comprehensive income

On initial recognition, the Group may make an irrevocable election to recognize subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

A financial asset is classified as held for trading if it is

- acquired with the intention of selling in the near term; or
- on initial recognition, is part of a portfolio of specific financial instruments that the Group manages together and there is recent evidence that the Group has a pattern of short-term profit-taking; or
- a derivative instrument (other than a financial guarantee contract or a derivative that is a designated and effective hedging instrument).



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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5 Summary of Significant Accounting Policies (Continued)

###### Financial instruments (Continued)

###### Financial assets (Continued)

Investments in equity instruments at fair value through other comprehensive income are initially recognized at fair value plus transaction costs. Gains and losses arising from changes in fair value are subsequently recognized in other comprehensive income and accumulated in the revaluation reserve. On disposal of an equity investment, the cumulative gain or loss is transferred to retained earnings.

Dividends on equity instruments are recognized in profit or loss in accordance with TFRS 9, unless they represent a partial recovery of the cost of the investment. Dividends are recognized in the income statement in 'Income from investing activities'.

The Group has reclassified changes in the fair value of equity instruments that are not held for trading purposes to other comprehensive income, as disclosed in Note 30.

###### Foreign exchange gains and losses

The carrying amount of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate at the end of each reporting period. In particular

- Exchange differences on financial assets carried at amortized cost that are not part of a designated hedging relationship are recognized in the income statement;
- Exchange differences arising on the amortized cost of debt instruments that are measured at fair value through other comprehensive income and that are not part of a designated hedging relationship are recognized in the income statement. All other exchange differences are recognized in other comprehensive income;
- for financial assets at fair value through profit or loss that are not part of a designated hedging relationship, exchange differences are recognized in the income statement; and
- Exchange differences on equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income.

###### Impairment of financial assets

The Group recognizes an allowance in the financial statements for expected credit losses on debt instruments, lease receivables, trade receivables, assets arising from contracts with customers and investments in financial guarantee contracts that are carried at amortized cost or fair value through other comprehensive income. The amount of expected credit loss is revised at each reporting date to reflect changes in credit risk since the initial recognition of the financial asset.

The Group uses the simplified approach for trade receivables and assets arising from contracts with customers that do not have a significant financing element and calculates impairment losses at an amount equal to the expected credit loss over the life of the related financial assets.

For all other financial instruments, the Group recognizes lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition. However, if the credit risk of the financial instrument has not increased significantly since initial recognition, the Group recognizes an allowance equal to 12 months of expected credit losses for that financial instrument.

###### Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, the loss given default (i.e. the magnitude of the loss given default) and the amount at risk at default. The assessment of probability of default and loss given default is based on historical data adjusted by forward-looking information. The amount at risk of default of financial assets is the gross carrying amount of the assets at the balance sheet date.

The expected credit loss on financial assets is the present value of the difference between all contractually agreed cash flows that the Group expects to collect as they fall due and all cash flows that the Group expects to lose (all cash losses), calculated using the initial effective interest rate (or credit-adjusted effective interest rate for financial assets that were credit impaired at acquisition or origination).

###### Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

When a financial asset carried at amortized cost is derecognized, the difference between the carrying amount of the asset and the consideration received or receivable is recognized in the income statement. In addition, on derecognition of a debt instrument measured at fair value through other comprehensive income, the cumulative gain or loss previously recognized in the revaluation reserve is reclassified to the income statement. On derecognition of an equity instrument that the Group has elected to designate upon initial recognition as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the revaluation reserve is not recognized in the income statement but is transferred directly to retained earnings.

###### Financial liabilities

An entity measures a financial liability at fair value on initial recognition. On initial recognition of liabilities other than those at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the liability are added to fair value.

On subsequent recognition, the entity classifies all financial liabilities as at amortized cost, with the exception of the following

- (a) financial liabilities at fair value through profit or loss: These liabilities, including derivatives, are subsequently measured at fair value.



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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5 Summary of Significant Accounting Policies (Continued)

###### Financial instruments (Continued)

###### Financial liabilities (Continued)

- (b) Financial liabilities that arise when the transfer of a financial asset does not meet the derecognition criteria or when the continuing relationship approach is applied: When the Group continues to recognize an asset in the financial statements to the extent of its continuing involvement, it also recognizes a corresponding liability in the financial statements. The transferred asset and the associated liability are measured to reflect the rights and obligations that the Group continues to retain. The liability associated with the transferred asset is measured in the same way as the net carrying amount of the transferred asset.

The entity does not reclassify financial liabilities.

###### Derecognition of financial liabilities

The Group derecognizes financial liabilities only when the Group's obligations have been discharged or cancelled or have expired. The difference between the carrying amount of the derecognized financial liability and the amount paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in the income statement.

###### Derivative financial instruments

Detailed information on derivative financial instruments is given in Note 29.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value at each reporting date. The resulting gain or loss is recognized in the income statement unless the derivative is designated and effective as a hedging instrument.

A derivative with a positive fair value is recognized as a financial asset and a derivative with a negative fair value is recognized as a financial liability. Derivative instruments are not offset and are not presented on a net basis unless the Group has a legal right and intention to offset the recognized amounts. A derivative instrument is recognized as a non-current asset or liability when it has a remaining maturity greater than 12 months and is not expected to be realized or settled within 12 months. Other derivatives are classified as current assets or liabilities.

###### Hedge accounting

The Group designates certain derivative financial instruments as hedges of foreign currency risk and interest rate risk arising from fair value hedges, cash flow hedges or, where appropriate, hedges of net investments in foreign operations. Foreign currency hedges of firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and hedged item, together with its risk management objectives and strategies for managing the various hedges. The Group also makes the following assessments of the effectiveness of the hedging instrument at inception and on an ongoing basis

- there is an economic relationship between the hedged item and the hedging instrument;
- the credit risk effect does not drive the changes in value arising from the economic relationship; and
- the hedging relationship is the same as the ratio of the amount of the hedged item that the Group actually hedges to the amount of the hedging instrument that the Group actually uses to hedge that amount

If the hedging relationship does not meet the hedge effectiveness criteria for the hedge ratio, but the risk management objectives for that designated hedging relationship remain the same, the Group changes the hedge ratio of the hedging relationship to meet the required criteria (e.g. by rebalancing the hedge). For all hedging relationships that include forward contracts, the Group designates as the hedging instrument the entire fair value measurement risk of the forward contracts (i.e. including the forward elements).

Details of the fair values of derivative financial instruments used for hedging purposes are disclosed in Notes 32.

###### Earnings per Share

Earnings per share as reported in the consolidated income statement are calculated by dividing the net profit by the weighted average number of shares outstanding during the year.

In Turkey, companies may increase their share capital by distributing "bonus shares" to shareholders out of retained earnings. Such bonus share distributions are treated as shares issued for the purpose of calculating earnings per share. Accordingly, the weighted average number of shares used in the earnings per share calculations is calculated taking into account the retrospective effect of such share distributions.

###### Events after the reporting period

Events after the date of the statement of financial position include all events between the date of the statement of financial position and the date of authorization for publication of the statement of financial position, even if they occur after the announcement of profit or other selected financial information has been made public. The Group adjusts the amounts recognized in the financial statements when events that require adjustment occur after the statement of financial position date. Matters that do not require adjustment after the date of the statement of financial position are disclosed in the footnotes to the consolidated financial statement if they are matters that affect the economic decisions of the users of the financial statements (Footnote 34).

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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5 Summary of Significant Accounting Policies (Continued)

###### Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the most reliable estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties associated with the obligation. If the provision is measured using the estimated cash flows required to settle the present obligation, the carrying amount of the provision is the present value of those cash flows.

When some or all of the economic benefits required to settle provision are expected to be received from a third party, the receivable is recognized as an asset when it is virtually certain that the reimbursement will be received and the amount of the receivable can be reliably measured.

The Group sells warranty obligations for its products for the period from the end of the statutory warranty period. The price of additional repair and maintenance services, other than warranty services, is determined separately from the products sold and is considered to be a separate contractual service. Therefore, the Group recognizes the service to be provided as a result of sales of repair and maintenance services as a separate performance obligation (Note 16).

###### Warranties

Warranty expenses are recorded as a result of the estimates of the repair and maintenance costs incurred by the Group's for the goods they produce and sell, the labor and material expenses incurred by the authorized services without charging the customer within the scope of the warranty, the maintenance expenses undertaken by the companies and the return and repair levels that may be in question in the following years regarding the products whose revenue is recorded as income in the current year.

###### Segment reporting of financial information

Segment reporting is organized to be consistent with the reporting to the Group's chief operating decision maker. The Group's chief operating decision maker is responsible for making decisions about resources to be allocated to the segments and for assessing the performance of the segments. Segments included in 'Other' have been aggregated for segment reporting purposes as they do not meet the quantitative thresholds to be a reportable segment.

A reportable segment is an industry segment or a geographical segment for which segment information is required to be disclosed. Business segments are those that provide a particular good or service or a group of related goods or services and that are subject to risks and returns that are different from those of other segments of the Group. Geographical segments are segments of the Group that provide goods or services within a particular economic environment and are subject to risks and returns that are different from those of other segments operating in other economic environments.

For an industry or geographical segment to be identified as a reportable segment, its reported revenue, including sales to external customers and intersegment sales or transfers, must be 10 percent or more of the total revenue of all operating segments, internal and external, or 10 percent or more of the total reported profit or loss, or its assets must be 10 percent or more of the total assets of all industry or geographical segments. If management believes that segment information is useful to users of the financial statements, business or geographical segments that do not meet either of the above quantitative thresholds may also be considered reportable segments and information about them may be disclosed separately (Note 5).

###### Government grants and assistance

Government grants are not recognized until there is reasonable assurance that the entity will comply with the conditions attached to the grants and that the grants will be received.

Government grants are recognized in the income statement on a systematic basis over the period in which the costs that the grants are intended to compensate for are recognized as expenses. Government grants that are financing instruments should be recognized in the balance sheet as unearned income and released to the income statement on a systematic basis over the useful lives of the related assets, rather than being recognized in the income statement as an offset to the cost that they finance.

Government grants that are intended to compensate for expenses or losses already incurred or that provide the entity with immediate financial assistance without incurring future costs are recognized in the income statement in the period in which they become receivable.

The benefit of a loan from the government at a lower interest rate than the market rate is considered to be a government grant. The benefit of the lower interest rate is measured as the difference between the initial carrying amount of the loan and the gain realized.

###### Cash flow statement

The cash flow statement classifies and presents the cash flows for the period into operating, investing and financing activities. Cash flows from operating activities represent cash flows from the Group's operations. Cash flows related to investment activities indicate the cash flows used by the Group in its investment activities (fixed asset investments) and received from these activities. Cash flows related to financing activities indicate the resources used by the Group in its financing activities and the repayments of these resources. Cash and cash equivalents include cash and bank deposits, as well as short-term, highly liquid investments with a maturity of 3 months or less, the amount of which can be easily converted into specific cash. In line with the "Implementation Guide on Financial Reporting in High-Inflation Economies" published by the KGK, monetary position gain losses on cash and cash equivalents were displayed in the cash flow statement, and in line with the 3<sup>rd</sup> approach in the implementation guide, the effect of inflation on cash flows arising from operating, investment and financing activities should be attributed to the relevant activity class and inflation in cash and cash equivalents. The effect was presented separately.

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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5 Summary of Significant Accounting Policies (continued)

###### Taxes calculated on corporate income

Turkish tax legislation does not allow a parent company and its subsidiary to file a consolidated tax return. Therefore, the provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate entity basis.

Income tax expense represents the sum of current tax payable and deferred tax

###### Current Tax

The current tax liability is based on the taxable profit for the period. The taxable profit differs from the profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and also excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted at the balance sheet date.

###### Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax bases, using the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets arising from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from taxable temporary differences associated with such investments and interests are recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and it is probable that the temporary differences will reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and when the Group intends to settle its current tax assets and liabilities on a net basis.

###### Current and deferred tax

Tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity. Otherwise, the tax is recognized in equity together with the related transaction.

###### Employee benefits

###### (i) Short-term benefits for employees

Short-term benefit obligations provided to employees are expense as the relevant service is provided. An obligation is recorded for amounts expected to be paid in short-term cash where the Group is obliged to pay, arising out of legal or implied acceptance as a result of the past services of its employees, and where this obligation can be reliably estimated.

According to the Labor Law applicable in Turkey, employers are obliged to pay the wages for the annual leave periods entitled but not used by the employees to themselves or their beneficiaries over the sum of the gross wage and other contractual benefits on the date of termination of the contract, in the event that the employment contract is terminated for any reason. Unused leave provision is the total amount of undiscounted obligation that corresponds to the vacation days that all employees are entitled to but have not yet used as of the reporting date. Obligations arising from unused leave entitlements are accrued during the periods in which they are entitled.

###### (ii) Other long-term benefits for employees

Severance pay provision refers to the present value of the estimated total provision of the Group's possible future liabilities arising from the retirement of the personnel in accordance with the Turkish Labor Law. In accordance with the social legislation valid in Turkey and the Turkish Labor Law; The Group is obliged to pay severance pay collectively to each employee who has completed at least one year of service, who has been dismissed or retired due to reasons other than voluntarily leaving the job or terminating the employment contract as a result of inappropriate behavior. The defined social assistance obligation is discounted according to its net present value in accordance with actuary assumptions and reflected in the financial statements. Actuary gains and losses arising from changes in actuary assumptions used to measure such provision are reflected in the consolidated financial statements by associating them with other comprehensive income statements.

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#### NOTE 2 – CONSOLIDATED PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.5 Summary of Significant Accounting Policies (continued)

###### Capital and dividends

Ordinary shares are classified as capital. The capital increase to existing shareholders is recorded at the nominal value at which it is approved. Dividends distributed on ordinary shares are recorded as profit distribution in the period in which they are announced. In the event that the number of existing ordinary shares or potential ordinary shares increases as a result of capitalization, bonus issuance or share splitting, or decreases as a result of a share merger, without causing a change in equity, the calculation of earnings per ordinary share for all offered periods is corrected retrospectively.

##### 2.6 Comparative Information

In order to enable the determination of financial position and performance trends, the Group's consolidated financial statements are prepared in comparison with previous periods. The Group submitted its consolidated statement of financial position as of 31 December 2025 with the consolidated statement of financial position as of 31 December 2024; The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in shareholders' equity for the period 1 January – 31 December 2025 compared to the period 1 January – 31 December 2024 has arranged.

Comparative information to ensure compliance with the presentation of consolidated financial statements in the current period is reclassified when deemed necessary and significant differences are explained. Accordingly, there are no restatements in the consolidated statements of financial position of the Group as at and for the year ended 31 December 2024.

#### NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires the disclosure of the amounts of assets and liabilities reported as of the balance sheet date, the disclosure of contingent assets and liabilities, and the use of estimates and assumptions that may affect the amounts of income and expenses reported during the accounting period.

Despite the fact that it is based on the best information of the Group management on current events and transactions, actual results may differ from assumptions. The Group's key accounting assumptions and estimates include:

##### a) Tax expense for the period and deferred tax

Many related transactions and calculations, the effects of which on the final tax amount are not finalized, take place in the normal course of business, and such situations require the use of important judgments during the determination of income tax provision. The Group records the tax liabilities incurred by the additional taxes estimated to be paid as a result of tax events. In cases where the final tax results related to these issues differ from the amounts initially recorded, these differences may affect the income tax provision and deferred tax balances in the periods in which they are determined (Footnote 28).

The Group did not recognize deferred tax assets on deductible financial losses, details of which are set out in Footnote 28, because taxable profits are unlikely to be generated in future periods.

As of 31 December 2025, the Group's deferred tax assets were recognized for the amount of contribution to the investment that was entitled but not benefited within the scope of tax deduction and carried over to the following periods. The Group capitalizes the R&D expenditures it has made within the scope of the law numbered 5746 in its legal books. The earnings of the Group from the investments linked to the incentive certificate are subject to corporate tax at discounted rates from the accounting period in which the investment is partially or fully operated until the amount of contribution to the investment is reached. In this context, as of 31 December 2025, deferred tax assets amounting to TRY549,881 were recognized in the consolidated financial statements within the scope of investment incentive discounts, R&D discounts and cash capital increase interest deductions that the Group may benefit from in the future (31 December 2024: TRY 632,253).

##### b) Warranty provisions

The Group calculates its warranty provisions on the basis of the expense per vehicle projections it has created, taking into account the expenses incurred in the past period, and the planned developments in technical and financial terms. When calculating the provision, assumptions about the future are made based on the number of vehicles subject to the warranty, the warranty period and the warranty claims made in the past (Footnote 16). Changes in assumptions may occur depending on the availability of new information in future periods, and the effects of such changes are reflected prospectively in the consolidated financial statements.

##### c) Useful lives of property, plant and equipment, intangible assets and right-of-use assets

At the end of each reporting period, the Group reviews the estimated useful life of tangible and intangible assets and right-of-use assets. In determining the useful life of an asset, the Group also takes into account the situation where the assets become technically and/or commercially unusable as a result of changes or developments in the market. There may be changes in assumptions due to the availability of new information in future periods, and the effects of such changes are reflected in the consolidated financial statements going forward.

##### d) Revaluation amounts of land and plots and buildings and land improvements arrangements

The frequency of revaluation activities is determined in such a way as to ensure that the carried values of the tangible fixed assets being revalued do not differ significantly from their fair value as of the end of the relevant reporting period. The frequency of revaluation studies depends on the change in the fair value of tangible fixed asset items. In cases where the fair value of a revalued asset is considered to be materially different from its carried value, the revaluation study must be repeated, and this study is carried out for the entire asset class in which the revalued asset is located as of the same date. On the other hand, it is not considered necessary to repeat revaluation studies every year for tangible fixed assets whose fair value changes are insignificant.

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#### NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

##### d) Revaluation amounts of land and plots and buildings and land improvements arrangements (Continued)

In this context, as a result of the evaluations made by the Group management, the land and plots, buildings and land improvements were reflected in the consolidated financial statements based on their fair values determined in the valuation studies carried out by Vakıf Gayrimenkul Değerleme ve Danışmanlık A.Ş. as of July 31, 2025 (Footnote 12). However, the net value of land and plots, buildings, land improvements expressed by the purchasing power as of 31 December 2025 (in-dexed) as of July 31, 2025, after deducting the accumulated depreciation in the following five months, is based on the fair values of the relevant tangible fixed assets as of 31 December 2025. It has been evaluated that it will converge.

