1 JANUARY – 30 SEPTEMBER 2026

INTERIM ANNUAL REPORT



KARSAN

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1. GENERAL INFORMATION

1.1. CAPITAL AND SHAREHOLDING STRUCTURE

Registered Capital Ceiling : TL 4,500,000,000
Issued (Paid) Capital : TL 900,000,000

		30.09.2026
COMPANY'S TITLE	**SHARE AMOUNT (TL)**	**SHARE RATIO (%)**
Kıraça Holding A.Ş.	**526,618,812.39**	**58.51**
Group A Preferred	64,028,613	7.11
Group B	462,590,199	51.40
Other	**373,381,187.61**	**41.49**
Group A Preferred	1,554,775	0.17
Group B	371,826,413	41.32
TOTAL	**900,000,000**	**100.00**

As of the end of September 2026, Karsan's free-float rate listed under the Central Registry Agency (CRA) is 38.87%.

1.2. BOARD OF DIRECTORS, COMMITTEES AND SENIOR MANAGEMENT

1.2.1. BOARD OF DIRECTORS

At the Ordinary General Assembly held on 30 April 2026, the Members of the Board of Directors were elected in accordance with the Turkish Commercial Code, applicable regulations and the Company's Articles of Association to serve for a term of one year and, in any case, until their successors are duly appointed. The independence qualifications of the Independent Members of the Board of Directors are reassessed annually.

Members of the Board of Directors as of 30 September 2026:

Board of Directors	Position	Date of Appointment
Giancarlo BOSCHETTI	Chairman of the Board	30.04.2026
Erhan EGEMEN	Deputy Chairman of the Board	30.04.2026
Utku Can AYYARKIN	Executive Board Member	30.04.2026
Dursun SAAT	Board Member	30.04.2026
Yasin DOĞAN	Board Member	30.04.2026
Ahmet Nezih OLCAY	Independent Board Member	30.04.2026
Münevver ERÖZ	Independent Board Member	30.04.2026
Mert YAZICIOĞLU	Independent Board Member	30.04.2026

As the Board of Auditors is no longer considered a mandatory corporate body under the New Turkish Commercial Code, no election for Board of Auditors members was conducted at the Ordinary General Assembly held on 30 April 2026. In accordance with the provisions of the Turkish Commercial Code No. 6102 and the Capital Markets Law No. 6362, and upon the recommendation of the Audit Committee, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., which had been appointed as the Independent External Audit Company at the Board of Directors meeting numbered 2026/08 dated 2 April 2026, was approved to serve as the independent external audit company for a term of one year.

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1.2.2. COMMITTEES OF THE BOARD OF DIRECTORS

The duties and working principles of the Board of Directors Committees have been publicly disclosed through publication on the Public Disclosure Platform and in the investor relations section of the Company's official website, **www.karsan.com/en**

Board Committees as of 30 September 2026:

Committee	Committee Member	Role on the Committee	Qualification	Meeting Frequency
Audit Committee	Ahmet Nezih Olcay	Chairman	Independent Member	Quarterly - at least four times a year
	Münevver Eröz	Member	Independent Member	
Corporate Governance Committee	Mert Yazıcıoğlu	Chairman	Independent Member	At least twice a year
	İbrahim Onur Baysal (*)	Member	Executive	
	Utku Can Ayyarkın	Member	Executive Board Member	
Early Detection of Risk Committee	Ahmet Nezih Olcay	Chairman	Independent Member	Every two months - at least six times a year
	Dursun Saat	Member	Non-Independent Member	
	Yasin Doğan	Member	Non-Independent Member	

(*) As per the guidelines outlined in Article 11 of the Corporate Governance Communiqué numbered CMB II-17.1, the Investor Relations Department Manager was appointed to the Corporate Governance Committee.

1.2.3. SENIOR MANAGEMENT

Senior Managers as of 30.09.2026

Senior Management	Position	Date of Appointment	Profession
Utku Can Ayyarkın	CEO	2026	Economist
Kenan Kaya	Deputy General Manager of Financial Affairs and Purchasing	2019	Economist
Ahmet Muzaffer Arpacıoğlu	Deputy General Manager of Domestic Market Sales and Foreign Relations	2020	Business Administrator
Deniz Çetin	Deputy General Manager of Global Commercial Affairs	2024	Mechanical Engineer
Ergün Koru	Deputy General Manager of Production and Supply Chain	2024	Mechanical Engineer
Barış Hulisioğlu	R&D Director	2020	Mechanical Engineer
Aslı Ör Arkunkütak	Global Marketing and Tender Sales Director	2020	Business Administrator
Hazım Kubilay Dinçer	Spare Parts and Domestic After-Sales Services Director	2020	Mechanical Engineer
Mustafa Tükenmez	Quality Director	2022	Mechanical Engineer
Ender Kayhan	Production Director	2024	Chemical Engineer
İbrahim Onur Baysal	Legal Director	2024	Lawyer
Kemal Cihan Yaycıoğlu	After-Sales Services Export Director	2024	Electrical and Electronics Engineer
Yusuf Serkan Murat	Purchasing Director	2025	Industrial Engineer
Halit Özgür Altınsoy	International Sales Director	2026	Mechanical Engineer
Tekin Tuna Arığ	Internal Audit Director	2026	Business Administrator

