



Otokar

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**We are always one step ahead, where the road begins.
On every journey, our eyes are set on new horizons.
We don't just traverse roads—we redefine routes and pave the way for the future.**

**With every step, we transform not only ourselves but the world around us.
We don't just transcend boundaries—we rewrite the rules.
Driven by bold aspirations, we grow through innovation and lead with expertise.**

**For us, discovery is an endless journey.
We pursue innovation, transformation, and progress—one step at a time.**

Our path is always open!

Otokar

CHAIRMAN'S MESSAGE

'In 2024, we secured a landmark contract for 1,059 vehicles with Romania, marking the largest single-item armored vehicle export deal in Türkiye's history.'



Esteemed Shareholders, Partners, and Employees,

We have left behind a year shaped by global elections and conflicts, where uncertainties and high inflation continued to challenge national economies. The macroeconomic landscape, coupled with exchange rate increases lagging behind inflation and elevated financing costs, posed significant obstacles for industrial and manufacturing companies that rely heavily on exports.

Despite these challenges, Otokar increased its total sales volume by 5% year on year, generating TL 33.9 billion in revenues, reflecting a 13.8% decrease. Our domestic sales revenues rose by 21%, reaching TL 12 billion. However, demand fluctuations led to a 7% decline in export revenues, which amounted to USD 619 million (TL 21.8 billion), with exports accounting for 64% of total revenues. As a result, we reported a net loss of TL 3.1 billion, primarily due to the impact of exchange rates falling behind inflation, high debt levels, rising borrowing costs, and lower export volumes.

Nevertheless, we remained committed to contributing to employment and exports in our country. Otokar was named Türkiye's export champion in the defense industry land vehicles category

in 2024. Additionally, we strengthened our position in the commercial vehicle market, ranking as Europe's fourth largest bus manufacturer while maintaining our status as Türkiye's most preferred bus brand for the 16th consecutive year.

We Signed Türkiye's Largest Armored Vehicle Export Deal

Amid the ongoing war in Ukraine and rising geopolitical tensions in Asia and the Middle East, global military spending continued to increase. As of 2023, worldwide military expenditures grew by 7%, with Europe seeing a 16% increase and the Middle East a 9% rise.

In response to this trend, we accelerated our efforts in export markets. Our products, trusted by the United Nations and NATO countries for nearly 40 years, remain our strongest reference. In 2024, we secured a landmark contract with Romania for one of the largest 4x4 armored vehicle projects in Europe. This deal represents Türkiye's largest single-item armored vehicle export agreement. Under the contract, which will be completed over five years, we will manufacture 278 of the 1,059 Cobra II 4x4 armored vehicles in Türkiye, with the remainder to be produced in Romania.

In 2024, we exported military vehicles to six countries, expanding our presence in

the defense industry. Estonia became the latest addition to our client portfolio, as we began delivering Arma 6x6 armored vehicles to the Estonian Armed Forces in the last quarter of the year. These deliveries will continue into 2025. With this order, Arma 6x6 entered the inventory of a NATO country for the second time.

Otokar is Europe's Fourth Largest Bus Manufacturer

Despite a contraction in the domestic bus market in 2024, we maintained our leadership, remaining Türkiye's most preferred bus brand for the 16th consecutive year. One in every three buses sold in the Turkish market carried the Otokar brand.

In Europe, our primary export market, the bus industry continued its post-pandemic recovery, growing by 3.8% year on year. While France remains Europe's largest market, the fastest growing markets in 2024 were the UK and Italy. The shift toward alternative fuel and zero-emission buses accelerated, particularly in public transportation and short-distance segments. To strengthen our position in Europe, we expanded through our subsidiaries in France, Italy, and Romania, increasing sales in Italy, Spain, and France. In 2024, we further solidified our presence by opening a new branch office for Otokar Europe in Germany. Additionally, we expanded our services beyond vehicles, exporting our Bus Monitor telematics solution, developed for fleet management, to Portugal. Thanks to efficiency enhancing initiatives in our production facilities and rising output, Otokar became Europe's fourth largest bus manufacturer in 2024.

Advancing Our Work on Zero-Emission Vehicles

We continued to work on the development of natural gas, hybrid, and electric buses across a wide range of 6 meters to 19 meters in length. In 2024, we launched our zero-emission models, e-Kent and autonomous e-Centro, in Europe, marking a significant milestone in our sustainability journey. Additionally, our autonomous

bus successfully completed functional safety tests conducted by independent organizations in Hungary, confirming its reliability and safety.

Expanding into the Pickup Truck Segment

Building on more than a decade of collaboration with Foton, one of China's largest commercial vehicle manufacturers, we expanded into a new segment by adding Foton Tunland 4x4 pickup trucks to our product portfolio.

In the light truck segment, we introduced new 11-ton and 15-ton models, while also marking a milestone with our 5,000th Otokar Atlas truck rolling off the production line. To drive growth in international markets, we accelerated our export efforts, establishing a sales network in eight countries, including Spain, Poland, and Bulgaria.