- Due to the fact that there is no purchase/sale that may set a precedent in the environment, the peer comparison method for land and plots and the cost approach method for buildings, land improvements are used in the relevant fair value calculations, and the details of the relevant methods and assumptions are as follows:
- In fair value calculations, the most effective and efficient use evaluation was made and the current usage purposes were determined as the most effective and efficient use, and the peer comparison method was used for lands and plots, and the cost approach method was used for buildings, land improvements.
- In the peer comparison method, the existing market information was used, and the price adjustment was made within the framework of the criteria that may affect the market value, taking into account the similar real estates that have been recently put on the market in the region, and the average m<sup>2</sup> sales value was determined for the lands subject to the report. The precedents found were compared within criteria such as location, size, zoning status, physical characteristics, real estate marketing companies were interviewed for the current evaluation of the real estate market, and the existing information of the independent professional valuation company was used.
- In the cost approach method, the value of the real estate is determined by adding the investment costs on the land to the land value after depreciation (subtracting the depreciation share after adding any interest or gain). The peer comparison method described above was also used to calculate the land value from the components discussed in the cost approach method.

The values that may occur during the realization of buying/selling transactions may differ from these values.

##### e) Accounting for development costs

For the development projects that it has carried out within the scope of increasing production efficiency and capacity or reducing costs, for which it has completed feasibility studies and foresees that it will provide cash flow in the future, the Group recognizes the development costs, which mainly include the costs of the personnel working and the raw materials used related to the product development processes, as intangible assets other than goodwill. One of the most important management considerations for projects in the development phase is the forecast of the future revenue market performance of the products to which the project is related (Footnote 13). There may be changes in assumptions due to the availability of new information in future periods, and the effects of such changes are reflected in the consolidated financial statements going forward.

As of 31 December 2025, construction in progress amounting to TRY1,076,739 (31 December 2024: TRY685,121) consists of tangible and intangible assets related to ongoing projects. Assets under construction and development costs that are no longer expected to generate future economic benefits are amortized as an expense during the period. Management has made its best estimate of the economic benefits to be derived from the investments in excess of their carrying amounts. Changes in assumptions may occur depending on the availability of new information in future periods, and the effects of such changes are reflected prospectively in the consolidated financial statements.

##### f) Provision for bad debts

Impairment provisions calculated for trade receivables are determined as a result of estimates made by taking into account the surety and guarantees received from customers, past payment performance and creditworthiness information of customers, and maturity analyses of receivable balances (Footnote 7). As a result of all these evaluations, the determination of doubtful receivables and the determination of the reserve amounts reserved for these receivables also include the assumptions and estimates of the management. In addition, the Group has chosen to apply the "simplified approach" defined in the TFRS 9 standard within the scope of impairment calculations of its trade receivables, which are accounted for at amortized cost in its consolidated financial statements and do not contain a significant financing component. With this approach, the Group measures the loss provisions for trade receivables at an amount equal to the "lifetime expected credit losses" in cases where trade receivables are not depreciated for certain reasons (other than realized impairment losses). In cases where the final results of these estimates differ from the amounts initially recorded, these differences may affect the profit or loss statement with the impairment provision of trade receivables in the periods in which they are determined. If there is a change in the estimates, it is reflected prospectively in the consolidated financial statements.

##### g) Impairment of inventories

Inventory impairment is determined in accordance with the Group's accounting policy and is calculated by assessing the period of inactivity of the inventories and possible impairment. (Footnote 9) If there is a change in the estimates, it is reflected prospectively in the consolidated financial statements.

#### NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash	-	-
Bank	1,433,749	1,409,932
- Time deposit	345,992	220,029
- Demand deposit	1,087,757	1,189,903
Checks received	10,097	57,875
Other cash and cash equivalents	82,632	74,338
	1,526,478	1,542,145

As of 31 December 2025, time deposits amounting to TRY345,992 (31 December 2024: TRY 220,029) are denominated in TRY, with a maturity of 1 day (31 December 2024: 1-3 days), with average interest rates of 38.50% for deposits in TRY (31 December 2023: 40% for deposits in TRY).





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#### NOTE 4 - CASH AND CASH EQUIVALENTS

The details of demand deposits are as follows:

Currency	31 December 2025	31 December 2024
EUR	928,570	1,159,513
RON	126,507	1,445
USD	17,512	8,499
TRY	14,398	19,578
GBP	770	868
	<b>1,087,757</b>	<b>1,189,903</b>

The credit risks of the banks in which the Group holds deposits are assessed on the basis of independent data and no significant credit risks are foreseen. The market values of cash and cash equivalents are approaching their carried value.

As of 31 December 2025, the Group has blocked deposits of TRY 105,765 (31 December 2024: TRY 105,341)

The maturity of the received cheques, which are classified as cash and cash equivalents, is less than 3 months. Other cash and cash equivalents include credit card receivables related to spare parts sales.

#### NOTE 5 - SEGMENT REPORTING

A reportable segment is an industry segment or a geographical segment for which segment information is required to be disclosed. Business segments are those that provide a particular good or service or a group of related goods or services and that are subject to risks and returns that are different from those of other segments of the Group. Geographical segments are those that provide goods or services within a particular economic environment and that are subject to risks and returns that are different from those of the Group's other segments operating in other economic environments.

The Group's principal activity is the manufacture of motor vehicles and related equipment and spare parts. The Group has two operating segments, which include information used by the Group's management to evaluate performance and decide on the allocation of resources. These operating segments are Karsan branded products, where the Group reports on commercial vehicles produced under its own brand; industrial and spare parts sales, where the Group reports on spare parts, tractor cab and primer coating operations; and other branded sales, where the Group reports on commercial vehicles produced for other brands. While operating profit or loss is included in the regular assessment of segment performance, other operating income and expenses are not allocated. The majority of the Group's assets and liabilities are located in Turkey. In addition, segment assets and liabilities have not been reported as there is no periodic disclosure of assets and liabilities to the chief operating decision maker. The Group management analyzes the financial data through the consolidated financial statements prepared in accordance with TFRS.

Group management follows the Group's activities in terms of domestic and international sales, and the Group's geographical divisions include sales to domestic and international customers. Details of domestic and international sales are presented in Footnote 21.

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#### NOTE 5 - SEGMENT REPORTING (Continued)

1 January - 31 December 2025	Total	Karsan Branded Product and Spare parts	Other Sales
Revenue	16,599,038	13,169,777	3,429,261
Cost of Sales (-)	(11,999,335)	(9,122,189)	(2,877,146)
<b>Gross profit/(loss) from Trade Operations</b>	<b>4,599,703</b>	<b>4,047,589</b>	<b>552,114</b>
<b>Gross profit/(loss)</b>	<b>4,599,703</b>	<b>4,047,589</b>	<b>552,114</b>
General and Administrative Expenses (-)	(817,127)	(519,421)	(297,706)
Marketing Expenses (-)	(1,617,076)	(1,595,510)	(21,566)
Research & Development Expenses (-)	(205,120)	(205,120)	-
Other Operating Incomes	983,795	859,786	124,009
Other Operating Expenses (-)	(271,970)	(237,688)	(34,282)
<b>Operating profit/(loss)</b>	<b>2,672,205</b>	<b>2,349,635</b>	<b>322,570</b>
1 January - 31 December 2024	Total	Karsan Branded Product and Spare parts	Other Sales
Revenue	14,224,493	9,893,618	4,330,875
Cost of Sales (-)	(11,370,270)	(7,281,069)	(4,089,201)
<b>Gross profit/(loss) from Trade Operations</b>	<b>2,854,223</b>	<b>2,612,549</b>	<b>241,674</b>
<b>Gross profit/(loss)</b>	<b>2,854,223</b>	<b>2,612,549</b>	<b>241,674</b>
General and Administrative Expenses (-)	(760,263)	(473,258)	(287,005)
Marketing Expenses (-)	(1,231,650)	(1,182,052)	(49,598)
Research & Development Expenses (-)	(25,070)	(25,070)	-
Other Operating Incomes	1,223,869	1,003,440	220,429
Other Operating Expenses (-)	(731,230)	(599,529)	(131,701)
<b>Operating profit/(loss)</b>	<b>1,329,879</b>	<b>1,336,081</b>	<b>(6,200)</b>

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#### NOTE 6 - RELATED PARTY DISCLOSURES

Transactions between the Group and its subsidiaries that are related parties of the Group are not disclosed in this note since they are eliminated on consolidation.

The details of transactions between the Group and other related parties are disclosed below.

	31 December 2025				
	Receivables		Payables		
	Short term	Long term	Short term	Short term	
Balances with related parties	Trade	Trade	Trade	Other	
Hervouet Corporate Industry SAS	919,414	-	(103,175)	-	
Kırpart Otomotiv Parçaları San. Ve Tic. A.Ş.	1,621	-	-	-	
Kıraça Holding A.Ş.	632	-	(5,217)	-	
Karland Otomotiv A.Ş.	383	-	(893)	-	
Sirena Marine Denizcilik ve Ticaret A.Ş.	-	-	(41,010)	-	
Kök Ziraat Turizm San. ve Tic. A.Ş.	-	-	(24,530)	-	
Kırsan Turizm ve Otomotiv San. ve Tic. A.Ş.	-	-	(8,356)	-	
Other	-	-	(2,834)	-	
	<b>922,050</b>	<b>-</b>	<b>(186,015)</b>	<b>-</b>	

	31 December 2024			
	Receivables		Payables	
	Short term	Long term	Short term	Short term
Balances with related parties	Trade	Trade	Trade	Other
Hervouet Corporate Industry SAS	243,419	-	(137,240)	-
Kırpart Otomotiv Parçaları San. ve Tic. A.Ş.	2,122	-	-	-
Kıraça Holding A.Ş.	465	-	(20,278)	(85,082)
Karland Otomotiv A.Ş.	62	-	(736)	-
Sirena Marine Denizcilik ve Ticaret A.Ş.	-	-	(56,706)	-
Kök Ziraat Turizm San. ve Tic. A.Ş.	-	-	(6,706)	-
Kırsan Turizm ve Otomotiv San. ve Tic. A.Ş.	-	-	(4,727)	-
Other	2,179	-	-	-
	<b>248,247</b>	<b>-</b>	<b>(226,393)</b>	<b>(85,082)</b>

Trade receivables from related parties usually arise from sales transactions and have an approxi-mate maturity of 2-3 months. Commercial debts to related parties usually arise from purchase trans-actions and have an approximate maturity of 2-3 months. As of 31 December 2025 and 2024, the recorded value of short-term trade receivables from related parties and short-term trade payables to related parties is approaching amortized cost values.

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### NOTE 6 - RELATED PARTY DISCLOSURES (Continued)

Related Party Transactions	1 January - 31 December 2025					
	Service Procurement	Purchases	Sales	Interest Paid	Leasing Expense	Other Income/ (Costs)
Kıraça Holding A.Ş. <sup>(1)</sup>	(21,256)	-	-	(4,547)	-	(13,411)
Kırsan Turizm ve Otomotiv San.ve Tic. A.Ş. <sup>(2)</sup>	(42,897)	-	-	-	-	-
Karland Otomotiv A.Ş.	-	(121)	1,095	-	-	(6,632)
Kök Ziraat Turizm San. ve Tic. A.Ş. <sup>(3)</sup>	-	-	-	(5,115)	(21,234)	(8,525)
Hervouet Corporate Industry SAS <sup>(4)</sup>	(166,267)	-	1,051,321	-	-	-
Sirena Marine Denizcilik ve Ticaret A.Ş. <sup>(5)</sup>	-	(77,360)	72	-	-	-
<b>Total related party transactions</b>	<b>(230,420)</b>	<b>(77,481)</b>	<b>1,052,488</b>	<b>(9,662)</b>	<b>(21,234)</b>	<b>(28,568)</b>

Related Party Transactions	1 January - 31 December 2024					
	Service Procurement	Purchases	Sales	Interest Paid	Leasing Expense	Other Income/ (Costs)
Kıraça Holding A.Ş. <sup>(1)</sup>	(36,162)	-	3,145	(56,829)	-	(9,508)
Kırsan Turizm ve Otomotiv San.ve Tic. A.Ş. <sup>(2)</sup>	(62,807)	-	-	-	-	-
Karland Otomotiv A.Ş.	-	(283)	10,513	-	-	(5,196)
Kök Ziraat Turizm San. ve Tic. A.Ş. <sup>(3)</sup>	(10,367)	-	-	(3,957)	(19,358)	-
Hervouet Corporate Industry SAS <sup>(4)</sup>	-	-	256,883	-	-	-
Sirena Marine Denizcilik ve Ticaret A.Ş. <sup>(5)</sup>	(373)	(108,707)	-	-	-	-
<b>Total related party transactions</b>	<b>(109,709)</b>	<b>(108,990)</b>	<b>270,541</b>	<b>(60,786)</b>	<b>(19,358)</b>	<b>(14,704)</b>

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#### NOTE 6 - RELATED PARTY DISCLOSURES (Continued)

- [\*] The Group receives information systems, human resources, financial and other consultancy services from Kırça Holding.
- [\*\*] The Group supplies Sirena Marine with certain interior components, molds and equipment for the production of minibuses, midibuses and buses.
- [\*\*\*] The Group receives services from Karsan Turizm for advertising, social activities and travel expenses.
- [\*\*\*\*] The Group pays monthly rent to Kök Ziraat A.Ş. for the office in Istanbul. Security, natural gas, maintenance, repairs, cleaning and other common expenses of the office are invoiced monthly by Kök Ziraat A.Ş. In addition, the factory building in Bursa Organized Industrial Zone is rented from Kök Ziraat A.Ş.
- [\*\*\*\*\*] See note 2.3. The Group sells Karsan branded products to HCl, based in France.

#### Benefits provided to senior management:

The Group's senior management consists of the members of the Board of Directors, the Executive Committee and the Company's General Manager and Deputy General Managers. The benefits provided to key management personnel include salaries, bonuses, health insurance and transportation. The benefits provided to key management personnel during the period were as follows:

	1 January - 31 December 2025	1 January - 31 December 2025
Wages and other short-term benefits	168,493	76,938
	<b>168,493</b>	<b>76,938</b>

#### NOTE 7 - TRADE RECEIVABLES AND PAYABLES

##### a) Trade receivables:

As of the balance sheet date, the details of the Group's trade receivables are as follows:

Short term trade receivables	31 December 2025	31 December 2024
Trade receivables from third parties	4,328,981	5,734,540
Trade receivables due from related parties	922,050	248,247
Checks and notes received from third parties	-	1,156
Income accruals <sup>(*)</sup>	203,761	95,102
Provision for doubtful trade receivables (-)	(34,135)	(78,717)
Provision for expected loss (-)	(12,806)	(16,762)
	<b>5,407,851</b>	<b>5,983,566</b>

[\*] Income accruals consist of revenues accrued in relation to the Group's projects and revenues to be passed on to contracted manufacturers relating to short-term benefits to be provided to employees under the Collective Bargaining Agreement.

Long-term trade receivables	31 December 2025	31 December 2024
Trade receivables	-	93,405
	-	<b>93,405</b>

Trade receivables represent amounts due from customers for goods sold or services rendered in the normal course of business. Trade receivables consist of short-term trade receivables with maturities generally between 30 and 90 days and long-term receivables in Euro currency with restructured maturities within 2026. The Group holds its trade receivables to collect the contractual cash flows and accordingly they are measured at amortized cost using the effective interest method.

The movement table for the expected loss provision is as follows:

	2025	2024
<b>Beginning of the term - 1 January</b>	<b>(16,762)</b>	<b>(77,733)</b>
Reversals of provisions	-	37,078
Monetary gain/(loss)	3,956	23,893
<b>End of term - December 31</b>	<b>(12,806)</b>	<b>(16,762)</b>

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#### NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

The Group measures impairment of trade receivables based on lifetime expected credit losses. Expected credit losses on trade receivables are estimated using an allowance matrix, which is developed by analyzing customers' historical defaults, analyzing their current financial position, and taking into account the general economic conditions of the industry in which the customer operates and conditions at the reporting date. There have been no significant changes in management's estimates and assumptions during the period.

The movement schedule for the Group's allowance for impairment on trade receivables is as follows:

	2025	2024
<b>Beginning of the term - 1 January</b>	<b>(78,717)</b>	<b>(147,486)</b>
Provisions during the period	(34,274)	-
Reversals of provisions	64,285	80,116
Monetary gain/(loss)	14,571	(11,347)
<b>End of term - December 31</b>	<b>(34,135)</b>	<b>(78,717)</b>

The Group's experience in the collection of trade receivables in previous years shows that the provisions set aside are sufficient. For this reason, the Group's management believes that there is no additional trade receivables risk other than the provision set aside for possible collection losses. The credit risk assessment for trade receivables is explained in Footnote 32.

The Group subjects some of its invoice receivables to irrevocable and irrevocable factoring transactions. Trade receivables that are subject to irrevocable factoring transactions are taken off the balance sheet and the difference between them and the collected amounts is recognized as expenses related to factoring transactions in financing expenses. The amounts obtained from financial institutions against trade receivables subject to recourse factoring transactions are presented as financial obligations in the consolidated statement of financial position (Footnote 19), and expenses related to the relevant financial obligations are recognized as expenses related to factoring transactions in financing expenses (Footnote 26).

The allowance for doubtful trade receivables is determined based on past experience of bad debts as of 31 December 2025 and 31 December 2024, the details of trade receivables according to their maturities are as follows:

Time to maturity:	31 December 2025	31 December 2024
Overdue receivables	1,353,117	1,382,829
0 - 30 days maturity	2,125,135	1,390,326
31 - 90 days maturity	1,240,149	1,291,449
91 - 180 days maturity	654,431	514,623
181 - 365 days maturity	24,042	1,404,339
365 days and above	10,977	93,405
	<b>5,407,851</b>	<b>6,076,971</b>

Time to maturity:	31 December 2025	31 December 2024
0 - 30 days past due	293,119	310,325
31 - 90 days past due	93,402	348,565
91 - 180 days past due	543,952	124,257
181 - 365 days past due	320,275	515,340
365 days and above past due	102,369	84,342
	<b>1,353,117</b>	<b>1,382,829</b>

As of 31 December 2025 and 31 December 2024, the carrying value of short-term trade receivables approaches their amortized cost value.