The total amount of rights, benefits and remuneration provided to the Members of the Board of Directors and Senior Executives for the period between 1 January and 30 September 2026 is disclosed in the notes to the financial statements as TL 191,325 thousand. These notes are published on the Public Disclosure Platform (PDP) and the Company's website. At the Ordinary General Assembly held on 30 April 2026, it was resolved that, effective from the beginning of the month following the General Assembly, each Independent Member of the Board of Directors, excluding Mr. Erhan Egemen, Mr. Dursun Saat and Mr. Yasin Doğan, shall be paid a gross monthly remuneration of TL 77,140.

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1.3.STAFF AND LABOR OVERVIEW

	30 September 2026			30 September 2025		
	White Collar	Blue Collar	Total	White Collar	Blue Collar	Total
Karsan Otomotiv	584	1,056	1,640	616	1,634	2,250
Karsan Europe	5	0	5	6	0	6
Karsan İç ve Dış Ticaret A.Ş.	0	0	0	0	0	0
Karsan North America LLC	0	0	0	0	0	0
Hervouet Corporate Industry SAS (HCI)	15	7	22	15	6	21
E-BUSKAR SOCIEDAD LIMITADA UNIPERSONAL	0	0	0	1	0	1
Total	**604**	**1,063**	**1,667**	**638**	**1,640**	**2,278**

As of 30 September 2026, the Group's total workforce stands at 1,667 employees, comprising 604 white-collar and 1,063 blue-collar staff.

1.4.DIRECT OR INDIRECT SUBSIDIARIES OF THE COMPANY

		Company's Shareholding			
		30.09.2026		31.12.2025	
Company Title	Field of Activity	Direct and Indirect Partnership Ratio	Effective Partnership Ratio	Direct and Indirect Partnership Ratio	Effective Partnership Ratio
Karsan Otomotiv Sanayi Mamülleri Pazarlama A.Ş. in Liquidation	Automotive and Spare Parts Marketing	6.43%	6.43%	6.43%	6.43%
Karsan Europe SRL	Vehicle Sales and After-Sales Services	100%	100%	100%	100%
Karsan İç ve Dış Ticaret A.Ş.	Domestic and International Sales and Marketing of Vehicles and Spare Parts	100%	100%	100%	100%
Karsan North America LLC (*)	Sales and Marketing	100%	100%	100%	100%
Hervouet Corporate Industry SAS (HCI)	Automotive and Spare Parts Marketing	20%	20%	20%	20%
Hervouet Corporate Lease SAS	Financial Leasing	20%	20%	20%	20%
E-BUSKAR SOCIEDAD LIMITADA UNIPERSONAL	VEHICLE SALES AND AFTER-SALES SERVICES	100%	100%	100%	100%

(*) Karsan has established a wholly owned company under the name Karsan USA LLC, headquartered in New York, USA, for the purpose of participating in tenders organized by local authorities in the United States. The establishment of the company did not require any capital contribution, no capital transfer has been made to the company, and it has had no impact on the Group's financial position.

1.5. INFORMATION ON COMPANY SHARES

Karsan Otomotiv Sanayii ve Ticaret A.Ş. began trading on Borsa Istanbul on 21 February 2000. As of 30 September 2026, Karsan Otomotiv Sanayii ve Ticaret A.Ş. is featured in the following indices and stock information:

Issuer Name: KARSAN OTOMOTİV SANAYİİ VE TİCARET A.Ş.
Stock Market: BORSA ISTANBUL (BIST)
Market Included: YILDIZ PAZAR (STAR MARKET) – OUTRIGHT PURCHASE AND SALE MARKET – AMONG QUALIFIED INVESTORS
BIST Indices: BIST STARS / BIST 100-30 / BIST 500 / BIST METAL GOODS, MACHINERY / BIST ALL / BIST 100 / BIST INDUSTRIAL / BIST BURSA / BIST PARTICIPATION 100 / BIST PARTICIPATION 50 / BIST PARTICIPATION ALL / BIST SUSTAINABILITY
BIST Ticker: KARSN
Bloomberg Ticker: KARSN.TI
Reuters Ticker: KARSN.IS

2. COMPANY'S OPERATIONS AND SIGNIFICANT DEVELOPMENTS PERTAINING TO THE OPERATIONS

2.1. PRODUCTION FACILITIES

The Company conducts its production operations in three factories situated in Bursa.

- **Hasanağa Organized Industrial Zone Factory (Headquarters)**
  Hasanağa Organized Industrial Zone Factory (Headquarters), where Karsan and Menarinibus brand vehicles (Paint, Assembly) and the Oyak Renault Megane Sedan model (Bodywork, Paint, Assembly) are produced, spans a total area of 227 thousand m², with 96 thousand m² designated as a closed space.

- **Hasanağa Organized Industrial Zone Factory (Branch)**
  Hasanağa Organized Industrial Zone Factory (Branch), where the bodies of the Karsan and Menarinibus branded vehicles are produced, spans a total area of 15 thousand m², with 11 thousand m² designated as a closed space.

- **Bursa Organized Industrial Zone Factory (Branch)**
  Bursa Organized Industrial Zone (OSB) Factory, where tractor cabins, cataphoresis, and spare parts are produced, spans a total area of 30 thousand m², with 19 thousand m² designated as a closed space.

2.2. PRODUCTS

KARSAN BRANDED VEHICLES	MODEL	SEGMENT
	e-JEST	Electric Minibus (6 m - urban)
	e-JEST/RHD	Electric Minibus (6 m - urban, Right Hand Drive)
	Autonomous e-JEST	Electric Autonomous Bus (6 m – urban)
	ATAK	Bus (8 m – urban)
	e-ATAK	Electric Bus (8 m – urban)
	Autonomous e-ATAK	Electric Autonomous Bus (8 m – urban)
	e-ATA	Electric Bus (10 – 12 – 18 m)
	e-ATA HYDROGEN	Electric Hydrogen Fuel Cell Bus (12 m)
	e-ATA LE	Electric Class 2 Bus (12 m)

RENAULT BRANDED VEHICLES	MODEL	SEGMENT
	Megane Sedan	Passenger Car

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2.3. PRODUCTION AND SALES

Below are the production figures for our Company, categorized by product type, in comparison to the previous period.

Product Type	January – September 2026 (Units)	January – September 2025 (Units)
Karsan Diesel	99	109
Karsan Electric	385	328
Renault Megane	30,727	35,475
TOTAL	**31,211**	**35,912**

Below are the sales figures and revenues for our Company, categorized by product type, in comparison to the previous period.

Product Type	January – September 2026 (Units)	January – September 2025 (Units)
Karsan Diesel	79	107
Karsan Electric	406	266
Renault Megane	30,726	35,475
TOTAL	**31,211**	**35,848**

Product Type	January – September 2026 Sales Revenue (TL thousand)	January – September 2025 Sales Revenue (TL thousand)
Karsan Diesel	614,600	618,756
Karsan Electric	9,326,304	5,780,271
Contracted and Industrial Production & Other*	3,407,938	4,037,399
TOTAL	**13,348,842**	**10,436,426**

** The "Other" item consists of spare parts and material sales, services including cataphoresis coating, component stamping and painting provided to automotive OEMs and suppliers.*

2.4. CAPACITY UTILIZATION RATE

	January – September 2026	January – September 2025
Capacity Utilization Rate	75.3%	78.3%

Our Company's current nine-month production capacity is 41,423 vehicles/year. As of the first nine months of 2026, a total of 31,211 vehicles were produced, resulting in a capacity utilization rate of 75.3%.

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2.5. OVERVIEW OF THE INDUSTRY IN WHICH THE COMPANY OPERATES, THE COMPANY'S STANDING WITHIN THE INDUSTRY

The developments in the industry and at Karsan Otomotiv for the January-September 2026 period can be summarized in line with OSD (Automotive Manufacturers Association) data as follows.

Total vehicle production in the January-September 2026 period decreased by 5.9% compared to the same period of 2025, reaching 971,159 units, while automobile production decreased by 17.1% to 528,366 units compared to the previous year.

In Türkiye's commercial vehicle production, where our Company is also included, compared to the same period of the previous year, production decreased by 6.5% in minibuses with 70,914 units, while it increased by 5.3% in buses with 9,310 units and by 11% in midibuses with 3,900 units.

In the Turkish commercial vehicle market, total light commercial vehicle sales decreased by 5.1% compared to the same period of the previous year, reaching 175,488 units.

Domestic light commercial vehicle sales in this group increased by 10.7% to 42,268 units, while imported light commercial vehicle sales decreased by 9.2% to 133,220 units.

The share of imports in the light commercial vehicle market reached 75.9% in the January-September 2026 period.

Karsan manages the entire automotive value chain, from R&D to production, and from marketing to sales and after-sales services. Under its own brand, Karsan has developed and produced its environmentally friendly e-JEST and e-ATAK models. Starting its electric transformation journey in 2018 with Karsan e-JEST, followed by Karsan e-ATAK in 2019, the driverless Autonomous e-ATAK in 2021, the e-ATA family with 10 m, 12 m and 18 m models in the same year, and finally the 12-meter hydrogen-powered Karsan e-ATA HYDROGEN in 2022, Karsan has become the first and only company in Europe to offer a fully electric product range from 6 to 18 meters. As of 2022, Karsan has also been producing Megane Sedan cars for the Renault brand. After introducing the Karsan e-ATA LE model, developed for intercity and long-distance transportation needs, in June 2025, Karsan launched Autonomous e-JEST, the autonomous version of its 6-meter e-JEST model, in October of the same year, following the Autonomous e-ATAK.