As of the balance sheet date, the details of the Group's trade payables are as follows:

Short-term trade payables	31 December 2025	31 December 2024
Trade payables to third parties	2,459,656	2,702,197
Trade payables to related parties	186,015	226,393
	<b>2,645,671</b>	<b>2,928,590</b>

The average payment term of the Group's trade payables is 90-120 days (31 December 2024:

90-120 days). As of 31 December 2025 and 31 December 2024, the carrying value of short-term trade payables approaches their amortized cost value.

#### NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other receivables from unrelated parties	31 December 2025	31 December 2024
Financial lease receivables (*)	181,093	119,595
Deposits and guarantees given	84,057	45,638
Other Receivables (**)	170,739	-
	<b>435,889</b>	<b>165,233</b>

Other long-term receivables from unrelated parties	31 December 2025	31 December 2024
Financial lease receivables (*)	161,670	380,429
	<b>161,670</b>	<b>380,429</b>

(\*) Consists of receivables classified as finance lease receivables as a result of the evaluation of the investments made in relation to the contract signed with OEM customer of the group, following the conclusion that the terms of the contract in question include other receivables transaction within the scope of TFRS 16 Leases. Total as of 31 December 2025 EUR7,912 (31 December 2024: EUR10,399).

(\*\*) Consists of VAT receivables related to activities carried out in Romania.

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#### NOTE 8 - OTHER RECEIVABLES AND PAYABLES (Continued)

The payment schedule for receivables from financial leasing transactions is as follows:

	31 December 2025		31 December 2024	
	Financial leasing receivables	Total receivables	Financial leasing receivables	Total receivables
2025	-	-	172,855	172,855
2026	181,093	181,093	172,855	172,855
2027	161,670	161,670	154,314	154,314
	<b>342,763</b>	<b>500,024</b>		<b>500,024</b>
Other short-term liabilities		31 December 2025	31 December 2024	
Other payables to related parties (Note 6)		-	85,082	
		-	<b>85,082</b>	

#### NOTE 9 - INVENTORY

	31 December 2025	31 December 2024
Raw materials and supplies	1,254,995	1,151,327
Semi-finished products	603,829	248,920
Products	603,024	179,340
Commercial goods	444,716	305,808
Goods in transit	52,976	3,750
Provision for impairment of inventory (-)	(2,953)	(2,953)
	<b>2,956,587</b>	<b>1,886,192</b>

In the period of 1 January - 31 December 2025, a total of TRY7,038,467 (1 January - 31 December 2024: TRY6,023,035) was expense in the cost of goods sold account (Footnote 25).

As of the periods ended 31 December 2025 and 31 December 2024, the movement of the stock im-pairment provision is as follows

	2025	2024
<b>Beginning of term - 1 January</b>	<b>2,953</b>	<b>50,238</b>
Reversals of provisions	-	(47,285)
<b>End of term - December 31</b>	<b>2,953</b>	<b>2,953</b>

A significant portion of inventory write-downs relate to products, and inventory write-down ex-penses are recognized in the cost of sales account.

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#### NOTE 10 - PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses	31 December 2025	31 December 2024
Advances provided	713,642	238,874
Prepaid expenses	12,954	23,941
Advances provided to related parties	1,832	-
	<b>728,428</b>	<b>262,815</b>

As of 31 December 2025 and 31 December 2024, a significant portion of short-term prepaid ex-penses include advance payments made for inventory purchases.

Long Term Prepaid Expenses	31 December 2025	31 December 2024
Advances provided	31,199	52,454
Prepaid expenses	3,651	1,531
	<b>34,850</b>	<b>53,985</b>

As of 31 December 2025 and 31 December 2024, a significant portion of long-term prepaid ex-penses include advance payments made for purchases of property, plant and equipment.

Short-Term Deferred Income (other than contractual obligations)	31 December 2025	31 December 2024
Advances received <sup>(*)</sup>	166,262	626,589
Prepayments <sup>(**)</sup>	57,916	40,714
	<b>224,178</b>	<b>667,303</b>

Long Term Deferred Income (other than contractual obligations)	31 December 2025	31 December 2024
Prepayments <sup>(**)</sup>	109,924	83,459
	<b>109,924</b>	<b>83,459</b>

(\*) It consists of advance payments for orders related to stock purchases.

(\*\*) It consists of advances received from customers regarding the sales of Karsan branded vehicles, and it is envisaged that sales will be realized within the following 1 year.

(\*\*\*) Prepayments represent the portion of customer service fees received in advance.

#### NOTE 11 - INVESTMENTS ACCOUNTED FOR BY EQUITY METHOD

Investments	Share Rate % 31 December 2025	Share Rate % 31 December 2024	31 December 2025	31 December 2024
Hervouet Corporate Industry ("HCI")	20	20	70,830	67,865
			<b>70,830</b>	<b>67,865</b>

As of 1 October 2024, the Group's 50% direct stake in HCI has been transferred to BYmyCAR Importer, a 100% subsidiary of Cosmobilis Group, for 30% of HCI's shares. BYmyCAR Importer acquired a 50% stake in HCI, which was owned by the other partner of HCI, and now has a total of 80% of the shares in HCI. As a result of the transaction, the Group's share in HCI's shareholding structure became 20%, and the Group's control over HCI and HCL was lost, and it continues to have significant influence in these companies. For this reason, the Group's investments in HCI and HCL are recognized as investments valued by the equity method as of 31 December 2024 (Footnote 11). The Group sold a 30% stake in HCI for TRY97,198 and recognized the subsidiary sale profit of TRY 127,009 (Footnote 24) in the consolidated profit or loss and other comprehensive income statement as income from investment activities.

HCI's balance sheet and summary profit or loss statements as of 31 December 2025 and 31 December 2024, which are accounted for according to the equity method, are presented below.

31 December 2025	Total assets	Total liabilities (excluding equity)	Revenue	Net profit/(loss) for the period	Direct and indirect ownership %	Group share in net assets
HCI	1,636,331	1,498,536	1,174,129	33,783	20%	70,830
31 December 2024	Total assets	Total liabilities (excluding equity)	Revenue	Net profit/(loss) for the period	Direct and indirect ownership %	Group share in net assets
HCI	990,619	898,208	1,018,443	1,536,841	20%	67,865

The movement of investments accounted for by the equity method is as follows:

	2025	2024
<b>Beginning of period</b>	<b>67,865</b>	-
Additions	-	64,807
Profits/(losses) shares	6,757	3,058
Currency translation difference	858	-
Monetary loss/gain	(4,650)	-
<b>End of period</b>	<b>70,830</b>	<b>67,865</b>

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**NOTE 12 - TANGIBLE FIXED ASSETS**

	1 January 2025	Additions	Disposals	Transfers	Foreign currency translation differences	Revaluation	Transfer of accumulated depreciation before valuation	Acquisitions arising from company acquisitions	31 December 2025
<b>Cost</b>									
Land	3,066,548	-	-	-	-	(153,925)	-	-	2,912,623
Land Improvements	88,566	-	-	4,063	-	(12,032)	(3,045)	-	77,552
Buildings	1,315,026	-	-	45,819	-	90,150	(31,558)	2,408	1,421,845
Property, Plant & Equipment	1,745,905	-	(46,703)	162,105	2,195	-	-	169	1,863,671
Vehicles	146,413	-	(2,375)	111,202	-	-	-	-	255,240
Fixtures	668,447	47	(4,337)	68,612	253	-	-	468	733,490
Special Costs	74,670	-	(13,769)	4,620	-	-	-	-	65,521
Construction in Progress	247,333	243,328	-	(396,421)	-	-	-	-	94,240
	<b>7,352,908</b>	<b>243,375</b>	<b>(67,184)</b>	<b>-</b>	<b>2,448</b>	<b>(75,807)</b>	<b>(34,603)</b>	<b>3,045</b>	<b>7,424,182</b>
<b>Accumulated Depreciation</b>									
Land Improvements (-)	(4,080)	(2,028)	-	-	-	-	3,045	-	(3,063)
Buildings (-)	(16,067)	(36,203)	-	-	-	-	31,558	(1,422)	(22,134)
Property, Plant & Equipment (-)	(1,317,699)	(103,026)	7,329	-	-	-	-	-	(1,413,396)
Vehicles (-)	(22,084)	(35,097)	792	-	-	-	-	-	(56,389)
Fixtures (-)	(601,685)	(18,417)	2,158	-	-	-	-	-	(617,944)
Special Costs (-)	(25,611)	(13,272)	7,340	-	-	-	-	-	(31,543)
	<b>(1,987,226)</b>	<b>(208,043)</b>	<b>17,619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,603</b>	<b>(1,422)</b>	<b>(2,144,469)</b>
<b>Net book value</b>	<b>5,365,682</b>								<b>5,279,713</b>

A significant portion of the additions to tangible fixed assets in 2025 includes the Group's vehicle purchases and plant, machinery and equipment investments. In 2025, the cost of borrowing for tangible fixed asset purchases has not been capitalized.

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**NOTE 12 - TANGIBLE FIXED ASSETS (Continued)**

	1 January 2024	Additions	Disposals	Transfers	Foreign currency translation differences	Revaluation	Transfer of accumulated depreciation before valuation	31 December 2024
<b>Cost</b>								
Land	2,925,733	-	-	-	-	140,815	-	3,066,548
Land Improvements	81,099	-	-	1,872	-	7,401	(1,806)	88,566
Buildings	1,313,776	17,091	-	-	-	22,787	(38,628)	1,315,026
Property, Plant & Equipment	1,624,016	53,730	-	68,159	-	-	-	1,745,905
Vehicles	98,936	139,346	(95,132)	-	3,263	-	-	146,413
Fixtures	607,802	14,613	-	45,993	39	-	-	668,447
Special Costs	35,116	-	-	39,554	-	-	-	74,670
Construction in Progress	320,295	82,616	-	(155,578)	-	-	-	247,333
	<b>7,006,773</b>	<b>307,396</b>	<b>(95,132)</b>	<b>-</b>	<b>3,302</b>	<b>171,003</b>	<b>(40,434)</b>	<b>7,352,908</b>
<b>Accumulated Depreciation</b>								
Land Improvements (-)	-	(5,886)	-	-	-	-	1,806	(4,080)
Buildings (-)	-	(54,695)	-	-	-	-	38,628	(16,067)
Property, Plant & Equipment (-)	(1,223,326)	(94,373)	-	-	-	-	-	(1,317,699)
Vehicles (-)	(66,530)	(19,030)	64,128	-	(652)	-	-	(22,084)
Fixtures (-)	(592,400)	(9,276)	-	-	(9)	-	-	(601,685)
Special Costs (-)	(16,048)	(9,563)	-	-	-	-	-	(25,611)
	<b>(1,898,304)</b>	<b>(192,823)</b>	<b>64,128</b>	<b>-</b>	<b>(661)</b>	<b>-</b>	<b>40,434</b>	<b>(1,987,226)</b>
<b>Net book value</b>	<b>5,108,469</b>							<b>5,365,682</b>

A significant portion of the additions to tangible fixed assets in 2024 includes the Group's vehicle purchases and plant, machinery and equipment investments. In 2024, the cost of borrowing for tangible fixed asset purchases has not been capitalized.

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#### NOTE 12 - TANGIBLE FIXED ASSETS (Continued)

As of 31 December 2025, a mortgage and movable pledge of EUR57,000 or equivalent TRY2,866,296 was established on the Group's tangible fixed assets (31 December 2024: TRY2,779,489 and TRY173,255 for EUR57,000).

As of 31 December 2025, the Group has depreciation and amortization expenses totaling TRY768,487 (31 December 2024: TRY714,302), including TRY208,043 for tangible fixed assets (31 December 2024: TRY192,823), TRY64,818 for right-of-use assets (31 December 2024: TRY58,195), and TRY495,626 for intangible assets (31 December 2024: TRY463,284). TRY768,487 (31 December 2024: TRY714,302) of the depreciation and amortization expenses for the current period was reflected in the cost of sales, TRY460,082 (31 December 2024: TRY543,067) was reflected in general administration expenses, TRY33,348 (31 December 2024: TRY85,325) was reflected in marketing expenses, and TRY164,283 (31 December 2024: TRY16,508) was reflected in research and development expenses.

The land and plots and buildings and land improvements owned by the Group are shown at their fair value on the date of revaluation. As of 31 July 2025 and 30 September 2024, the fair value of the land and plots and buildings and land improvements owned by the Group was carried out by a valuation company independent of the Group. As of 31 July 2025 and 30 September 2024, the fair value hierarchy for land and plots owned by the Group is 2. Level (Footnote 32). The revaluation fund is not taken into account in capital growth and distribution of profits to partners. The Group netted the deferred tax liability for the difference between the value on the records and the market and recognized tangible fixed assets as revaluation increases in equity. The movements of tangible fixed assets revaluation increases in the reported periods are as follows:

	2025	2024
<b>Beginning of period – 1 January</b>	<b>1,409,716</b>	<b>1,272,662</b>
Increase due to revaluation of land and plots	(153,925)	140,815
Increase due to revaluation of buildings	78,118	30,188
Net deferred tax impact on current period revaluation increases/decreases	9,335	(33,949)
<b>End of period – 31 December</b>	<b>1,343,244</b>	<b>1,409,716</b>

#### NOTE 13 - INTANGIBLE FIXED ASSETS

	1 January 2025	Additions	Transfers	Disposal	31 December 2025
<b>Cost</b>					
Rights	1,219,611	-	9,499	-	1,229,110
Development costs	6,619,521	-	383,341	(23,137)	6,979,725
Ongoing development costs <sup>(*)</sup>	685,121	784,458	(392,840)	-	1,076,739
	<b>8,524,253</b>	<b>784,458</b>	<b>-</b>	<b>(23,137)</b>	<b>9,285,574</b>
<b>Accumulated Amortization Share</b>					
Rights (-)	(811,885)	(63,800)	-	-	(875,685)
Development costs (-)	(4,256,528)	(431,826)	-	16,656	(4,671,698)
	<b>(5,068,413)</b>	<b>(495,626)</b>	<b>-</b>	<b>16,656</b>	<b>(5,547,383)</b>
<b>Net book value</b>	<b>3,455,840</b>				<b>3,738,191</b>

	1 January 2024	Additions	Transfers	Dispos-al	31 December 2024
<b>Cost</b>					
Rights	1,091,847	-	127,764	-	1,219,611
Development costs	5,703,155	-	916,366	-	6,619,521
Ongoing development costs <sup>(*)</sup>	774,629	954,622	(1,044,130)	-	685,121
	<b>7,569,631</b>	<b>954,622</b>	<b>-</b>	<b>-</b>	<b>8,524,253</b>
<b>Accumulated Amortization Share</b>					
Rights (-)	(767,886)	(43,999)	-	-	(811,885)
Development costs (-)	(3,837,243)	(419,285)	-	-	(4,256,528)
	<b>(4,605,129)</b>	<b>(463,284)</b>	<b>-</b>	<b>-</b>	<b>(5,068,413)</b>
<b>Net book value</b>	<b>2,964,502</b>				<b>3,455,840</b>

(\*) Includes costs related to ongoing product development projects.

Intangible assets include the costs of software used and the costs of in-house development. A significant part of the entries to development costs include development costs, which mainly consist of personnel and material expenses related to newly acquired customer and product projects.

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#### NOTE 14 - RIGHT OF USE ASSETS

The movement table of right-of-use assets for the year ending 31 December 2025 is as follows:

	1 January 2025	Additions	Disposals	Changes to the lease	31 December 2025
<b>Cost</b>					
Buildings	240,339	-	-	64,401	304,740
	<b>240,339</b>	-	-	<b>64,401</b>	<b>304,740</b>
<b>Accumulated Amortization Share (-)</b>					
Buildings (-)	(172,372)	(64,818)	-	-	(237,190)
	<b>(172,372)</b>	<b>(64,818)</b>	-	-	<b>(237,190)</b>
<b>Net book value</b>	<b>67,967</b>				<b>67,550</b>

The movement table of right-of-use assets for the year ending 31 December 2024 is as follows:

	1 January 2024	Additions	Disposals	Changes to the lease	31 December 2024
<b>Cost</b>					
Buildings	189,140	29,885	-	21,314	240,339
	<b>189,140</b>	<b>29,885</b>	-	<b>21,314</b>	<b>240,339</b>
<b>Accumulated Amortization Share (-)</b>					
Buildings (-)	(114,177)	(58,195)	-	-	(172,372)
	<b>(114,177)</b>	<b>(58,195)</b>	-	-	<b>(172,372)</b>
<b>Net book value</b>	<b>74,963</b>				<b>67,967</b>

#### NOTE 15 - GOVERNMENT GRANTS AND ASSISTANCE

The Company's application to obtain an "R&D Centre" certificate within the scope of Law No. 5746 on Supporting Research, Development and Design Activities was evaluated by the Ministry of Industry and Technology and the Company was granted an "R&D Centre" certificate with effect from 22 July 2019.

The application for "Investment Incentive Certificate" submitted to the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Industry and Technology of the Republic of Turkey to link the investment planned by the Company within the scope of product diversification to the Investment Incentive Certificate was approved on 6 October 2021. The final visa of the Incentive Certificate No. 528260 was completed on 26 March 2024 and the realized investment amount is TRY207,369. The support elements related to the 4<sup>th</sup> Region provided for the investment evaluated within the framework of "Regional Incentive Practices" are as follows:

- Insurance Premium Employer's share
- Total amount of investment contribution
- VAT exemption
- Interest subsidy
- Customs duty exemption

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

Other Short Term Provisions	31 December 2025	31 December 2024
Non-standard expenses <sup>(****)</sup>	444,212	-
Provision for warranty expenses <sup>(*)</sup>	161,788	149,721
Litigation provision <sup>(**)</sup>	26,575	24,312
Provision for sales discounts and price difference <sup>(***)</sup>	6,000	8,456
Other	28,505	11,755
	<b>667,080</b>	<b>194,244</b>
Long Term Provisions	31 December 2025	31 December 2024
Provision for warranty expenses <sup>(*)</sup>	343,895	215,244
	<b>343,895</b>	<b>215,244</b>

(\*) The Group provides warranty services for vehicles sold under warranty for a period of time after the date of sale, which varies depending on the vehicle model.