Karsan continues to strengthen its position as a rapidly rising power in electric mobility. Today, more than 2,500 Karsan electric vehicles are on the roads across three continents in 28 different countries, primarily France, Romania, Portugal, Spain, Luxembourg and Italy, demonstrating its leading role in shaping the future of global public transportation.

In addition to vehicle manufacturing, Karsan also provides industrial services at its plant located in the Organized Industrial Zone. Guided by its vision of being "One Step Ahead in the Future of Mobility," Karsan continues to be the preferred choice of European cities in public transportation by reinforcing its pioneering role in Europe's electric vehicle transformation. Karsan's e-JEST and e-ATAK models have been the European market leaders in their respective classes in the urban electric public transportation market for six consecutive years between 2020 and 2025. Reaching a 6.8% share of the European electric public transportation market in the first half of 2026, Karsan strengthened its leadership in its segments with market shares of 48% with the e-JEST, 20% with the e-ATAK and 38% with the 10-meter e-ATA. From 2019 to the end of the first half of 2026, Karsan alone accounted for 82% of total exports of Turkish-branded electric minibuses and buses to Europe. After entering the North American market with the e-JEST model in 2022, Karsan launched a right-hand-drive version for the Japanese market at the end of 2023 and introduced it to the UK market by the end of 2024. As the first and only European company operating in the electric public transportation sector in the United States, Karsan currently has 215 e-JEST vehicles in operation across Canada and the U.S.

Further strengthening its position in the Turkish market, Karsan took an important step in Istanbul's public transportation transformation in 2026 by signing an agreement with IETT for the supply of 150 ATAK vehicles.

Karsan achieved another significant milestone by rolling out its 10,000th JEST vehicle, one of its most successful models that entered production in 2013. In addition, Karsan delivered its 250th electric vehicle to Italy at the beginning of 2025. Continuing its growth in Europe with alternative fuel technologies, Karsan delivered two e-ATA HYDROGEN vehicles to the city of Terni, Italy, in 2026. Having implemented 18 different autonomous projects across 10 countries, Karsan has accumulated more than 250,000 kilometers of autonomous driving experience and carried over 110,000 passengers with the Autonomous e-ATAK. The Autonomous e-ATAK operated at Michigan State University campus in the U.S. for 1.5 years over a 5-kilometer route, marking a world first. In Stavanger, Norway, the Autonomous e-ATAK, which has been carrying fare-paying passengers in open traffic since 2022, expanded its route to include a tunnel, becoming the first autonomous vehicle to operate through a tunnel. Following its deliveries to the U.S., France, Romania, Türkiye and Norway, the Autonomous e-ATAK was also delivered to the Netherlands and Switzerland in 2025. Its operation in Rotterdam marked another milestone, becoming the first vehicle in driverless public transport used for airport transfers.

Strengthening its pioneering position in autonomous mobility in 2026, Karsan achieved a 98% autonomous driving success rate and nationwide testing approval in its project with RATP Group in France. Through projects carried out in Sweden's harsh winter conditions, in the apron traffic of İGA Istanbul Airport in cooperation with Turkish Airlines, and at the world-famous Efteling theme park in the Netherlands, Karsan demonstrated the capability of its autonomous driving technology across different geographies and operating conditions. Addressing diverse use cases from airport shuttle services to city centers and from amusement parks to airport aprons, the Autonomous e-ATAK has proven to be a real solution to today's transportation needs. In addition, with Autonomous e-JEST, its new model introduced in 2025, Karsan started passenger operations under the ATL Spoke project in Atlanta, USA, a host city of the FIFA World Cup, further strengthening its global presence in autonomous mobility. In January 2026, Karsan participated in CES 2026, one of the world's leading technology exhibitions, where it introduced its Karsan AI (Autonomous Intelligence) vision to a global audience.

Furthermore, Karsan received a "B" score in the Climate Change and Water assessments conducted under the Carbon Disclosure Project (CDP), demonstrating that it has successfully integrated its sustainability strategies into the core of its operational activities. With the 3.5 MWdc Rooftop Solar Power Plant (SPP) project implemented at its Bursa factory, Karsan aims to generate approximately 4.6 million kWh of clean energy annually and meet approximately 25% of its electricity needs from renewable sources, taking an important step in line with its 2030 Net Zero Factory vision.