(\*\*) Provisions for various litigation risks of the Group.

(\*\*\*) Consists of price difference discounts granted by the Group to customers.

(\*\*\*\*) The group consists of amounts corresponding to service costs incurred and reflected under sales contracts with customers..

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

Movements in the provision for warranty expenses during the period are as follows:

	2025	2024
<b>Beginning of term - 1 January</b>	<b>364,965</b>	<b>591,606</b>
Additional provision	692,073	273,484
Payments	(438,795)	(308,088)
Provision cancelled	(1,577)	(32,826)
Monetary gain/(loss)	(110,983)	(159,211)
<b>End of term - December 31</b>	<b>505,683</b>	<b>364,965</b>

The movement of provision for litigation during the period is as follows:

	2025	2024
<b>Beginning of term - 1 January</b>	<b>24,312</b>	<b>14,303</b>
Additional provision (Note 22)	8,627	14,406
Monetary gain/(loss)	(6,364)	(4,397)
<b>End of term - December 31</b>	<b>26,575</b>	<b>24,312</b>

The Group's collateral/pledge/mortgage ("CPM") position for 31 December 2025 and 2024 is as follows:

31 December 2025	TRY Equivalent	Turkish Lira	US Dollar	EUR	Romanian Leu	Other
<b>A. Total amount of GLMs given on behalf of its own legal entity</b>						
- Guarantee	2,933,411	387,259	468	45,036	26,626	3
- Mortgage	2,901,497	-	-	57,700	-	-
- Letter of Credit	-	-	-	-	-	-
<b>B. Total amount of GLMs given in favor of subsidiaries included in the scope of full consolidation</b>						
- Guarantee	-	-	-	-	-	-
- Lien	-	-	-	-	-	-
- Mortgage	-	-	-	-	-	-
<b>C. Total amount of GLMs given for the execution of ordinary commercial activities in order to ensure the debts of other third parties</b>						
- Guarantee	-	-	-	-	-	-
- Lien	-	-	-	-	-	-
- Mortgage	-	-	-	-	-	-
<b>D. Total amount of other GLMs given</b>						
<b>i. Total amount of GLMs given in favor of the main shareholder</b>						
- Guarantee	-	-	-	-	-	-
- Lien	-	-	-	-	-	-
- Mortgage	-	-	-	-	-	-
<b>ii. Total amount of GLMs given in favor of other group companies not included in the scope of items B &amp; C</b>						
- Guarantee	-	-	-	-	-	-
- Lien	-	-	-	-	-	-
- Mortgage	-	-	-	-	-	-
<b>iii. GLMs given in favor of third parties not included in the scope of item C</b>						
- Guarantee	-	-	-	-	-	-
- Lien	-	-	-	-	-	-
- Mortgage	-	-	-	-	-	-
<b>Total</b>	<b>5,834,908</b>	<b>387,259</b>	<b>468</b>	<b>102,736</b>	<b>26,626</b>	<b>3</b>

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

31 Aralık 2024	TRY Equivalent	Turkish Lira	US Dollar	EUR	Romanian Leu	Other
A. Total amount of GLMs given on behalf of its own legal entity						
- Guarantee	4,194,806	794,031	3,126	65,403	10,670	150
- Mortgage	2,779,489	-	-	57,700	-	-
- Letter of Credit	-	-	-	-	-	-
B. Total amount of GLMs given in favor of subsidiaries included in the scope of full consolidation						
- Guarantee	-	-	-	-	-	-
- Lien	-	-	-	-	-	-
- Mortgage	-	-	-	-	-	-
C. Total amount of GLMs given for the execution of ordinary commercial activities in order to ensure the debts of other third parties						
- Guarantee	1,975	-	-	41	-	-
- Lien	-	-	-	-	-	-
- Mortgage	-	-	-	-	-	-
D. Total amount of other GLMs given						
i. Total amount of GLMs given in favor of the main shareholder						
- Guarantee	-	-	-	-	-	-
- Lien	-	-	-	-	-	-
- Mortgage	-	-	-	-	-	-
ii. Total amount of GLMs given in favor of other group companies not included in the scope of items B & C						
- Guarantee	-	-	-	-	-	-
- Lien	-	-	-	-	-	-
- Mortgage	-	-	-	-	-	-
iii. GLMs given in favor of third parties not included in the scope of item C						
- Guarantee	-	-	-	-	-	-
- Lien	-	-	-	-	-	-
- Mortgage	-	-	-	-	-	-
<b>Total</b>	<b>6,976,270</b>	<b>794,031</b>	<b>3,126</b>	<b>123,144</b>	<b>10,670</b>	<b>150</b>

As of 31 December 2025, the ratio of other TRIs issued by the Group to the Group's equity is 0% (31 December 2024: 0%).

As of 31 December 2025, from letters of guarantee in the amount of TRY387,259 (31 December 2024: TRY 794,031), USD 468 (31 December 2024: USD3,126), 26,626RON (31 December 2024: 10,670Romanian Leu), Swiss Francs 3 with EUR 102,736 (31 December 2024 150 Polish Zlotys and EUR 123,144) issued to Customs directorates, tax offices and other public institutions, EUR 57,700 (31 December 2024: EUR 57,000).

#### NOTE 17 - EMPLOYEE BENEFITS

Employee Benefits	31 December 2025	31 December 2024
Provision for employment termination benefits	291,875	269,376
Collective bargaining agreement provisions	183,792	-
Employee benefit liabilities	115,445	194,701
Provision for unused vacations	77,475	67,608
	<b>660,587</b>	<b>531,685</b>

Employee Benefits Liabilities	31 December 2025	31 December 2024
Wages payable to employees	53,760	113,950
Social security contributions	61,685	80,751
	<b>115,445</b>	<b>194,701</b>

Short Term Provisions for Employee Benefit	31 December 2025	31 December 2024
Collective bargaining agreement provisions	183,792	-
Provision for unused vacations	77,475	67,608
	<b>261,267</b>	<b>67,608</b>

Long-Term Provisions for Employee Benefits	31 December 2025	31 December 2024
Provision for severance pay:	291,875	269,376
	<b>291,875</b>	<b>269,376</b>

Under Turkish labor law, the Group is required to pay termination benefits to any employee who has completed at least one year of service and whose employment is terminated without just cause, who is called up for military service, who dies or who retires after completing 25 years (20 in women) of service and reaching retirement age (58 for women and 60 for men). The compensation to be paid is one month's salary for each year of service and as of 31 December 2025, the severance payment liability is subject to a monthly cap of TRY 53,919.68 (31 December 2024: TRY 41,828.42). There is no legal requirement to fund the termination benefit obligation and there are no funding requirements. The present value of the probable liability that will need to be paid in return for severance pay in case of retirement of employees is estimated by taking into account actuarial assumptions. TAS 19 Employee Benefits requires the use of actuarial methods to estimate the Group's obligations under defined benefit plans. The present value of the probable liability to be paid in return for severance pay in the event of retirement of employees is calculated by taking into account actuarial assumptions.

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

Accordingly, the following actuarial assumptions were used in calculating the provision:

	31 December 2025	31 December 2024
Inflation rate (%)	23.10%	23.75%
Discount rate (%)	5.05%	4.5%

The basic assumption is that the ceiling provision set for each year of service increases in proportion to inflation. Thus, the applied discount rate shows the real rate adjusted for the expected effects of inflation. The Group's severance pay provision is calculated on the basis of TRY 64,948.77 (1 January 2024: TRY 46,655.43), which is effective as of 1 January 2026, as the severance pay ceiling is adjusted every six months.

The movement table of severance pay provisions is as follows:

	2025	2024
<b>Beginning of term - 1 January</b>	<b>269,376</b>	<b>293,063</b>
Service cost	33,463	64,456
Interest cost	66,950	65,436
Payments	(38,398)	(149,405)
Actuarial loss/(gain)	33,487	83,550
Monetary gain/(loss)	(73,003)	(87,724)
<b>End of term - December 31</b>	<b>291,875</b>	<b>269,376</b>

#### NOTE 18 - OTHER ASSETS AND LIABILITIES

Other Liquid Assets	31 December 2025	31 December 2024
Carried forward VAT	148,052	28,017
Other liquid assets	4,046	48,797
	<b>152,098</b>	<b>76,814</b>

Other Fixed Assets	31 December 2025	31 December 2024
Deposits and guarantees given	9,071	-
Other	1,833	-
	<b>10,904</b>	<b>-</b>

Other Short-Term Liabilities	31 December 2025	31 December 2024
Taxes and funds payable	74,676	59,521
Other	4,067	2,233
	<b>78,743</b>	<b>61,754</b>

#### NOTE 19 - BORROWINGS

	31 December 2025	31 December 2024
<b>Short-term borrowings</b>		
Short-term bank borrowings	3,245,880	3,701,382
Bonds and sukuk	2,829,463	984,155
Short-term portion of long-term borrowings	880,099	895,215
Factoring debts	332,486	227,502
Lease liabilities	11,772	136,594
	<b>7,299,700</b>	<b>5,944,848</b>
<b>Long-term borrowings</b>		
Long-term bank borrowings	1,458,672	1,871,451
Lease liabilities	2,854	15,746
	<b>1,461,526</b>	<b>1,887,197</b>

Other financial liabilities amounting to TRY332,486 (31 December 2024: TRY227,502) as of 31 December 2025 include short-term financial obligations to financial institutions related to factoring and credit insurance transactions. The carried values of these obligations converge to their reasonable values.

As of 31 December 2025 and 31 December 2024, the details of bank loans are as follows:

Currency Type	Weighted average annual effective interest rate (%)	31 December 2025	
		Short term	Long term
Bank loans (EUR)	5.55	1,800,531	1,439,831
Bank loans (Turkish Lira)	52.4	2,325,448	18,841
Bonds and Sukuk (Turkish Lira)	50.13	2,829,463	-
Factoring debts (Turkish Lira)	10.48	332,486	-
Lease liabilities (Turkish Lira)	38	11,772	2,854
		<b>7,299,700</b>	<b>1,461,526</b>

Currency Type	Weighted average annual effective interest rate (%)	31 December 2024	
		Short term	Long term
Bank loans (EUR)	5.16	3,070,085	1,827,674
Bank loans (Turkish Lira)	48.79	1,526,512	43,777
Bonds and Sukuk (Turkish Lira)	50.92	984,155	-
Factoring debts (Turkish Lira)	46.25	227,502	-
Lease liabilities (Turkish Lira)	36.85	136,594	15,746
		<b>5,944,848</b>	<b>1,887,197</b>

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#### NOTE 19 – BORROWINGS (CONTINUED)

The repayment schedule of bank loans is as follows:

	31 December 2025	31 December 2024
Within 1 year	4,125,979	4,596,597
1-2 years	714,895	726,728
2-3 years	319,165	510,320
3-4 years	287,540	276,974
4-5 years	137,072	245,583
5 years and above	-	111,846
	<b>5,584,651</b>	<b>6,468,048</b>

The movement table for financial borrowings other than lease obligations during the reported periods is as follows:

	2025	2024
<b>Beginning of term - 1 January</b>	<b>7,679,705</b>	<b>7,564,372</b>
Cash inflows from borrowings	10,099,729	14,388,201
Cash outflows from debt payments	(8,152,858)	(12,605,801)
Exchange rate difference	1,171,035	520,849
Change in interest accrual	412,268	85,089
Monetary gain/(loss)	(2,463,279)	(2,273,005)
<b>End of term - December 31</b>	<b>8,746,600</b>	<b>7,679,705</b>

The movement table for leasing liabilities during the reported periods is as follows:

	2025	2024
<b>Beginning of term - 1 January</b>	<b>152,340</b>	<b>78,754</b>
Cash inflows from borrowings	61,174	80,071
Cash outflows from debt payments	(186,539)	(71,111)
Change in interest accrual	23,605	29,866
Monetary gain/(loss)	(35,954)	34,760
<b>End of term - December 31</b>	<b>14,626</b>	<b>152,340</b>

As of 31 December 2025, and 31 December 2024, the breakdown of the Group's variable and fixed interest rate bank loans is as follows:

	31 December 2025	31 December 2024
<b>Fixed interest financial liabilities</b>		
Borrowings	6,701,843	4,343,425
Liabilities arising from leasing transactions	14,626	152,340
	<b>6,716,469</b>	<b>4,495,765</b>

	31 December 2025	31 December 2024
<b>Variable interest financial liabilities</b>		
Borrowings	2,044,757	3,336,280
	<b>2,044,757</b>	<b>3,336,280</b>

As of 31 December 2025, variable rate loans are denominated in Euros and have a variable interest rate of Euribor +4.75-5%, consisting of loans with principal and interest payments every 1 - 6 months (31 December 2024: Loans denominated in euros and Euribor with a variable interest rate of +4.75-5%, with principal and interest payments every 1 - 6 months). Variable rate loans have a maturity period of up to 2030.

On 31 December 2025, if the interest rate on variable rate financial liabilities had been 1% high-er/lower and all other variables had remained constant, the interest expense would have been TRY20,447 higher/lower (31 December 2024: TRY33,362 would have been higher/lower).

As of 31 December 2025 and 31 December 2024, the carryover and reasonable values of the loans are as follows:

	Carrying value		Fair value	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Bank loans	5,584,651	6,468,048	5,849,888	6,867,185

The fair value of bank loans was determined by the discounted cash flow method using weighted average effective interest rates of 2.03% per annum for Euro loans and 37.15% per annum for TRY loans (31 December 2024: 5% per annum for Euro loans and 46.34% per annum for TRY loans).

As of 31 December 2025, a long-term loan of EUR 28,636 thousand with an interest rate of EUR 6M + 3.90% was used, with an interest payment of TRY 1,442,560 every six months. Pursuant to the loan agreement signed with the financial institution, there are a number of key performance indicators that the Group must provide, and the Group is obliged to provide these performance indicators as of the end of each year until the end of the loans until the end of 2030. The Group has provided these indicators as of 31 December 2025.

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#### NOTE 20 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The paid-up capital structure of the Company as of 31 December 2025 and 31 December 2024 is as follows:

	31 December 2025		31 December 2024	
	Share ratio %	Amount	Share ratio %	Amount
Kıraça Holding A.Ş.	58.51	526,590	58.51	526,590
Public part	39.44	354,960	39.44	354,960
Other	2.05	18,450	2.05	18,450
Paid-in capital	100	900,000	100	900,000
Capital adjustment differences		13,128,427		13,128,427
<b>Total</b>	<b>100</b>	<b>14,028,427</b>	<b>100</b>	<b>14,028,427</b>

As of 31 December 2025, the Group's share capital consists of 6,558,338,851 Group A shares and 83,441,661,149 Group B shares. The nominal value of the shares is TRY0.01 per share. All shares issued were paid for in cash. A significant portion of Group A shares belong to Kıraça Holding A.Ş.

Pursuant to Article 8 of the Company's Articles of Association, Group A shareholders have the privilege of electing five of the seven members of the Board of Directors, if the Board of Directors consists of seven members, and six of the nine members of the Board of Directors, if the Board of Directors consists of nine members, from among the candidates nominated by Group A shareholders.

The details of restricted reserves separated from profit are as follows:

	31 December 2025	31 December 2024
Legal Reserves	33,164	33,164
	<b>33,164</b>	<b>33,164</b>

The General Legal Reserve is appropriated from the statutory profits at the rate of 5% per annum until the total reserve reaches 20% of the Group's (the Company's) paid-up capital. The Other Legal Reserve is appropriated at the rate of 10% of the total amount to be distributed to the shareholders after payment of a 5% dividend to the shareholders. According to the Turkish Commercial Code, if the General Legal Reserve does not exceed half of the share capital or registered capital, it can only be used to cover losses, to continue the business when the business is not doing well or to take measures to prevent unemployment and mitigate its consequences.

#### Dividend distribution:

Listed companies distribute dividends in accordance with the CMB's Communiqué on Dividend Distribution No. II-19.1, effective from 1 February 2014. Companies distribute their profits in accordance with the profit distribution policy to be adopted by the General Assembly and in compliance with the provisions of the relevant legislation. No minimum distribution rate has been set under the aforementioned communiqué. Companies pay dividends in accordance with their Articles of Association or profit distribution policy.

#### Previous Years' Losses:

The details of retained earnings as of 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025	31 December 2024
Previous Years' Losses	(8,299,655)	(8,372,276)
	<b>(8,299,655)</b>	<b>(8,372,276)</b>

The comparison of the inflation-adjusted equity items in the Company's financial statements as at 31 December 2025 with the inflation-adjusted amounts in the financial statements prepared in accordance with Law No. 6762 and other legislation is as follows:

31 December 2025	Historical value	Inflation adjustment effect	CPI Indexed value (TFRS)
Capital	900,000	13,128,427	14,028,427
Restricted reserves	1,032	32,132	33,164
Share premiums/discounts	6,779	181,110	187,889

31 December 2025	Historical value	Inflation adjustment effect	CPI Indexed value (TFRS)
Capital	900,000	13,022,544	13,922,544
Restricted reserves	1,032	34,581	35,613
Share premiums/discounts	6,779	158,826	165,605

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#### NOTE 21 - REVENUE AND COST OF SALES

	1 January- 31 December 2025	1 January- 31 December 2024
Foreign sales	9,911,656	6,632,029
Domestic sales	6,270,159	7,581,639
Other revenues	554,147	142,015
Sales returns (-)	(68,262)	(59,836)
Sales discounts (-)	(68,662)	(71,354)
<b>Net income</b>	<b>16,599,038</b>	<b>14,224,493</b>
Cost of sales	(11,999,335)	(11,370,270)
<b>Gross profit</b>	<b>4,599,703</b>	<b>2,854,223</b>
Cost of sales	1 January- 31 December 2025	1 January- 31 December 2024
Cost of finished goods sold	(8,326,239)	(8,362,003)
Cost of services sold	(2,668,562)	(2,089,586)
Cost of trade goods sold	(1,004,534)	(918,681)
	<b>(11,999,335)</b>	<b>(11,370,270)</b>

The breakdown of cost of sales is as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Cost of raw materials and supplies	(7,038,467)	(6,023,035)
Cost of services rendered	(2,668,562)	(2,072,795)
General production costs	(1,030,577)	(1,040,171)
Cost of goods sold	(1,004,534)	(734,123)
Direct labor costs	(575,705)	(765,007)
Depreciation and amortization	(460,082)	(543,067)
Change in finished goods	423,683	(2,791)
Change in inventories of semi-finished goods	354,909	(141,996)
Change in inventory provisions	-	47,285
Other	-	(94,570)
	<b>(11,999,335)</b>	<b>(11,370,270)</b>

#### DİPNOT 22 - ARAŞTIRMA VE GELİŞTİRME, PAZARLAMA, SATIŞ, DAĞITIM VE GENEL YÖNETİM GİDERLERİ

	1 January- 31 December 2025	1 January- 31 December 2024
<b>Research &amp; Development Expenses</b>		
Depreciation and amortization (Note 12)	164,283	16,508
Personnel expenses	29,806	6,721
Outsourced services	10,353	1,677
Other	678	164
	<b>205,120</b>	<b>25,070</b>
Details of Marketing Expenses	1 January- 31 December 2024	1 Ocak- 31 Aralık 2024
expenses	681,705	308,088
Personnel expenses	294,987	306,590
Transport and insurance costs	108,325	156,224
Advertising expenses	91,900	99,335
Market research and promotion expenses	88,546	106,920
Transport and travel expenses	68,179	83,647
Subcontracting costs	57,003	13,757
Depreciation expenses	33,348	85,325
Rental expenses	13,826	15,852
Energy costs	1,927	19,131
Licensing costs	1,395	1,534
Customer and channel management costs	-	9,141
Communication expenses	-	1,897
Other	175,935	24,209
	<b>1,617,076</b>	<b>1,231,650</b>
General and Administrative Expenses	1 January- 31 December 2025	1 January- 31 December 2024
Personnel expenses	370,572	430,128
Holding service expenses	143,945	69,764
Amortization expense	110,774	69,402
Subcontracting costs	64,302	53,366
Audit and consultancy fees	39,064	64,302
Litigation provisions	8,627	1,526
Business licenses and patents	63	64
Other	79,780	71,711
	<b>817,127</b>	<b>760,263</b>

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

Details of other operating income as of 31 December 2025 and 31 December 2024 are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
<b>Other income from operating activities:</b>		
Foreign exchange gains from operating activities	871,566	920,717
Provision for credit losses	69,127	117,194
Main operating income from financial leases	-	111,554
Interest income from trading operations	-	6,755
Other	43,102	67,649
	<b>983,795</b>	<b>1,223,869</b>

Details of other operating expenses on 31 December 2025 and 31 December 2024 are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
<b>Other expenses from operating activities</b>		
Foreign exchange gains from operating activities	(165,997)	(482,684)
Provisions	(39,116)	-
Interest income from trading operations	-	(42,841)
Other	(66,857)	(205,705)
	<b>(271,970)</b>	<b>(731,230)</b>

#### NOTE 24 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Details of investment income for the years ended 31 December 2025 and 31 December 2024 are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Interest income	91,136	109,341
Incomes from sales of tangible assets	9,541	72,255
Affiliate sales profit (Note 2.3)	-	127,009
	<b>100,677</b>	<b>308,605</b>

Details of investment expenses for the years ended 31 December 2025 and 2024 are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Losses on sales of tangible assets	(48,317)	-
Losses on sales of long-term financial investments (note 31) <sup>(*)</sup>	-	(319,826)
	<b>(48,317)</b>	<b>(319,826)</b>

(\*) The General Assembly of Industria Italiana Autobus S.P.A ("IIA"), a subsidiary of the Group, convened on 20 June 2024 with the agenda of minimizing the capital in order to close the balance sheet deficits, among other agenda items, and the meeting was subsequently registered. For the said transactions, the Group did not exercise its right to participate in the transactions in proportion to its existing shares, did not exercise its right to retain its shares in the IIA, and therefore its shareholding in the IIA was terminated.

#### NOTE 25 - TYPES OF EXPENSES

	1 January- 31 December 2025	1 January- 31 December 2024
<b>Types of expenses</b>		
Use of raw materials	7,038,467	6,023,035
Cost of services sold	2,668,562	2,072,795
General production costs	1,030,577	1,040,171
Cost of goods sold	1,004,534	734,123
Depreciation and amortization	768,487	714,302
Direct labor costs	575,705	765,007
Personnel expenses	695,365	743,439
Provisions for warranties	681,705	308,088
Holding company expenses	143,945	69,764
Subcontracting expenses	121,305	67,123
Transport and insurance expenses	108,325	156,224
Advertising expenses	91,900	99,335
Market research and promotion expenses	88,546	106,920
Transportation and travel expenses	68,179	83,647
Consulting expenses	39,064	64,302
Rental expenses	13,826	15,852
Change in inventory provisions	-	(47,285)
Change in inventories of semi-finished goods	(354,909)	141,996
Movements in finished goods	(423,683)	2,791
Other	278,758	225,654
	<b>14,638,658</b>	<b>13,387,253</b>

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#### NOTE 26 - FINANCIAL EXPENSES

	1 January- 31 December 2025	1 January- 31 December 2024
<b>Financial activity</b>		
Interest expense	(1,381,896)	(1,048,304)
Bond expenses	(1,093,632)	(375,534)
Net foreign exchange losses on financing activities	(1,093,564)	(944,911)
Factoring expenses	(122,792)	(90,232)
Interest expenses on lease liabilities	(26,306)	(55,767)
Other	(46,642)	(98,885)
	<b>(3,764,832)</b>	<b>(2,613,633)</b>

#### NOTE 27 - EXPLANATIONS REGARDING NET MONETARY POSITION GAINS/(LOSSES)

Non-monetary items	1 January- 31 December 2025	1 January- 31 December 2024
<b>Statement of financial position</b>	<b>147,766</b>	<b>270,424</b>
Inventories	153,815	71,420
Prepaid expenses	13,604	11,149
Right of use assets	55,766	1,696
Tangible and intangible assets	2,789,136	2,332,204
Deferred income	(54,187)	(72,379)
Investments valued using the equity method	12,258	1,168
Equity	(2,822,626)	(2,074,834)
	<b>1,286,412</b>	<b>1,407,871</b>
<b>Profit or loss statement items</b>		
Revenue	(1,025,557)	(1,060,861)
Cost of sales (-)	1,555,526	1,816,307
Financial expenses (-)	386,592	339,976
Marketing expenses (-)	157,495	185,499
General administrative expenses (-)	162,540	137,172
Research and development expenses (-)	135,351	1,332
Other expenses from main activities (-)	23,717	75,508
Expenses from investment activities (-)	-	7,946
Income from investment activities	(9,883)	(60,182)
Other income from main activities	(99,369)	(34,826)
<b>Net monetary position gains/(losses)</b>	<b>1,434,178</b>	<b>1,678,295</b>

#### NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

As of 31 December 2025, and 31 December 2024, current income tax liabilities and current income tax assets are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
<b>Current tax asset/(liability):</b>		
Current corporate tax provision	9,867	20,390
Less: Prepaid taxes and funds	(13,501)	(19,796)
<b>Current profit tax liability/(Current period tax related assets) - net</b>	<b>(3,634)</b>	<b>594</b>

Tax expense consists of the following:

	31 December 2025	31 December 2024
Current tax expense	(9,279)	(18,748)
Deferred tax expense	(212,298)	(265,054)
<b>Total tax expense</b>	<b>(221,577)</b>	<b>(283,802)</b>

#### Corporate Tax

The Group is subject to corporate taxation in Turkey. Provision has been made in the accompanying financial statements for the estimated charge based on the Group's results for the current period. Turkish tax legislation does not allow a parent company and its subsidiaries to file a consolidated tax return. Therefore, the tax liabilities reflected in these consolidated financial statements have been calculated on a separate entity basis.

The corporate income tax rate to be applied to taxable income is calculated on the tax base remaining after adding back non-deductible expenses and deducting tax-exempt income, non-taxable income and other deductions (prior year losses, if any, and investment incentives used, if any).

The corporate tax rate applied in Türkiye in 2025 is 25%. (2024: 25%).

Within the scope of the Law No. 7456 on the Issuance of Additional Motor Vehicle Tax to Compensate for the Economic Losses Caused by the Earthquakes That Occurred on 6/2/2023 and the Amendment of Certain Laws and the Decree Law No. 375", which was published in the Official Ga-zette dated

15 July 2023, the corporate tax rate has been increased to 25% for temporary declarations to be submitted after 1 October 2023. It will be applied as 25% from 2024. The corporate tax rate is applied to the tax base to be found as a result of adding expenses that are not accepted as deductible in accordance with tax laws to the commercial income of corporations, deducting the exemptions (participation earnings exemption, investment allowance exemption, etc.) and discounts (such as R&D discount) in the tax laws. If the profit is not distributed, no other tax is paid.

At the same time, the corporate tax exemption for gains obtained from the sale of immovables acquired after 15 July 2023 and held in the assets of corporate taxpayers for at least 2 years has been completely abolished, while the corporate tax exemption on the sales income of immovables acquired before this date has been reduced from 50% to 25%. The regulation entered into force as of 15 July 2023.





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#### NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Pursuant to the "Decree amending the Decree on Government Aid for Investments" numbered 2017/9917, published in the Official Gazette of 22 February 2017 and numbered 29987; within the scope of investment incentive certificates issued for the manufacturing industry ("US-97 Code: 15-37") within the scope of investment incentive certificates issued for the manufacturing industry ("US-97 Code: 15-37") based on Decree no. 2012/3305 and previous decisions, for investment expenditures realized between 1 January 2017 and 31 December 2017; the investment contribution rates to be applied in tax deduction support within the scope of regional, large-scale and strategic incentive practices are applied by adding 15 points to the investment contribution rate valid in each region, corporate tax or income tax deduction at the rate of 100% in all regions, and the ratio of the investment contribution amount to be applied to the investor's income from other activities during the investment period is 100%, without any transaction on the incentive certificate.

Tax inspection authorities may examine the accounting records within five years, and if an incorrect transaction is detected, the tax amounts may change due to the tax assessment to be made. According to the Turkish tax legislation, the financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However, financial losses cannot be deducted from past year's profits.

In addition to the above exceptions in the determination of the Corporate Tax base, 8 of the Corporate Tax Law. Article 40 of the Income Tax Act. Together with the deductions specified in the provision of the article, Article 10 of the Corporate Tax Law. Other discounts specified in the Article are also taken into account.

Pursuant to a motion made at the session of the Grand National Assembly of Turkey on 8 March 2023; By corporate taxpayers, by showing it in the corporate tax return for 2022 and paying it in 2023; With a new article added to the draft law that envisages the restructuring of public debts, an additional tax has been imposed on corporate taxpayers due to the earthquake disaster on 6 February 2023.

#### Minimum Corporate Tax

Turkey has enacted the Domestic Minimum Corporate Tax with the laws published in the Official Gazette dated August 2, 2024. This tax will be applied from the 2025 accounting period. "With the Law No. 7524, the Minimum Corporate Tax institution has been introduced, and a regulation has been made that the corporate tax calculated within this scope cannot be less than 10% of the corporate income before deducting deductions and exemptions. The regulation will enter into force on the date of its publication to be applied to corporate earnings for the 2025 taxation period. In addition, the General Communiqué on Corporate Tax No. 23 has been published on the subject. It did not affect the Group's tax expense for the current period

#### Pillar Two Rules (Pillar Two Model Rules)

Turkey has started to adopt the OECD's Global Minimum Supplementary Corporate Tax regulations (Pillar 2) with a Draft Law submitted to the Turkish Grand National Assembly on 16 July 2024. These regulations entered into force with the laws published in the Official Gazette on 2 August 2024. Practice in Turkey is largely in line with the OECD's Pillar 2 Model Rules and shows similarities in terms of scope, exemptions, consolidation, tax calculations and filing periods. The secondary regulation on the calculation details and the implementation method has not yet been published, and specific issues such as Turkey's unique situations and existing incentives are expected to be clarified with the secondary legislation of the Ministry. In line with the comments of the Group's management and tax advisors, the said regulation does not have any impact on the composite financial statements as of 31 December 2025.

#### Application under Article 298/Ç of the Tax Procedure Law

As of 2025, inflation adjustment to be applied under the Tax Procedure Law (Vergi Usul Kanunu) has been postponed for the 2025, 2026 and 2027 fiscal periods pursuant to Law No. 7571.

Within this scope, the Company performed a revaluation of depreciable assets in accordance with the repeated Article 298/Ç of the Tax Procedure Law during the relevant period, and the resulting revaluation increase has been recorded in a revaluation fund account in the statutory books.

This practice is solely for tax purposes and has no effect on the carrying amounts presented in the consolidated financial statements prepared in accordance with Türkiye Finansal Raporlama Standartları (TFRS).

#### Transfer pricing

Institutions are required to use a price or price to be determined in accordance with their precedents in the purchase or sale of goods or services with related persons. The arm's length principle states that the price or price applied in the purchase or sale of goods or services with related persons is in accordance with the price or price that would occur if there was no such relationship between them. Institutions will determine the arm's length price or prices to be applied in the transactions they carry out with related persons by using the most appropriate method for the nature of the transaction among the methods specified in the relevant law. In line with the principle of arm's length compliance, it is obligatory for the institutions to keep the records, tables and documents of the calculations regarding the prices and prices determined by the institutions as proving papers. In addition, corporations will prepare a report by the date of the Corporate Tax Return, to be submitted when necessary, including information and documents regarding the transactions they have made with related persons within an accounting period.

In the event that goods or services are purchased or sold at the price or price determined in violation of the arm's length principle, the gain will be deemed to have been distributed implicitly through transfer pricing in whole or in part. The earnings distributed implicitly through transfer pricing, in whole or in part, shall be deemed to be dividends distributed as of the last day of the accounting period in which the conditions specified in Article 13 are met, or, in the case of narrow taxpayers, the amount transferred to the head office. Tax deductions will be made at the rates determined according to the legal nature of the shareholders on the amount found as a result of accepting the dividend distributed through transfer pricing as the net dividend amount and completing the gross. Previous taxation transactions will be adjusted accordingly by the taxpayers who are parties. However, in order for this adjustment to be made, the taxes levied on behalf of the institution distributing the disguised income must be finalized and paid.

The amount to be taken into account in the adjustment to be made before the institution to which the disguised income is distributed will be the amount finalized and paid.

#### Deferred Tax

The Group recognizes deferred tax assets and liabilities based on temporary differences arising between the financial statements prepared in accordance with TFRS and the financial statements prepared for tax purposes. These differences result in the recognition of income and expenses in different periods for TFRS and tax purposes and are summarized below.

As of 31 December 2025 and 31 December 2024, the financial statements include the deferred tax effect of the temporary differences recognized as a result of the corrections made regarding inflation accounting with the communiqué of the Corporate Tax Law No. 32415 dated 30 December 2023.

The tax rate used for the calculation of deferred tax assets and liabilities is 25% (2024: 25%) on expected temporary timing differences.

As entities in Türkiye are not allowed to file consolidated tax returns, subsidiaries with deferred tax assets are not offset against subsidiaries with deferred tax liabilities and are presented separately.

Deferred tax assets are recorded if it is determined that taxable income is likely to occur in future years. In cases where taxable income is likely to occur, deferred tax assets are calculated on the basis of deductible temporary differences, financial losses, and tax benefits earned due to investment allowances with an unlimited life that allow for the payment of reduced corporate tax. In this context, the Group bases the reflection of deferred tax assets arising from investment incentives in the consolidated financial statements on long-term plans, and evaluates the recoverability of deferred tax assets related to such investment deductions as of each balance sheet date, based on business models that include taxable profit estimates. It is envisaged that these deferred tax assets will be recovered within 3-5 years from the balance sheet date.

In the sensitivity analysis carried out as of 31 December 2025, there was no change in the projected recovery periods of 3-5 years for deferred tax assets related to investment incentives when the inputs included in the basic macroeconomic and sectoral assumptions constituting the business plans were increased/decreased by 10%.

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**NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)**

Deferred tax assets/(liabilities):	Cumulative temporary differences		Deferred tax assets/(liabilities):	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Investment incentives	549,881	632,253	549,881	632,253
Provision for warranty expenses	505,683	364,965	126,421	91,241
Adjustments to provisions	421,744	336,984	105,436	84,245
Adjustments related to tangible and intangible fixed assets	(3,824,398)	(2,272,525)	(777,467)	(380,932)
Adjustments related to financial lease receivables	(67,550)	(500,024)	(16,888)	(125,006)
Derivative instruments	(160,366)	(233,284)	(40,092)	(58,322)
Other	34,636	(369,441)	8,659	(92,360)
<b>Deferred tax assets/(liabilities), net</b>			<b>(44,050)</b>	<b>151,119</b>

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#### NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

As of 31 December 2025, and 2024, the movements in deferred tax assets/(liabilities) for the year are as follows:

	2025	2024
<b>Beginning of term - 1 January</b>	<b>151,119</b>	<b>429,237</b>
Recognized in the statement of profit or losses	(212,298)	(265,054)
Accounted under other comprehensive income	17,651	(13,064)
Other	(522)	-
<b>End of term - December 31</b>	<b>(44,050)</b>	<b>151,119</b>

For the accounting periods 1 January - 31 December 2025 and 1 January - 31 December 2024, the reconciliation of tax (expense)/income is as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Profit/(loss) before tax	400,668	386,378
Current tax rate	25%	25%
Tax calculated on the tax rate	(100,167)	(96,595)
Expenses and additions not legally accepted	(189,652)	(174,827)
Investment incentives utilized against tax	155,994	20,318
Tax Incentives and Exemptions	96,564	593,354
Monetary gain/(loss) impact and other	(186,793)	(643,737)
Other	2,477	17,685
<b>Tax income/(expense)</b>	<b>(221,577)</b>	<b>(283,802)</b>

#### NOTE 29 - EARNINGS/(LOSS) PER SHARE

Profit or loss and other comprehensive earnings/(loss) per share declared in the comprehensive in-come statement are determined by dividing the net profit/(loss) of the parent company by the weighted average number of shares available in the relevant year. There is no difference between the basic and relative earnings per share for any period. The weighted average number of Group shares and earnings per share calculations for the periods ended 31 December 2025 and 31 December 2024 are as follows (assuming no bonus shares):

	31 December 2025	31 December 2024
Weighted average number of shares in circulation	90,000,000,000	90,000,000,000
Net profit for the year attributable to equity holders of the parent (piaster)	179,091	72,621
<b>Earnings per share (piaster) (per share)</b>	<b>0.199</b>	<b>0.081</b>

#### NOTE 30 - DERIVATIVES

	31 December 2025		31 December 2024	
	Assets	Liabilities	Assets	Liabilities
<b>Short-term</b>	<b>111,691</b>	<b>-</b>	<b>79,404</b>	<b>-</b>
Hedging contracts at fair value through profit or loss	111,691	-	79,404	-
<b>Long-term</b>	<b>50,243</b>	<b>-</b>	<b>153,879</b>	<b>-</b>
Hedging contracts at fair value through profit or loss	50,243	-	153,879	-
	<b>161,934</b>	<b>-</b>	<b>233,283</b>	<b>-</b>

The Group hedges the foreign exchange risk on its balance sheet by borrowing in the same currency against the foreign exchange risk arising from the amounts of foreign currency sales that are highly probable of being realized in the future as defined in the Group's contracts and budget. In this con-text, the repayments of the foreign currency borrowings that are subject to hedge accounting and designated as hedging instruments are matched with the cash flows of the foreign currency sales that are expected to be realized on the reporting date and that are designated as hedged items under hedge accounting. As part of the Group's foreign currency risk management strategy, the Group applies hedge accounting to hedge the foreign currency risk component of the cash flow risk of highly probable forecast transactions and has recorded the unrealized foreign exchange differences on the hedging instrument under derivative financial instruments.