2.6. RESEARCH AND DEVELOPMENT ACTIVITIES

Karsan carries out its activities with a vision of developing innovative technologies for the future mobility needs of the public transportation sector, and was granted R&D Center status approved by the Ministry of Industry and Technology in 2019. Conducting its research, development and innovation activities within a systematic framework thanks to this structure, the Company focuses on developing sustainable, environmentally friendly and high-tech transportation solutions.

Karsan's R&D activities are built on electric, autonomous, hydrogen fuel cell and connected vehicle technologies. The e-JEST, e-ATAK, the e-ATA product family (10 m, 12 m and 18 m), e-ATA Hydrogen and e-ATA Class II platforms developed in this context stand out as tangible outcomes of the Company's engineering and innovation capabilities. These vehicles not only meet sustainable transportation needs but also offer solutions that set the direction for the industry in terms of energy efficiency, operational performance and user experience.

Within the scope of hydrogen technologies, one of the Company's strategic focus areas, comprehensive R&D activities are carried out in line with zero-emission transportation goals. On the e-ATA Hydrogen platform developed in this direction, work is conducted on hydrogen storage systems, fuel cell integration, energy management strategies and safety systems, along with range optimization, compatibility with fast-refueling infrastructure and performance validation under various climate conditions. In addition, Karsan adopts a holistic approach by developing collaborations related to refueling infrastructure, supply chain structures and compliance with relevant regulations in order to contribute to the development of the hydrogen ecosystem.

Work carried out in the field of autonomous mobility is also among the key indicators of Karsan's technology development capabilities. Equipped with camera, radar, LiDAR and advanced software infrastructure, the Autonomous e-ATAK and Autonomous e-JEST vehicles are capable of driverless operation under real traffic conditions. Developed through the joint efforts of Karsan engineers and technology partners, these platforms serve as an important reference for both commercial use and research and development activities.

Karsan's R&D approach is not limited to new product development alone. From the initial stage of its projects, the Company conducts detailed feasibility studies, literature reviews and intellectual property analyses, while systematically managing project planning, budget management and resource allocation processes. Furthermore, Karsan strengthens its ecosystem-based approach to innovation through collaborations with universities, technology companies, suppliers, sub-industry companies and other R&D centers.

The knowledge and technological capabilities gained through these activities are also reflected in the Company's intellectual property portfolio. To date, a total of 45 utility model applications have been filed within the Karsan R&D Center, 9 of which have been registered. In addition, 38 patent applications have been filed and 14 patents have been granted. This intellectual property portfolio protects the Company's innovative technologies and is considered an important element supporting its national and international competitiveness.

Karsan also strengthens its technology development activities through national and international support programs.

The AGASSI Project, which qualified for support under the TÜBİTAK-Business Finland International Cooperation Call, is being carried out with the participation of six partners from Türkiye and Finland. The project aims to monitor all logistics processes and process conditions, from the supplier to the production line, on a blockchain-based structure. In this way, it aims to increase traceability and accountability by storing data on vehicles and their sub-components in an immutable manner, to establish a digital product passport infrastructure and to support sustainable production processes. In addition, work is being carried out within the project to ensure fast, reliable and uninterrupted data transfer between autonomous and connected vehicles and production equipment using 5G Mesh Network technology.

Under the TÜBİTAK 1707 Order-Based R&D Support Program, a predictive maintenance solution is being developed to anticipate unexpected failures that may occur in the pneumatic systems of compressors used in electric vehicles. This artificial intelligence and data analytics-based study aims to increase vehicle reliability, reduce maintenance costs and improve operational efficiency.

Within the scope of international collaborations, four (4) different project applications were submitted under the European Union Horizon Program in 2026.

In addition, a project application was submitted with a ten-partner international consortium under the ITEA 4 Program, which operates under the Eureka cluster and focuses on software innovation and the development of software-intensive systems.

Furthermore, the evaluation process for the project proposal submitted under the TÜBİTAK 1832 SAYEM Program is ongoing.

Through the work carried out within its R&D Center, its strong intellectual property portfolio and its national and international project experience, Karsan continues to develop the mobility solutions of the future in electric, hydrogen-powered and autonomous vehicle technologies. With innovative products and technologies developed in line with its sustainable transportation vision, the Company both contributes to Türkiye's technology ecosystem and resolutely pursues its goal of offering globally competitive, high value-added mobility solutions.

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2.7. INVESTMENTS AND UTILIZING INCENTIVES

The investment amounting to TL 207,368,873 carried out by our Company under the scope of product diversification with the support of an Investment Incentive Certificate was officially concluded in March 2024 by the General Directorate of Incentive Implementation and Foreign Capital under the Ministry of Industry and Technology of the Republic of Türkiye.

The following are the supported matters provided for the investment considered in the 4th region under the framework of "Regional Incentive Practices":

- Social Security Employer Premium Contribution
- Tax Deduction
- Customs Duty Exemption
- VAT Exemption
- Interest Support

2.8. AMENDMENTS TO THE ARTICLES OF ASSOCIATION DURING THE REPORTING PERIOD

No amendment was made to the Articles of Association during the first nine months of 2026.