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#### NOTE 31 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

##### a) Capital risk management

The Group manages its capital to ensure the Group's ability to continue as a going concern while maximizing returns to stakeholders by optimizing the balance between debt and equity.

The Group's capital structure consists of debt, including the borrowings disclosed in Note 19, and equity attributable to equity holders of the parent, which consists of cash and cash equivalents, is-sued share capital, reserves and retained earnings.

The Group's Board of Directors reviews the capital structure twice a year. During these reviews, the Board assesses the cost of capital, and the risks associated with each class of capital. Based on the recommendations of the Board, the Group aims to stabilize its capital structure through the payment of dividends, the issue of new shares and the repurchase of shares, as well as through the raising of new debt or the repayment of existing debt.

In line with other companies in the industry, it analyses capital using the leverage ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated by adding the equity item in the consolidated balance sheet and net debt.

On 31 December 2025 and 2024, the gearing ratio, which is calculated as net debt less cash and cash equivalents and short-term investments less financial debts, divided by total capital, is as follows:

	31 December 2025	31 December 2024
Total financial liabilities	8,761,226	7,832,045
Less: Cash and Cash Equivalents	(1,526,478)	(1,542,145)
<b>Net Debt</b>	<b>7,234,748</b>	<b>6,289,900</b>
Equity	7,233,449	7,186,340
<b>Total Capital</b>	<b>14,468,197</b>	<b>13,476,240</b>
<b>Net Debt/Total Capital Ratio (%)</b>	<b>100.02</b>	<b>87.53</b>

##### b) Financial Risk Factors

The Group's activities expose it to market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management program is generally focused on minimizing the potential adverse effects of uncertainty in the financial markets on the Group's financial performance. The Group uses derivatives to hedge its exposure to various financial risks.

Risk management is carried out in accordance with policies approved by the Board of Directors. In terms of risk policy, financial risks are identified and assessed by the Group's senior management and risk mitigation tools are implemented in collaboration with the Group's operating units.

##### b.1) Credit risk management

In order to minimize credit risk, the Group's policy is to work with creditworthy counterparties and to obtain collateral were deemed necessary to reduce the risk of financial loss in the event of de-fault.

When accepting a new customer, the creditworthiness of the customer is assessed by the relevant departments and appropriate credit limits are set, taking collateral were deemed necessary.

The Group also has procedures in place to establish customer limits and follow-up mechanisms for overdue receivables. The Group's trade receivables comprise a large number of customers in various industries and geographical areas. Credit evaluations are performed on an ongoing basis on customer trade receivables. In addition, management evaluates its trade payables and financial assets on a customer and asset basis at each balance sheet date and ensures that the necessary provisions for uncollectible amounts are provided for in the consolidated financial statements. In this context, management believes that the Group's exposure to credit risk at the reporting date is significantly reduced.

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COMMUNITIESENSURING FUTURE-PROOF  
GOVERNANCEBOARD OF DIRECTORS  
ANNUAL REPORT

APPENDIX

## KARSAN OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2025, unless otherwise stated.)

### NOTE 31 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### b) Financial Risk Factors (Continued)

##### b.1) Credit risk management (Continued)

Credit risk exposure by type of financial instrument	Receivables					
	Trade receivables		Other Receivables		Deposits in Bank	Derivative Instruments
	Related Party	Third Parties	Related Party	Related Party		
31 December 2025						
Maximum credit risk exposure as of the reporting date (A+B+C+D+E) <sup>(*)</sup>	922,050	4,485,801	-	597,559	1,433,749	161,934
- The portion of maximum risk guaranteed by collateral <sup>(**)</sup>	-	362,131	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	922,050	3,087,653	-	597,559	1,433,749	161,934
B. The carrying amount of financial assets whose terms have been renegotiated, and which would otherwise be considered overdue or impaired	-	57,838	-	-	-	-
C. Net book value of financial assets that are neither past due nor impaired	-	1,353,116	-	-	-	-
- The part secured by collateral, etc.	-	283,989	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	34,135	-	-	-	-
- Impairment (-)	-	(34,135)	-	-	-	-
- Portion of net value under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Expected credit losses	-	(12,806)	-	-	-	-

(\*) The amount does not take into account credit enhancers such as guarantees received.

(\*\*) Guarantees consist of guarantee notes and guarantee cheques received from customers.

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(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2025, unless otherwise stated.)

### NOTE 31 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### b) Financial Risk Factors (Continued)

##### b.1) Credit risk management (Continued)

Credit risk exposure by type of financial instrument	Receivables					
	Trade receivables		Other Receivables			Derivative Instruments
	Related Party	Third Parties	Related Party	Related Party	Deposits in banks	
<b>31 December 2024</b>						
Maximum credit risk exposure as of the reporting date (A+B+C+D+E) (*)	248,247	5,828,724	-	545,662	1,409,932	233,283
- The portion of maximum risk guaranteed by collateral (**)	-	373,893	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	248,247	4,369,252	-	545,662	1,409,932	233,283
B. The carrying amount of financial assets whose terms have been renegotiated, and which would otherwise be considered overdue or impaired	-	93,405	-	-	-	-
C. Net book value of financial assets that are neither past due nor impaired	-	1,382,829	-	-	-	-
- The part secured by collateral, etc.	-	8,476	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	78,717	-	-	-	-
- Impairment (-)	-	(78,717)	-	-	-	-
- Portion of net value under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Expected credit losses	-	(16,762)	-	-	-	-

## KARSAN OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2025, unless otherwise stated.)

#### NOTE 31 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

##### b) Financial Risk Factors (Continued)

###### b.1) Credit risk management (Continued)

Credit risk is the risk that a counterparty to a financial instrument will default on its contractual obligations, causing financial loss to the Group. The Group seeks to mitigate credit risk by dealing only with creditworthy counterparties and, where possible, by obtaining adequate collateral. The Group's exposure to credit risk and the creditworthiness of its customers are monitored on an ongoing basis. Credit risk is managed through customer limits, which are reviewed and approved annually by the Risk Management Committee.

###### b.2) Liquidity risk management

The primary responsibility for liquidity risk management rests with the Board of Directors. The Board has established an appropriate liquidity risk management framework for the short-, medium- and long-term funding and liquidity requirements of the Group's management. The Group manages liquidity risk by regularly monitoring forecast and actual cash flows and by matching maturities of financial assets and liabilities to ensure that sufficient cash and borrowing reserves are maintained.

The following table summarizes the maturity profile of the Group's non-derivative and derivative financial liabilities by contractual repayment date. Non-derivative financial liabilities are undiscounted and based on the earliest payment dates. Interest payable on these liabilities is included in the table below. Derivative financial liabilities are based on undiscounted net cash inflows and out-flows. Forward contracts are settled on a net basis for forward contracts that are payable on a gross basis and are realized on undiscounted gross cash inflows and outflows. Where receivables or payables are not fixed, the amount recognized is determined using the interest rate derived from the yield curves at the balance sheet date.

As of 31 December 2025, and 2024, the Group's undiscounted cash outflows based on contract terms are as follows:

31 December 2025	Stored value	Cash flow under contract	<3 months (I)	3-12 months (II)	1-5 years (III)	5 years and above
Bank loans	5,584,651	5,849,888	1,224,392	3,007,786	1,617,710	-
Trade payables	2,645,671	2,645,671	2,645,671	-	-	-
Borrowings for the issue of bonds	2,829,463	4,805,033	1,744,654	3,060,379	-	-
Leasing liabilities	14,626	17,897	6,205	7,267	4,425	-
Factoring liabilities	332,486	332,486	332,486	-	-	-
Other payables	-	-	-	-	-	-
<b>Total liabilities</b>	<b>11,406,897</b>	<b>13,650,975</b>	<b>5,953,408</b>	<b>6,075,432</b>	<b>1,622,135</b>	<b>-</b>

31 December 2024	Stored value	Cash flow under contract	<3 months (I)	3-12 months (II)	1-5 years (III)	5 years and above
Bank loans	6,468,048	7,091,537	2,519,871	2,329,426	2,084,371	157,869
Trade payables	2,928,590	2,969,654	2,741,573	228,081	-	-
Borrowings for the issue of bonds	984,155	1,304,506	115,664	1,188,842	-	-
Leasing liabilities	152,340	161,234	36,650	109,240	15,344	-
Factoring liabilities	227,502	227,502	227,502	-	-	-
Other payables	85,082	85,082	85,082	-	-	-
<b>Total liabilities</b>	<b>10,845,717</b>	<b>11,839,515</b>	<b>5,726,342</b>	<b>3,855,589</b>	<b>2,099,715</b>	<b>157,869</b>

The Group's activities expose it primarily to financial risks associated with changes in foreign currency exchange rates and interest rates, as described below. The Group uses a variety of derivative financial instruments to manage its exposure to changes in foreign currency exchange rates and interest rates, including the following.

- Forward foreign exchange contracts, which are used to hedge the foreign exchange risk arising from purchases and sales in foreign currencies.

Market risk is also assessed using sensitivity analysis and stress scenarios.

There have been no changes in the Group's exposure to market risk or in the methods of managing and measuring market risk during the year.

###### b.3.1) Currency risk management

Transactions in foreign currencies expose the Group to foreign exchange risk. Foreign exchange risk is managed through forward foreign exchange contracts based on approved policies.

The composition of the Group's monetary and non-monetary assets and liabilities denominated in foreign currencies at the balance sheet date is as follows:

## KARSAN OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of TRY as of 31 December 2025, unless otherwise stated.)

#### NOTE 31 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2025										
	TRY Equivalent (Functional Currency)	USD	EUR	RONi	CAD	CNY	GBP	SEK	CHF	JPY	PLN
1. Trade Receivables	4,725,467	3,346	61,936	126,973	2,342	-	-	-	-	-	12,444
2a. Monetary Financial Assets	81,986	-	223	7,196	-	-	-	-	3	-	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-	-
3. Other	279,195	287	2,016	16,863	-	-	1	-	-	-	-
<b>4. Liquid Assets (1+2+3)</b>	<b>5,086,648</b>	<b>3,633</b>	<b>64,175</b>	<b>151,032</b>	<b>2,342</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>12,444</b>
5. Trade receivables	-	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-	-
<b>8. Fixed Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Equities Total (4+8)</b>	<b>5,086,648</b>	<b>3,633</b>	<b>64,175</b>	<b>151,032</b>	<b>2,342</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>12,444</b>
10. Trade Payables	1,827,210	2,695	30,756	533	1,346	17,555	23	85	37	92	-
11. Financial Liabilities	2,035,160	-	40,399	-	-	-	-	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>13. Short Term Liabilities (10+11+12)</b>	<b>3,862,370</b>	<b>2,695</b>	<b>71,155</b>	<b>533</b>	<b>1,346</b>	<b>17,555</b>	<b>23</b>	<b>85</b>	<b>37</b>	<b>92</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	1,188,382	-	23,590	-	-	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>17. Long Term Liabilities (14+15+16)</b>	<b>1,188,382</b>	<b>-</b>	<b>23,590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>5,050,752</b>	<b>2,695</b>	<b>94,745</b>	<b>533</b>	<b>1,346</b>	<b>17,555</b>	<b>23</b>	<b>85</b>	<b>37</b>	<b>92</b>	<b>-</b>
<b>19. Net Asset/(Liability) Position of Off-Statement Derivative Instruments (19a+19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19. a Amount of Foreign Currency Derivative Products Outside the Financial Position Statement with Active Character	-	-	-	-	-	-	-	-	-	-	-
19b. Amount of Off-Statement Foreign Exchange Derivative Products with Passive Character	-	-	-	-	-	-	-	-	-	-	-
<b>20. Net foreign currency assets liability position (9-18+19)</b>	<b>35,896</b>	<b>938</b>	<b>(30,570)</b>	<b>150,499</b>	<b>996</b>	<b>(17,555)</b>	<b>(22)</b>	<b>(85)</b>	<b>(34)</b>	<b>(92)</b>	<b>12,444</b>
<b>21. Net foreign currency asset/liability position of monetary items (TFRS7.B23) (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>35,896</b>	<b>938</b>	<b>(30,570)</b>	<b>150,499</b>	<b>996</b>	<b>(17,555)</b>	<b>(22)</b>	<b>(85)</b>	<b>(34)</b>	<b>(92)</b>	<b>12,444</b>
22. Total fair value of financial instruments designated as foreign currency hedges	-	-	-	-	-	-	-	-	-	-	-
23. Hedged portion of foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
24. Hedged portion of foreign currency liabilities	55,717	-	1,108	-	-	-	-	-	-	-	-
25. Total export amount	9,911,656	2,756	120,312	386,029	10,401	-	-	-	-	-	19,059
26. Total import amount	4,363,640	9,165	61,196	-	-	143,385	37	-	1	22	-

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#### NOTE 31 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2024									
	TRY Equivalent (Functional Currency)	USD	EUR	RON	CAD	CNY	GBP	NOK	SEK	
1. Trade Receivables	4,194,367	13,622	71,563	9,383	291	3,927	-	-	-	-
2a. Monetary Financial Assets	818,678	184	16,801	150	-	-	15	-	-	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	372,961	1,337	5,661	2,297	1	2,462	18	-	-	89
<b>4. Liquid Assets (1+2+3)</b>	<b>5,386,006</b>	<b>15,143</b>	<b>94,025</b>	<b>11,830</b>	<b>292</b>	<b>6,389</b>	<b>33</b>	-	-	<b>89</b>
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	153,871	-	3,200	-	-	-	-	-	-	-
<b>8. Fixed Assets (5+6+7)</b>	<b>153,871</b>	-	<b>3,200</b>	-	-	-	-	-	-	-
<b>9. Equities Total (4+8)</b>	<b>5,539,877</b>	<b>15,143</b>	<b>97,225</b>	<b>11,830</b>	<b>292</b>	<b>6,389</b>	<b>33</b>	-	-	<b>89</b>
10. Trade Payables	1,159,768	-	23,639	474	435	-	33	27	-	89
11. Financial Liabilities	3,070,108	-	63,733	-	-	-	-	-	-	-
12a. Other Monetary Liabilities	563,141	4	9,622	281	3,000	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
<b>13. Short Term Liabilities (10+11+12)</b>	<b>4,793,017</b>	<b>4</b>	<b>96,994</b>	<b>755</b>	<b>3,435</b>	-	<b>33</b>	<b>27</b>	-	<b>89</b>
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	1,827,671	-	37,941	-	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
<b>17. Long Term Liabilities (14+15+16)</b>	<b>1,827,671</b>	-	<b>37,941</b>	-	-	-	-	-	-	-
<b>18. Total Liabilities (13+17)</b>	<b>6,620,688</b>	<b>4</b>	<b>134,935</b>	<b>755</b>	<b>3,435</b>	-	<b>33</b>	<b>27</b>	-	<b>89</b>
<b>19. Net Asset/(Liability) Position of Off-Statement Derivative Instruments (19a+19b)</b>	-	-	-	-	-	-	-	-	-	-
19. a Amount of Foreign Currency Derivative Products Outside the Financial Position Statement with Active Character	-	-	-	-	-	-	-	-	-	-
19. b. Amount of Off-Statement Foreign Exchange Derivative Products with Passive Character	-	-	-	-	-	-	-	-	-	-
<b>20. Net foreign currency assets liability position (9-18+19)</b>	<b>(1,080,811)</b>	<b>15,139</b>	<b>(37,710)</b>	<b>11,075</b>	<b>(3,143)</b>	<b>6,389</b>	-	<b>(27)</b>	-	-
<b>21. Net foreign currency asset/liability position of monetary items (TFRS7.B23) (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1,607,643)</b>	<b>13,802</b>	<b>(46,571)</b>	<b>8,778</b>	<b>(3,144)</b>	<b>3,927</b>	<b>(18)</b>	<b>(27)</b>	-	<b>(89)</b>
<b>22. Total fair value of financial instruments designated as foreign currency hedges</b>	-	-	-	-	-	-	-	-	-	-
23. Hedged portion of foreign currency assets	145,312	-	3,022	-	-	-	-	-	-	-
24. Hedged portion of foreign currency liabilities	-	-	-	-	-	-	-	-	-	-
<b>25. Total export amount</b>	<b>6,632,029</b>	<b>9,595</b>	<b>140,876</b>	<b>9,383</b>	<b>543</b>	-	-	-	-	-
<b>26. Total import amount</b>	<b>2,902,463</b>	<b>7,803</b>	<b>48,261</b>	-	-	<b>33,242</b>	<b>79</b>	-	-	<b>52</b>

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### NOTE 31 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### Sensitivity to Exchange Rate Risk

The Group is exposed to foreign exchange risk in USD and EUR. The following table details the Group's sensitivity to a 10% increase and decrease in the US dollar and euro exchange rates. 10% is the sensitivity rate used for internal reporting of foreign exchange risk to key management personnel and represents management's assessment of the potential change in foreign exchange rates. The sensitivity analysis only includes outstanding monetary items denominated in foreign currencies at the year end and adjusts their translation at the year-end for a 10% change in exchange rates. This analysis includes both external borrowings and borrowings for foreign operations within the Group that are denominated in a currency other than the functional currency of the borrower and lender. A positive value represents an increase in profit/loss and other equity items. Management believes that the sensitivity analysis does not fully reflect the foreign currency risk as the year-end foreign currency risk analysis does not reflect the foreign currency risk during the year.

	31 December 2025			
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>In case of a 10% appreciation of the US Dollar against TRY</b>				
1 - USD net asset/liability	4,019	(4,019)	4,019	(4,019)
2- US Dollar hedged portion (-)	-	-	-	-
<b>3- USD net effect (1 +2)</b>	<b>4,019</b>	<b>(4,019)</b>	<b>4,019</b>	<b>(4,019)</b>
<b>In case of a 10% appreciation of Euro against TRY</b>				
4 - Euro net asset/liability	(154,001)	154,001	(154,001)	154,001
5 - Euro hedged portion (-)	-	-	-	-
<b>6- Euro net effect (4+5)</b>	<b>(154,001)</b>	<b>154,001</b>	<b>(154,001)</b>	<b>154,001</b>
<b>In case of a 10% appreciation of RON against TRY</b>				
7- RON foreign currency net asset/liability	147,674	(147,674)	147,674	(147,674)
8- Portion hedged from RON foreign currency risk (-)	-	-	-	-
<b>9- RON Foreign Currency Assets net effect (7+8)</b>	<b>147,674</b>	<b>(147,674)</b>	<b>147,674</b>	<b>(147,674)</b>
<b>In case of a 10% appreciation of CAD against TRY</b>				
10- CAD foreign currency net asset/liability	3,110	(3,110)	3,110	(3,110)
11- CAD foreign currency hedged portion (-)	-	-	-	-
<b>12- CAD Foreign Currency Assets net effect (10+11)</b>	<b>3,110</b>	<b>(3,110)</b>	<b>3,110</b>	<b>(3,110)</b>
<b>In case of a 10% appreciation of CNY against TRY</b>				
13- CNY foreign currency net asset/liability	(10,838)	10,838	(10,838)	10,838
14- Portion hedged from CNY foreign currency risk (-)	-	-	-	-
<b>15- Net effect of CNY Foreign Currency Assets (13+14)</b>	<b>(10,838)</b>	<b>10,838</b>	<b>(10,838)</b>	<b>10,838</b>
<b>In case of a 10% appreciation of SEK against TRY</b>				
16- SEK foreign currency net asset / liability	(40)	40	(40)	40
17- Portion hedged from SEK foreign currency risk (-)	-	-	-	-
<b>18- Net effect of SEK Foreign Currency Assets (16+17)</b>	<b>(40)</b>	<b>40</b>	<b>(40)</b>	<b>40</b>
<b>In case of a 10% appreciation of GBP against TRY</b>				
19- GBP foreign currency net asset/liability	(127)	127	(127)	127
20- Portion hedged from GBP foreign currency risk (-)	-	-	-	-
<b>21- Net effect of GBP Foreign Currency Assets (19+20)</b>	<b>(127)</b>	<b>127</b>	<b>(127)</b>	<b>127</b>
<b>In case of a 10% appreciation of PLN against TRY</b>				
22- PLN foreign currency net asset/liability	14,858	(14,858)	14,858	(14,858)
23- Portion hedged from PLN foreign currency risk (-)	-	-	-	-
<b>24- Net effect of PLN Foreign Currency Assets (22+23)</b>	<b>14,858</b>	<b>(14,858)</b>	<b>14,858</b>	<b>(14,858)</b>
<b>In case of a 10% appreciation of other against TRY</b>				
25- Other foreign currency net asset/liability	(186)	186	(186)	186
26- Portion hedged from other foreign currency risk (-)	-	-	-	-
<b>27- Net effect of other Foreign Currency Assets (25+26)</b>	<b>(186)</b>	<b>186</b>	<b>(186)</b>	<b>186</b>
<b>Total [3 + 6 + 9 + 12 + 15 + 18 + 21 + 24+27]</b>	<b>4,469</b>	<b>(4,469)</b>	<b>4,469</b>	<b>(4,469)</b>

## KARSAN OTOMOTİV SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 31 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL IN-STRUMENTS (Continued)

	31 December 2024			
	Profit / Loss	Equity		
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>In case of a 10% appreciation of the US Dollar against TRY</b>				
1- USD net asset/liability	69,911	(69,911)	69,911	(69,911)
2- US Dollar hedged portion (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>69,911</b>	<b>(69,911)</b>	<b>69,911</b>	<b>(69,911)</b>
<b>In case of a 10% appreciation of Euro against TRY</b>				
4 - Euro net asset/liability	(181,327)	181,327	(181,327)	181,327
5 - Euro hedged portion (-)	-	-	-	-
<b>6- Euro net effect (4+5)</b>	<b>(181,327)</b>	<b>181,327</b>	<b>(181,327)</b>	<b>181,327</b>
<b>In case of a 10% appreciation of RON against TRY</b>				
7- RON foreign currency net asset/liability	10,644	(10,644)	10,644	(10,644)
8- Portion hedged from RON foreign currency risk (-)	-	-	-	-
<b>9- RON Foreign Currency Assets net effect (7+8)</b>	<b>10,644</b>	<b>(10,644)</b>	<b>10,644</b>	<b>(10,644)</b>
<b>In case of a 10% appreciation of CAD against TRY</b>				
10- CAD foreign currency net asset/liability	(10,090)	10,090	(10,090)	10,090
11- CAD foreign currency hedged portion (-)	-	-	-	-
<b>12- CAD Foreign Currency Assets net effect (10+11)</b>	<b>(10,090)</b>	<b>10,090</b>	<b>(10,090)</b>	<b>10,090</b>
<b>In case of a 10% appreciation of CNY against TRY</b>				
13- CNY foreign currency net asset/liability	4,020	(4,020)	4,020	(4,020)
14- Portion hedged from CNY foreign currency risk (-)	-	-	-	-
<b>15- Net effect of CNY Foreign Currency Assets (10+11)</b>	<b>4,020</b>	<b>(4,020)</b>	<b>4,020</b>	<b>(4,020)</b>
<b>In case of a 10% appreciation of NOK against TRY</b>				
16- NOK foreign currency net asset/liability	(156)	156	(156)	156
17- Portion hedged from NOK foreign currency risk (-)	-	-	-	-
<b>18- Net effect of NOK Foreign Currency Assets (16+17)</b>	<b>(156)</b>	<b>156</b>	<b>(156)</b>	<b>156</b>
<b>In case of a 10% appreciation of SEK against TRY</b>				
19- SEK foreign currency net asset/liability	22	(22)	22	(22)
20- Portion hedged from SEK foreign currency risk (-)	-	-	-	-
<b>21- Net effect of SEK Foreign Currency Assets (19+20)</b>	<b>22</b>	<b>(22)</b>	<b>22</b>	<b>(22)</b>
<b>In case of a 10% appreciation of other against TRY</b>				
22- Other foreign currency net asset/liability	9	(9)	9	(9)
23- Portion hedged from other foreign currency risk (-)	-	-	-	-
<b>24- Net effect of other Foreign Currency Assets (22+23)</b>	<b>9</b>	<b>(9)</b>	<b>9</b>	<b>(9)</b>
<b>Total (3 + 6 + 9 + 12 + 15 + 18 + 21 + 24 )</b>	<b>(106,968)</b>	<b>106,968</b>	<b>(106,968)</b>	<b>106,968</b>

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### NOTE 32 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DIS-CLOSURES)

Classes and fair values of financial instruments:

31 December 2025	Financial assets carried at amortized cost	Amounts at fair value through other comprehensive income	Amounts at fair value through other profit or loss	Financial liabilities carried at amortized cost	Book value	Note
<b>Financial assets</b>						
Cash and cash equivalents	1,526,478	-	-	-	1,526,478	4
Trade receivables	5,407,851	-	-	-	5,407,851	7
Trade receivables from related parties	922,050	-	-	-	922,050	6
Other receivables	597,559	-	-	-	597,559	8
Derivatives	-	-	161,934	-	161,934	30
<b>Financial liabilities</b>						
Financial liabilities	-	-	-	(8,746,600)	(8,746,600)	19
Lease liabilities	-	-	-	(14,626)	(14,626)	19
Trade payables	-	-	-	(2,645,668)	(2,645,668)	7
Payables to related parties	-	-	-	(186,015)	(186,015)	6
Other payables to related parties	-	-	-	-	-	6

The Group management believes that the carrying amounts of financial instruments reflect their fair values.

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**NOTE 32 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DIS-CLOSURES) (Continued)**

Classes and fair values of financial instruments:

31 December 2024	Financial assets carried at amortized cost	Amounts at fair value through other comprehensive income	Amounts at fair value through other profit or loss	Financial liabilities carried at amortized cost	Book value	Note
<b>Financial assets</b>						
Cash and cash equivalents	1,542,145	-	-	-	1,542,145	4
Trade receivables	6,076,971	-	-	-	6,076,971	7
Trade receivables from related parties	248,247	-	-	-	248,247	6
Other receivables	545,662	-	-	-	545,662	8
Derivatives	-	-	233,283	-	233,283	30
<b>Financial liabilities</b>						
Financial liabilities	-	-	-	(7,679,705)	(7,679,705)	19
Lease liabilities	-	-	-	(152,340)	(152,340)	19
Trade payables	-	-	-	(2,928,584)	(2,928,584)	7
Payables to related parties	-	-	-	(226,393)	(226,393)	6
Other payables to related parties	-	-	-	(85,082)	(85,082)	6

The Group management believes that the carrying amounts of financial instruments reflect their fair values.

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#### NOTE 32 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DIS-CLOSURES) (Continued)

##### Fair Value of Financial Instruments:

The fair value of financial assets and liabilities is determined as follows:

Level 1: Financial assets and liabilities are measured at quoted prices in active markets for identical assets and liabilities.

Level 2: Financial assets and liabilities are valued using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, for the asset or liability.

Level 3: Financial assets and liabilities are valued using inputs that are not based on observable market data used to determine the fair value of the asset or liability.

##### Level classification of financial assets and liabilities measured at fair value:

Certain of the Group's financial assets and liabilities are carried at fair value at each balance sheet date. The table below shows how the fair values of these financial assets and liabilities are determined:

Financial Assets/ Financial Liabilities	Fair value		Fair value level	Valuation technique	Not based on significant observable data they entered	Fair value with inputs that are not based on observable data relationship
	31 December 2025	31 December 2024				
Financial assets at fair value through other comprehensive income - derivative instruments	161,934	233,283	Second level	The determination of fair value is based on the market approach and the venture capital valuation model.	The effect of perpetual growth and discount rates on the value of the financial asset	A positive change in the perpetual growth rate of the related financial asset results in an increase in the fair value of the financial asset. Similarly, an increase in the discount rates underlying the estimates used will decrease the fair value of the financial asset.

##### Level classifications of non-financial assets represented by their fair value:

Due to the data used in the valuation, fair valuation measurements of land, plots, land improvements and buildings are categorized as Level 2.

#### NOTE 33 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITORS

For the periods 1 January - 31 December 2025 and 1 January - 31 December 2024, the Group's fees for services received from the independent auditor are as follows:

	2025	2024
Independent auditors' fees for the period	5,450	4,999
- Statutory and voluntary independent audit services (including interim periods)	5,450	4,999
Fees for tax advisory services	765	729
- All tax services such as certification, tax consultancy etc.	765	729
Fees for other assurance services	1,260	558
	<b>7,475</b>	<b>6,286</b>

#### NOTE 34 - EVENTS AFTER THE REPORTING PERIOD

None.



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# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

With the decision of the Capital Markets Board (CMB) dated 10.01.2019 and numbered 2/49, within the scope of the CMB Corporate Governance Communiqué numbered II-17.1, the format to be taken as a basis by companies obliged to prepare a Corporate Governance Principles Compliance Report has been redefined, and the Corporate Governance Compliance Report for the period 01.01.2025 - 31.12.2025 can be accessed via the link below on our website. Our Company regularly publishes the necessary updates on the Public Disclosure Platform and on our website.



<https://www.karsan.com/en/corporate-governance-compliance-report>



# SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

The Sustainability Principles Compliance Framework, established within the scope of the Capital Markets Board's (CMB) Corporate Governance Communiqué No. II-17.1, includes the basic principles for the environmental, social, and corporate governance (ESG) practices of publicly traded companies. Although the implementation of these principles is voluntary, reporting is mandatory in line with the "Comply or Disclose" principle.

Starting from 2021 for the relevant partnerships and from the year following the initial public offering for publicly traded companies, this framework must be included in annual reports.

Our company's Sustainability Principles Compliance Report for the period 01.01.2025 - 31.12.2025 is available via the link provided on our website. In addition, developments and updates on sustainability are regularly published on the Public Disclosure Platform (PDP) and on our website.



<https://www.karsan.com/en/investor-relations/special-circumstance-disclosures>





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# PARTNERSHIPS & MEMBERSHIPS

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United Nations  
Global Compact

- United Nations Global Compact (UNGC)

WOMEN'S  
EMPOWERMENT  
PRINCIPLES

- Women's Empowerment Principles (WEPs)



- Bursa Platform for the Empowerment of Women



- Mor Salkım Women's Association



- Bursa Chamber of Commerce and Industry (BTSO)



- Bursa Industrialists and Businesspeople Association (BUSIAD)



- Hasanağa Organized Industrial Zone (HOSAB)



- Bursa Organized Industrial Zone (Bursa OSB)



- Turkish Employers' Association of Metal Industries (MESS)



- Tegep Education and Development Platform Association



- Bursa Turkish-French Alliance Française Cultural Association



- Battery and Recycling Industrialists Association (AKÜDER)



- Portable Battery Producers and Importers Association



- Association of Italian Entrepreneurs Worldwide



- Turkish Quality Association (KalDer) Bursa Branch Economic Enterprise

# ENVIRONMENTAL PERFORMANCE INDICATORS

## Emissions and Energy Management

Greenhouse Gas Emissions (ton CO <sub>2</sub> e)	2023	2024	2025
Scope 1	5,644	8,180	10,369
Scope 2 (location-based)	10,704	12,873	12,981
Scope 2 (market-based)		4,958	614
Scope 3	19,479	19,366.15	22,041
<b>Total</b>	<b>35,827</b>	<b>40,419.15</b>	<b>45,391</b>

Category-Based Scope 3 Emissions (ton CO <sub>2</sub> e)	2024	2025
Category 1 - Purchased goods and services	141.74	1,740
Category 2 - Capital goods	-	1,155
Category 3 - Fuel and energy-related activities	1,483.38	1,510
Category 4 - Upstream transportation and distribution	1,598.18	1,407
Category 5 - Waste generated in operations	29.03	82
Category 6 - Business travels	929.42	643
Category 7 - Employee commuting	1,433.77	1,455
Category 8 - Upstream leased assets	-	-
Category 9 - Downstream transportation and distribution	157.20	314
Category 10 - Processing of products sold	-	-
Category 11 - Use of products sold	13,594.17	13,735
Category 12 - End-of-Life Treatment of Sold Products	-	-
Category 13 - Downstream leased assets	-	-
Category 14 - Franchises	-	-
Category 15 - Investments	-	-
<b>Total</b>	<b>19,366.15</b>	<b>22,041</b>

Energy Consumption (GJ)	2023	2024	2025
Direct Energy Consumption (Natural Gas)	97,688	148,519	152,527
Indirect Energy Consumption (Electricity)	90,144	109,558	107,840
Fuels (Stationary and Mobile)	-	7,887	6,052
<b>Total</b>	<b>187,832</b>	<b>265,964</b>	<b>266,419</b>

Renewable Energy (GJ)	2024	2025
Renewable energy generated	0	0
Purchased renewable energy	76,481	105,201

Energy Intensity	2023	2024	2025
Energy consumption per vehicle produced (GJ /vehicle)	4.47	5.81	5.17

Energy Savings	2024	2025
Annual energy savings (GJ)	1,212	30,320
Financial savings achieved through energy savings (TRY)	921,186	28,382,733
Financial savings from other improvements (waste, water, etc.) (TRY)	3,764.309	12,027.324

\* Energy consumption data for 2024 and 2025 include overseas operations and subsidiaries within the scope of financial consolidation.

\*\* Energy consumption data for 2024 were reviewed as part of the independent verification process conducted within the scope of TSRS reporting and updated accordingly.

# ENVIRONMENTAL PERFORMANCE INDICATORS

## Waste Management

Disposed Non-Hazardous Waste (tons)	2023	2024	2025
Amount of non-hazardous waste sent to landfill/disposal site	0	0	0
Amount of non-hazardous waste incinerated for energy purposes	315.99	353.64	408.20
Amount of non-hazardous waste incinerated without energy purposes	0	0	0
Total amount of non-hazardous waste disposed	315.99	353.64	408.20

Disposed Hazardous Waste (tons)	2023	2024	2025
Amount of hazardous waste sent to landfill/disposal site	0.06	13.01	13.4
Amount of hazardous waste incinerated for energy purposes	514.09	830.39	729.9
Amount of hazardous waste incinerated for energy without purposes	0	0	0
Total amount of hazardous waste disposed	514.15	843.4	743.4

Recycled Waste (tons)	2023	2024	2025
Recovered/reused non-hazardous waste	1,763.25	2,075.08	2,516.42
Recovered/reused hazardous waste	379.64	155.30	189.77
Total recovered waste	2,142.89	2,230.39	2,706.19

Waste Components (tons)	2024		2025	
	Waste Generated	Waste Sent for Recovery / Recycling	Waste Generated	Waste Sent for Recovery / Recycling
Paper	756.2	756.2	858	858
Plastic	195.00	195.00	252.52	252.50
Metal	-	-	-	-
Industrial treatment sludge	254.36	254.36	284.44	284.44
Domestic treatment sludge	45.33	-	58.68	-
Others (hazardous)	-	-	-	-
Others (non-hazardous)	953.38	155.30	874.43	189.77
Total	1,223.14	869.50	1,529.66	1,121.46
Waste components (tons)	3,427.43	2,230.39	3,857.73	2,706.17

## WATER MANAGEMENT

Water Management (m <sup>3</sup> )	2023	2024	2025
Municipal water	15,382	82,614	135,394
Ground water	175,622	268,212	138,460
Total water withdrawal	191,004	350,826	273,854
Withdrawn Freshwater	191,004	350,826	273,854

# ENVIRONMENTAL PERFORMANCE INDICATORS

Water Discharge (m <sup>3</sup> )	2023	2024	2025
Water discharged to third parties	99,963	195,390	173,387
Total water discharge	99,963	195,390	173,387

Water Consumption (m <sup>3</sup> )	2023	2024	2025
Water consumption	75,659	155,436	100,467

Water Intensity Indicators (m <sup>3</sup> /vehicle)	2023	2024	2025
Water consumption per vehicle produced	1.80	3.40	1.95
Water withdrawal per vehicle produced	4.17	7.67	5.31

\* Water Consumption = Water Withdrawal – Water Discharge

## Other Environmental Indicators

Environmental Investments and Expenditures (TRY)	2024	2025
Total environmental investment	6,903,521	97,600,853
Capital expenditures for environmental management (capex)	166,618	76,300,000
Operating expenditures for environmental management (opex)	6,736,903	21,300,853

Environmental Fines	2023	2024	2025
Number of environmental violations	0	0	0
Environmental penalties received	0	0	0
Environmental fines paid during the year (TRY)	0	0	0
Environmental fines accrued at the end of the year (TRY)	0	0	0

Environmental Training (person*hour)	2023	2024	2025
Total environmental training hours provided to employees	3,949	4,537	2,250

\*\* To ensure consistency in reporting, 2023 data that could not be verified have been excluded from the relevant indicator.