2.9. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Following the resolution of the Capital Markets Board (CMB) dated 10 January 2019 and numbered 2/49, the format to be used by companies obliged to prepare the Corporate Governance Principles Compliance Report within the scope of the Corporate Governance Communiqué No. II-17.1 has been revised. The Corporate Governance Compliance Report for the period from 1 January 2025 to 31 December 2025 has been prepared in accordance with the updated format and can be accessed through the link available on our Company's website. Our Company regularly publishes the necessary updates on the Public Disclosure Platform (PDP) and its official **website.**

2.10. SUSTAINABILITY ACTIVITIES

Our Sustainability Approach and Strategy

Today, the world is undergoing critical transformations such as net-zero commitments, energy transition, and sustainable urbanization. These developments are increasing the demand for greener, more efficient, and smarter mobility solutions in the transportation sector. At Karsan, we are not only part of this transformation but also position ourselves as a pioneer that produces solutions. Our business model is built on a structure that supports zero-emission mobility and reduces environmental footprint. With this awareness, we continuously align our strategies with sustainability goals and shape all business processes in line with our social and environmental responsibilities. From corporate governance to supply chain management, and from production to product design, we operate with a focus on building sustainable business processes:

- We manage our sustainability performance transparently through an ESG-oriented governance model.
- We set sub-targets in line with our net-zero commitment and closely monitor our progress.
- As a stakeholder-focused company, we integrate our sustainability approach with our corporate values and encourage the active participation of our employees and stakeholders.

At Karsan, we view our sustainability journey as a transformational opportunity to carry our business model into the future. We are accelerating our investments in innovation, digitalization, and technology to realize carbon-neutral mobility and shape our business strategies for a sustainable future.
In line with this approach, we published our 2024 Integrated Annual Report, Karsan's first Integrated Annual Report, in the first quarter of 2025. In the report, we transparently disclosed Karsan's economic, environmental and social performance to the public in accordance with the GRI Standards. In the third quarter of 2025, we published our TSRS-Compliant Sustainability Report and successfully completed the required assurance processes. Maintaining our commitment to this journey, in the first quarter of 2026 we published our TSRS-Compliant Sustainability Report and our 2025 Integrated Annual Report.

Karsan's 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.

Innovating Clean Mobility

We channel R&D into clean mobility solutions–electric, autonomous and connected–shaped by end-to-end lifecycle thinking

R&D and Innovation
Digitalization
Product Quality and Safety

Decarbonizing Value Chain

We decarbonize our value chain by scaling renewables and delivering CO_2e reductions from our plants through logistics to suppliers.

Climate Change and Energy Management
Responsible Supply Chain
Responsible Resource Management

Fostering People & Communities

We put people first by building an occupational-safety culture, investing in future-ready skills and advancing inclusion for our workforce and communities.

Employee Engagement and Well-being
Equality and Inclusion
Occupational Health and Safety (OHS)
Social Investments

Ensuring Future-Proof Governance

We lead with integrity by embedding ethics, transparent reporting and data-driven risk management to protect trust and long-term value.

Corporate Governance
Business Ethics and Compliance
Risk Management

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Key milestones in our sustainability journey include:

- Climate-Related Risks and Opportunities
- Governance Structure
- Climate-Related Metrics and Targets
- Scenario Analyses
- Financial Integration of Sustainability Activities

To reduce the carbon impact of our energy consumption, we meet the electricity needs of all our electric vehicles through our Solar Power Plant. Through our internal carbon pricing system and energy efficiency projects, we continue to focus on reducing greenhouse gas emissions and minimizing the environmental impact of our production processes.

CDP and Climate Performance

Our progress in combating climate change was recognized internationally with a "B" score in the CDP Climate Change Assessment. By maintaining our score, we demonstrated the consistency of our performance and our continued commitment to climate action within our sector. In September 2026, we submitted our updated data through the questionnaire.

As the first step in setting science-based climate targets, our Company registered with the Science Based Targets initiative (SBTi) platform in June. Work continues to develop emission reduction targets in line with SBTi requirements and prepare the application process.

Zero-Emission Mobility

With our electric and hydrogen-powered vehicles, we offer zero-emission solutions for urban transportation. Our Autonomous e-ATAK model became the first driverless public transportation vehicle to operate through a tunnel in Europe. We have also completed cradle-to-grave Life Cycle Assessment (LCA) studies for our 12-meter and 18-meter e-ATA models. In addition, the Environmental Product Declaration (EPD) processes were completed for three vehicles in the third quarter of 2025 and one vehicle in the fourth quarter. As of the second quarter of 2026, the EPD processes for two vehicles are ongoing, and EPD certification for three additional vehicles is targeted for completion by year-end.

Supply Chain and Responsible Production

Through our Green Procurement Project, we evaluate our suppliers based on their environmental, social and governance (ESG) performance and establish improvement processes. Our assessment activities conducted through the EcoVadis platform contribute to transparency and continuous improvement in these areas. In the 2026 EcoVadis assessment, we were awarded a bronze medal.

R&D and Innovation

Our strategic collaborations with Toyota Motor Europe in the field of hydrogen technologies make a strong contribution to our goal of developing carbon-neutral vehicles.

By providing transparent, responsible and innovative solutions to all our stakeholders, we continue to fulfill our sustainability commitments with determination. For more information and the latest developments, our sustainability reports are publicly available at www.karsan.com.

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3. FINANCIAL STATUS

3.1. SUMMARY FINANCIAL STATEMENTS

The financial statements have been prepared on a consolidated basis in accordance with the CMB Series II-14.1, and the consolidated financial statements as of 30 September 2026 have not been subjected to a limited independent review.

Summary Balance Sheet (TL thousand)		
Assets	**30.09.2026**	**30.09.2025**
Current Assets	9,078,219	14,045,187
Fixed Assets	11,686,414	12,021,546
Total Assets	**20,764,633**	**26,066,733**

Liabilities	**30.09.2026**	**30.09.2025**
Short Term Liabilities	9,112,283	15,517,839
Long Term Liabilities	3,302,201	2,623,755
Equity	8,350,149	7,925,139
Total Liabilities and Equity	**20,764,633**	**26,066,733**

Summary Income Statement	**30.09.2026**	**30.09.2025**
Revenues	13,348,842	10,436,426
Gross Profit (*)	2,906,486	2,385,959
Operating Profit/(Loss)	404,798	1,060,883
Period Profit/(Loss)	**(579,475)**	**(877,318)**

(*) Gross profit from financial sector activities is included.

The Company's total assets decreased from TL 26,066,733 thousand in the third quarter of 2025 to TL 20,764,633 thousand as of 30 September 2026. Revenue, which amounted to TL 10,436,426 thousand in 2025, reached TL 13,348,842 thousand in 2026, while operating profit, which was TL 1,060,883 thousand in 2025, amounted to TL 404,798 thousand in 2026.

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3.2. KEY INDICATORS AND RATIOS

Key Indicators	30.09.2026	30.09.2025
Gross Profit Margin	22%	23%
Operating Profit Margin	3%	10%
Net Profit Margin	(4%)	(8%)

Liquidity Ratios	30.09.2026	30.09.2025
Current Ratio	1.00	0.90
Liquidity Ratio	0.66	0.57
Cash Ratio	0.07	0.03

Financial Structure Ratios	30.09.2026	30.09.2025
Total Liabilities / Equity	1.49	2.29
Short Term Liabilities / Total Assets	0.44	0.60
Long Term Liabilities / Total Assets	0.16	0.10
Tangible Assets / (Equity + Long Term Liabilities)	0.56	0.65

Profitability Ratios	30.09.2026	30.09.2025
Net Profit for the Period / Total Assets	(0.03)	(0.03)
Net Profit for the Period / Equity	(0.07)	(0.11)

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3.3. ISSUED CAPITAL MARKET INSTRUMENTS

If available, the information regarding the outstanding debt security issuances of the fund user, as well as any other issuances in which it acts as a fund user, is provided below.

Information regarding our Company's outstanding debt instrument issuances is provided below.

Issuer Institution	Type of Issuance	Type of Security	Issuance Date	Maturity Date	Term to Maturity	Total Issuance Amount
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Commercial Paper	Private Placement - Qualified Investor Sale	05.02.2026	04.02.2027	364	100,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Commercial Paper	Private Placement - Qualified Investor Sale	15.05.2026	13.11.2026	182	300,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Lease Certificate	Private Placement - Qualified Investor Sale	10.04.2026	07.10.2026	180	158,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Lease Certificate	Private Placement - Qualified Investor Sale	08.05.2026	03.11.2026	180	195,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Lease Certificate	Private Placement - Qualified Investor Sale	18.06.2026	15.12.2026	180	250,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Lease Certificate	Private Placement - Qualified Investor Sale	07.07.2026	30.12.2026	176	250,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Lease Certificate	Private Placement - Qualified Investor Sale	20.08.2026	11.02.2027	175	250,000,000
Karsan Otomotiv Sanayii ve Ticaret A.Ş.	Lease Certificate	Private Placement - Qualified Investor Sale	08.10.2026	01.04.2027	175	150,000,000

3.4. CREDIT RATINGS

According to the Credit Rating Report dated 22 May 2026 prepared by JCR Eurasia Rating Inc. (JCR), the ratings of Karsan Otomotiv Sanayii ve Ticaret A.Ş. are as follows:

Long-Term National Corporate Credit Rating: A+ (tr) / (Stable)
Short-Term National Corporate Credit Rating: J1 (tr) / (Stable)
Long-Term International Foreign Currency Corporate Credit Rating: BB / (Stable)
Long-Term International Local Currency Corporate Credit Rating: BB / (Stable)

4. ASSESSMENT OF THE BOARD OF DIRECTORS ON CORPORATE RISK MANAGEMENT, INTERNAL AUDIT AND INTERNAL CONTROL SYSTEM

Karsan implements a comprehensive risk management strategy to ensure the sustainability and success of its operations. This strategy offers an integrated approach encompassing the early identification, assessment, and management of potential risks. Karsan's risk management is organized to report to the Board of Directors through the Early Detection of Risk Committee in order to anticipate risks that may affect our corporate strategies and objectives, primarily for the benefit of shareholders, to assess their impact and likelihood in alignment with the Company's risk appetite, and to ensure the planning and monitoring of necessary actions in terms of risk and crisis management.

The Early Detection of Risk Committee was established at the Board of Directors meeting of Karsan Otomotiv Sanayii ve Ticaret A.Ş. dated 28 June 2013, in accordance with Article 378 of the Turkish Commercial Code No. 6102 and the provisions set forth in the Capital Markets Board's Corporate Governance Principles, with the aim of ensuring the effective operation of the committees within the Board of Directors. The Committee is chaired by Independent Board Member Mr. Ahmet Nezih Olcay, and its other members are Board Members Mr. Dursun Saat and Mr. Yasin Doğan.

The Committee issued four reports during the first nine-month period of 2026 and submitted its opinions and recommendations to the Board of Directors regarding the risks included in the Company's risk inventory, along with suggestions related to these risks, as well as potential risks that may arise under current conditions in relation to the Company's strategic objectives.

Risk management activities at Karsan are carried out under the leadership of the Internal Audit Directorate, which reports to the Board of Directors. To establish a common risk framework within the Company and provide guidance for its implementation, the Internal Audit Directorate is responsible for developing training and awareness activities related to the definition and application of enterprise risk management methodologies, preparing current status reports for the Board of Directors and senior management through the Early Detection of Risk Committee, and coordinating enterprise risk management processes. All department management teams and process owners within the Karsan organization are responsible for identifying and assessing risks related to their processes within the defined risk framework, monitoring those risks in line with defined responses, and reporting them to the Enterprise Risk Management and Internal Audit Unit.

Risks within Karsan are defined and prioritized under four categories: financial, strategic, operational and compliance. The foundation of risk management is addressed in four stages: identifying uncertainties that may be encountered in the achievement of targets related to the Company's operations and strategies as threats and opportunities; determining their root causes and assessing their impact and likelihood; defining activities to reduce their impact and likelihood in line with the responses determined according to the risk appetite; and monitoring and reporting these activities.



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

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Internal Control and Internal Audit

An internal audit system has been designed with a risk-oriented approach to ensure that activities 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. Under the responsibility of the Audit Committee, Karsan's accounting, reporting and internal control systems managed within the Deputy General Manager of Financial Affairs, independent audit reports, and assessments of the annual and interim financial statements to be publicly disclosed with respect to their compliance with accounting principles and fair presentation are reported in writing to the Board of Directors.

In addition, internal audit planning is conducted on a risk-oriented basis for the priority issues identified in connection with the Company's risk management activities, with the aim of establishing an effective internal control system through the action plans developed as a result of internal audit activities. Violations, whistleblowing reports, and complaints related to the Company's activities are evaluated and investigated by the Internal Audit Directorate in cooperation with the relevant units, and are concluded through reporting, together with recommendations aimed at ensuring the effective control of activities. The Audit Committee periodically monitors all internal control and internal audit activities, and reviews and approves annual audit plans. During the first nine months of 2026, the Audit Committee submitted five reports to the Board of Directors.

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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5. EVENTS AFTER THE BALANCE SHEET DATE

On 3 November 2026, our Company disclosed an announcement regarding the Azienda Trasporti Milanesi S.p.A. (ATM) tender process on the Public Disclosure Platform (PDP).

On 3 November 2026, our Company disclosed an announcement regarding the TPER S.p.A. tender process on the PDP.

6. OTHER MATTERS-INFORMATION FOR SHAREHOLDERS

You can access our investor presentations, which include our expectations for the relevant and upcoming periods, through the link below.

Investor Presentations | Karsan

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.

Corporate Governance Compliance Report | Karsan

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.

Special Circumstance Disclosures | Karsan

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LEGAL DISCLAIMER

The Board of Directors' Report, Auditor's Report, Consolidated Financial Statements, and Independent Audit Report regarding the Company's activities and accounts for 2026, as included in this 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. As of the date of preparation of this Report, all information contained herein is believed to be accurate; however, Karsan Otomotiv Sanayii ve Ticaret A.Ş. accepts no responsibility for any errors that may occur during the writing and printing stages.

KARSAN

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