# SOCIAL PERFORMANCE INDICATORS

## Employee Demographics

Employees	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Number of employees	number	259	2,235	277	1,899	281	2,027
Total number of employees	number	2,494		2,176		2,308	
Total number of subcontractor employees	number	291		307		417	

Employees by Category	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Number of white-collar employees	number	130	342	179	472	182	481
Number of blue-collar employees	number	129	1,893	98	1,427	99	1,546
Total	number	2,494		2,176		2,308	

Employees by Employment Type	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Number of full-time employees	number	259	2,235	277	1,899	179	2,026
Number of part-time employees	number	0	0	0	0	2	1

Employees by Age Group	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Under 30 years old	number	142	967	150	717	144	744
30-50 years old	number	115	1,139	126	1,059	137	1,163
Over 50 years old	number	2	129	1	123	0	120

Employees by Length of Service	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
0-5 years	number	230	1,485	248	1,246	262	1,450
5-10 years	number	18	350	18	278	10	145
10 years and above	number	11	400	11	375	9	432

Employees by Contract Type <sup>1</sup>	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Employees with indefinite-term contracts	number	-	-	232	1,571	230	1,638
Employees with fixed-term contracts	number	-	-	45	327	58	401

Employees with Disabilities	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Number of employees with disabilities	number	9	65	5	61	4	67
Total	number	74		66		71	

<sup>1</sup> Due to data loss, data on the number of female and male employees with fixed-term and indefinite-term contracts for 2023 are not available.

# SOCIAL PERFORMANCE INDICATORS

## Management Demographics

Managers by Age Group	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Under 30 years old	number	3	5	4	8	2	7
30-50 years old	number	13	43	25	83	27	84
Over 50 years old	number	1	3	1	17	0	17

Managers by Management Level	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
First-Level Managers (Junior Management)	number	18	52	26	63	24	65
Mid-Level Managers (Mid-Level Management)	number	2	20	3	26	4	28
Senior Management	number	1	16	1	19	1	16

## Recruitment

Number of New Hires by Age and Gender	Unit	2025	
		Female	Male
Under 30 years old	number	29	181
30-50 years old	number	22	153
Over 50 years old	number	0	25
Total	number	51	359
<b>Total</b>	<b>number</b>	<b>410</b>	

Recruitment by Management Level	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Number of Managers Hired	number	1	9	3	24	2	5
Total	number	10		27		7	

Recruitment by Management Level	Unit	2025	
		Female	Male
First-Level Managers (Junior Management)	number	1	3
Mid-Level Managers (Mid-Level Management)	number	1	1
Senior Management	number	0	1
Total	number	2	5
Total	number	7	

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# SOCIAL PERFORMANCE INDICATORS

## Employee Turnover

Number of Employees Leaving by Gender Group	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Number of employees leaving (White-Collar)	number	26	57	17	41	23	46
Total (White-Collar)	number	83		58		69	
Number of employees leaving (Blue-Collar)	number	56	571	54	469	25	327
Total (Blue-Collar)	number	627		523		352	
Percentage of new hires leaving within the first 12 months (%)*	%	-	-	-	-	0.7	12.9

Voluntary Leave	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Number of employees who voluntarily leaved(White Collar)	number	19	48	15	29	11	23
Number of employees who voluntarily leaved (Blue Collar)	number	39	359	13	74	5	140

Employee Turnover by Management Level	Unit	2025	
		Kadın	Erkek
Number of Managers Who Left Employment	number	3	4
First-Level Managers (Junior Management)	number	1	2
Mid-Level Managers (Mid-Level Management)	number	2	1
Senior Management	number	0	1
Total	number	3	4

## Performance Management

Performance Management	Unit	2023	2024	2025
Number of employees subject to regular performance evaluation	number	429	589	626

Internal Candidates	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Number of positions filled with internal candidates	number	5	6	17	28	12	18
Total number of open positions	number	61		154		82	
Internal promotion rate(%) **	(%)	18		29		37	

## Maternal /Parental Leave

Maternal /Parental Leave	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Number of employees to entitled maternal / parental leave	number	4	0	7	0	15	112
Number of employees returning to work after maternity / parental leave	number	2	0	1	0	13	110

\* The percentage of new hires leaving within the first 12 months has been monitored since 2025. Therefore, data for 2023-2024 are not available.

\*\* Internal Promotion Rate = Number of positions filled by internal candidates / Total number of open positions

# SOCIAL PERFORMANCE INDICATORS

## Employee Engagement and Satisfaction

Engagement Survey Results	Unit	2023	2024	2025
Employee engagement/satisfaction survey response rate (%)	%	55	66	66
Survey response rate (%)	%	68	80	81

## Employee Development and Employee Investments

Total Training Hours by Gender and Age	Unit	2023		2024		2025	
		Female	Male	Female	Male	Female	Male
Total training hours provided to employees	person*hours	8,258	41,011	9,704	49,524	9,740	43,070
Total training hours provided to managers	person*hours	1,568	4,022	1,867	3,689	2,923.5	2,549
Total training cost (TRY)	TL	428,693	1,309,330	1,738,361	6,589,433		10,312,672

Total Training Hours by Gender and Age	Unit	2025	
		Female	Male
Under 30 years old	person*hours	5,515	19,401
30-50 years old	person*hours	4,225	21,805
Over 50 years old	person*hours	-	1,864
Total	person*hours	9,740	43,070
<b>Total</b>	person*hours	<b>52,810</b>	

Training Hours by Management Level (person*hours)	Unit	2025	
		Female	Male
Total training hours provided to first-level managers	person*hours	2,746	1,478
Total training hours provided to middle managers	person*hours	171	762
Total training hours provided to senior management	person*hours	6.5	309

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# SOCIAL PERFORMANCE INDICATORS

## Occupational Health and Safety

OHS Performance	2023	2024	2025
Total Working Hours	4,890,520	4,682,754	5,157,341
<b>Total number of accidents</b>			
Karsan	260	144	72
Subcontractor Company Employee	-	27	18
<b>Total Recordable Injury Frequency Rate (TRIFR) *</b>			
Karsan	53.16	30.75	13.96
<b>Number of Lost Time Injuries</b>			
Karsan	75	52	29
<b>Lost Time Injury Frequency Rate (LTIFR) **</b>			
Karsan	15.34	11.1	4.99
<b>Accident Frequency Rate ***</b>			
Karsan	9.4	4.7	1.9
<b>Number of Injury-Related Absences</b>			
Karsan	304	210	101
<b>Accident Severity Rate ****</b>			
Karsan	0.062	0.045	0.019
<b>Fatal Accident</b>			
Karsan	0	0	0
Subcontractor Company Employee	0	0	0

\* Total Recordable Injury Frequency Rate (TRIFR) = (Total number of accidents / Total Working Hours) \* 1,000,000

\*\* Lost Time Injury Frequency Rate (LTIFR) = (Number of Lost Time Injuries / Total Working Hours) \* 1,000,000

\*\*\* Accident Frequency Rate = (Number of Lost Time Injuries Resulting in 3 or More Last Days / Total Working Hours) \* 1,000,000

\*\*\*\* Accident Severity Rate = (Number of Injury-Related Absences / Total Working Hours) \* 1,000

OHS Performance	2023	2024	2025
<b>Number of Occupational Diseases</b>			
Karsan	0	0	0
Subcontractor Company Employee	0	0	0
<b>Occupational Disease Rate</b>			
Karsan	0	0	0
Subcontractor Company Employee	0	0	0

OHS Trainings	2023	2024	2025
Total Hours of OHS Training Given to Employees (person*hour)	19,495	22,027	17,245
Total Hours of OHS Training Given to Subcontractors (person*hour)	151	381	395

## Supply Chain

Supply Chain	2023	2024	2025
Total number of suppliers	1,023	1,083	911
Total number of direct suppliers (Tier-1)	-	-	799
Total number of indirect suppliers	-	-	112
Total number of local suppliers	-	-	714
Total number of critical suppliers	878	915	132
Total number of direct critical suppliers	-	-	115
Total number of indirect critical suppliers	-	-	17
Total number of new suppliers	-	60	130
Supplier training hours (person*hour)	-	300	304
Number of suppliers trained	-	6	4

# SOCIAL PERFORMANCE INDICATORS

## Ethics and Human Rights

Ethics and Compliance Indicators		2025
Ethical violation reports received throughout the year		0
Ethics reports resolved		0
Ethical violations detected		0
Employees disciplined for abuse		0
Employees receiving ethics trainin		647
Ethics training hours provided (person*hours)		108
Breakdown of Ethics Violations by Category		2025
Bribery or Corruption		0
Discrimination or Harassment		0
Customer Data Privacy		0
Conflict of Interest		0
Money Laundering or Insider Trading		0
Human Rights Indicators		2025
Human rights complaints/reports received		0
Number of cases reviewed		0
Number of actions taken		0
Case closure rate		0

# ECONOMIC PERFORMANCE INDICATORS

	Unit	2023	2024	2025
Total production	number	42,067	45,764	51,385
Total sales	number	42,091	45,768	51,517
Total domestic sales	number	41,665	45,275	50,962
Total exports	number	436	493	555
Capacity utilization rate	%	68.7	74.8	92.7
R&D investment	million TRY	179	393	406
Employees in R&D department	number	142	161	159
Intellectual property applications	number	9	18	32



# GRI INDEX

<b>Statement of use</b>	Karsan has reported the information cited in this GRI content index for the period 01.01.2025-31.12.2025 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	REFERENCE AND/OR DIRECT ANSWERS
<b>General Disclosures</b>		
GRI 2: General Disclosures 2021	2-1 Organizational details	About the Report Karsan At a Glance
	2-2 Entities included in the organization's sustainability reporting	Karsan At a Glance
	2-3 Reporting period, frequency and contact point	01.01.2025-31.12.2025 Yearly base Contact: sustainability@karsan.com.tr
	2-4 Restatements of information	There is no information restated in the report.
	2-5 External assurance	<a href="#">2024 TSRS Compliant Sustainability Report</a>
	2-6 Activities, value chain and other business relationships	Karsan At a Glance Value Chain Responsible Supply Chain
	2-7 Employees	Social Performance Indicators
	2-8 Workers who are not employees	Social Performance Indicators
	2-9 Governance structure and composition	Ethical and Transparent Governance Model
	2-10 Nomination and selection of the highest governance body	Ethical and Transparent Governance Model
	2-11 Chair of the highest governance body	Ethical and Transparent Governance Model

GRI STANDARD	DISCLOSURE	REFERENCE AND/OR DIRECT ANSWERS
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	Ethical and Transparent Governance Model Sustainability Governance Framework
	2-13 Delegation of responsibility for managing impacts	Ethical and Transparent Governance Model Sustainability Governance Framework
	2-14 Role of the highest governance body in sustainability reporting	Ethical and Transparent Governance Model Sustainability Governance Framework
	2-15 Conflicts of interest	Ethical and Transparent Governance Model
	2-16 Communication of critical concerns	Ethical and Transparent Governance Model Sustainability Governance Framework
	2-17 Collective knowledge of the highest governance body	Ethical and Transparent Governance Model
	2-18 Evaluation of the performance of the highest governance body	<a href="#">Karsan Remuneration Policy</a>
	2-19 Remuneration policies	<a href="#">Karsan Remuneration Policy</a>
	2-20 Process to determine remuneration	<a href="#">Karsan Remuneration Policy</a>
	2-22 Statement on sustainable development strategy	Value Creation Model, pg.56
	2-23 Policy commitments	Ethical and Transparent Governance Model
	2-24 Embedding policy commitments	Ethical and Transparent Governance Model Risk Management and Internal
	2-25 Processes to remediate negative impacts	Sustainability Management
	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics and Compliance

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GRI STANDARD	DISCLOSURE	REFERENCE AND/OR DIRECT ANSWERS
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	Business Ethics and Compliance
	2-28 Membership associations	Partnerships and Memberships
	2-29 Approach to stakeholder engagement	Materiality Analysis Stakeholder Engagement
	2-30 Collective bargaining agreements	Human Resources Approach Social Performance Indicators
<b>Material Topics</b>		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Analysis, pg. 49-50
	3-2 List of material topics	Materiality Analysis, pg. 49-50
<b>Economic Performance</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Financial Indicators for 2025
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Indicators for 2025
	201-2 Financial implications and other risks and opportunities due to climate change	<a href="#">2024 TSRS Compliant Sustainability Report</a>
<b>Procurement Practices</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Supply Chain
<b>Anti Corruption</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics and Compliance
GRI 205: Anti Corruption 2016	205-1 Operations assessed for risks related to corruption	Business Ethics and Compliance
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics and Compliance

GRI STANDARD	DISCLOSURE	REFERENCE AND/OR DIRECT ANSWERS
<b>Energy</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Emission and Energy Management
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Emission and Energy Management Environmental Performance Indicators
	302-3 Energy intensity	Emission and Energy Management
	302-4 Reduction of energy consumption	Emission and Energy Management
	302-5 Reductions in energy requirements of products and services	Emission and Energy Management
<b>Water and Effluents</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Management
GRI 303: Water and Effluents 2018	"303-1 Interactions with water as a shared resource"	Water Management
	303-2 Management of water discharge-related impacts	Water Management
	303-3 Water withdrawal	Water Management Environmental Performance Indicators
	303-4 Water discharge	Water Management Environmental Performance Indicators
	303-5 Water consumption	Water Management Environmental Performance Indicators
<b>Biodiversity</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Biodiversity and Land Use
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity and Land Use

GRI STANDARD	DISCLOSURE	REFERENCE AND/OR DIRECT ANSWERS
<b>Emissions</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Emission and Energy Management
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Emission and Energy Management Environmental Performance Indicators
	305-2 Energy indirect (Scope 2) GHG emissions	Emission and Energy Management Environmental Performance Indicators
	305-3 Other indirect (Scope 3) GHG emissions	Emission and Energy Management Environmental Performance Indicators
	305-5 Reduction of GHG emissions	Emission and Energy Management
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental Performance Indicators
<b>Waste</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Resource Use
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Responsible Resource Use
	306-2 Management of significant waste-related impacts	Responsible Resource Use
	306-4 Transport of hazardous waste	Responsible Resource Use Environmental Performance Indicators
	306-3 Waste generated	Responsible Resource Use Environmental Performance Indicators
	306-5 Waste directed to disposal	Responsible Resource Use Environmental Performance Indicators
<b>Supplier Environmental Assessment</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Supply Chain

GRI STANDARD	DISCLOSURE	REFERENCE AND/OR DIRECT ANSWERS
<b>Employment</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Engagement and Well-being
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Performance Indicators
	401-3 Parental leave	Employee Engagement and Well-being Social Performance Indicators
<b>Occupational Health and Safety</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety
	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety Social Performance Indicators
	403-3 Occupational health services	Occupational Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Occupational Health and Safety
	403-6 Promotion of worker health	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9 Work-related injuries	Occupational Health and Safety Social Performance Indicators
403-10 Work-related ill health	Occupational Health and Safety Social Performance Indicators	
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	Occupational Health and Safety
	403-6 Promotion of worker health	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9 Work-related injuries	Occupational Health and Safety Social Performance Indicators
	403-10 Work-related ill health	Occupational Health and Safety Social Performance Indicators



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GRI STANDARD	DISCLOSURE	REFERENCE AND/OR DIRECT ANSWERS
<b>Training and Education</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Training and Development Performance Management
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Training and Development Social Performance Indicators
	404-2 Programs for upgrading employee skills and transition assistance programs	Training and Development
	404-3 Percentage of employees receiving regular performance and career development reviews	Performance Management Social Performance Indicators
<b>Diversity and Equal Opportunity</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity, Equality and Inclusion
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity, Equality and Inclusion

GRI STANDARD	DISCLOSURE	REFERENCE AND/OR DIRECT ANSWERS
<b>Supplier Social Assessment</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Supply Chain
<b>R&amp;D and Innovation</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	R&D and Innovation
<b>Customer Management</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Customer Satisfaction
<b>Digital Transformation</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Digital Transformation



# İLETİŞİM

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The Board of Directors' Report, Auditor's Report, Consolidated Financial Statements, and Independent Audit Report regarding the Company's activities and accounts for 2025, as included in the 2025 Karsan Integrated Annual Report, have been prepared in accordance with the applicable legislation. This Report has been prepared for the purpose of informing shareholders and does not constitute a basis for any investment decision.

Forward-looking statements and projected figures included in the Report reflect the views of the Company's management regarding future conditions; actual results may differ depending on the variables and assumptions underlying such forward-looking projections.

Accordingly, Karsan Otomotiv Sanayii ve Ticaret A.Ş., its Board of Directors members, advisors, or employees shall not be held liable for any loss or damage that may be incurred directly or indirectly by any person as a result of any information or communication provided within the scope of this Report or based on the information contained herein or otherwise.

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