On Track Toward a Sustainable Future

As part of our commitment to sustainability, we prioritize developing a highly skilled workforce equipped with expertise in both current and future technologies. To this end, we launched "A Strong Future with Otokar", a project aimed at upskilling young talent in science and technology. In the project's first phase, we established an Electric Vehicles Workshop at the Sakarya Chamber of Commerce and Industry Motor Vehicle Technology Vocational and Technical Anatolian High School and extended internship and scholarship opportunities for students. Through this project, we aim to equip young people with valuable experience in electric vehicle technologies.

Aligned with Koç Holding's Carbon Transition Program, which targets carbon neutrality by 2050, we have continued to reduce our carbon footprint and environmental impact through energy efficiency initiatives. These efforts not only contribute to our sustainability goals of reducing our carbon footprint and environmental impact but also support the broader fight against climate change.

We Will Focus on International Growth

For the near future, our primary focus will be on fulfilling our commitments in the defense industry. We remain dedicated to seizing opportunities in technology transfer, local production, and joint project development to best meet the needs of both our existing and potential clients. As always, we will continue to leverage our products, expertise, and capabilities for the benefit of our country.

Beyond maintaining our leadership in the Turkish bus market, we aim to further expand our vehicle fleet in export markets, particularly in Europe, through our subsidiaries and branch offices. Otokar's alternative fuel product range is fully equipped to support cities undergoing transformation to reduce the environmental impact of global climate change. In the logistics sector, we will continue working to increase the market share of the Otokar Atlas light truck family in both domestic and international markets while further strengthening our presence in the pickup truck segment, which we recently entered.

With our subsidiaries in France, the United Arab Emirates, Romania, Kazakhstan, and Italy, along with our new international branch offices, we will continue on our path to becoming a truly global company in 2025, while reinforcing our commitment to sustainable growth.

I would like to express my sincere gratitude to our valued partners and customers for their continued collaboration, as well as to our employees, their families, and all our stakeholders for their trust in Otokar.

Warmest regards,



Ali Y. Koç
Chairman

ABOUT

Otokar enjoys high demand both in Türkiye and internationally with its broad product offering.



Otokar was established in 1963, at a time when industrialization and modernization initiatives were being launched in Türkiye, to produce the first intercity buses of the country. The company, which started its operations with bus and minibus production, joined the Koç Group in 1976 when it decided to specialize in other business areas in addition to public transportation vehicles. As the production of buses and minibuses continued, Otokar also began manufacturing vehicles for defense industry in 1987 and produced Türkiye's first tactical wheeled armored vehicle in the 1990s.

Today, as Türkiye's prominent manufacturer of commercial vehicles and defense industry products, Otokar produces buses and light trucks in the commercial vehicles segment, and a variety of tactical wheeled and tracked armored vehicles and turret systems for the defense industry. As a leading company in the defense

industry, Otokar maintains its strong position in the sector. Otokar, a Koç Group company, manufactures at its Arifiye (Sakarya) plant, offering solutions tailored to customer needs with its technologies, designs and applications.

Otokar's broad offering of products are currently sold and used in more than 75 countries, including Türkiye, spanning five continents. Otokar has established subsidiaries in five countries – France, Italy, Romania, United Arab Emirates, and Kazakhstan – to be closer to its clients and meet their needs and expectations.

In the commercial vehicles segment, Otokar maintains its title as the bestselling bus brand in Türkiye with a broad product offering that includes buses ranging from 6 meters to 21 meters for passenger transportation. The company also manufactures Otokar Atlas light trucks under license, with a maximum payload ranging from 9 tons to 15 tons for the logistics sector.

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**CONTINENTS,
COUNTLESS OTOKAR
VEHICLES**



In 2024, Otokar expanded its commercial vehicle portfolio of buses and light trucks with the pickup truck segment. Building on its successful collaboration with Foton, a leading global manufacturer of commercial vehicles, Otokar launched the Tunland pickup truck onto the domestic market. Otokar markets its broad commercial product range in Türkiye and more than 60 countries across the world.

With numerous firsts to its name since its inception, Otokar engages in R&D activities in world standards. Otokar comes to the forefront in land vehicles for the defense industry with its expertise in the design, development and system integration of all kinds of vehicles and platforms. The company manufactures tactical wheeled and tracked armored vehicles and turret systems with owned intellectual property rights, and exports defense industry products to more than 40 countries. World-class knowhow in the defense industry as well as engineering, R&D and technology transfer capabilities distinguish Otokar among its peers.

MISSION

Otokar's vision is to preserve the local and national identity of its products by developing technologies in-house and to ensure the continued satisfaction of its clients, employees, and shareholders with total excellence philosophy.

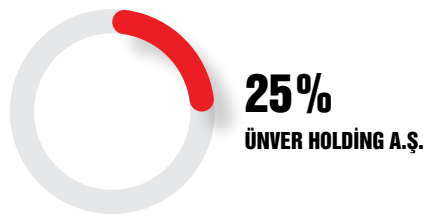
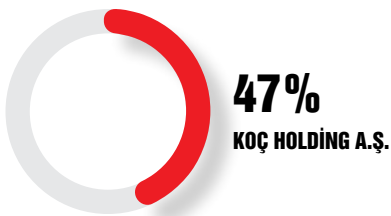
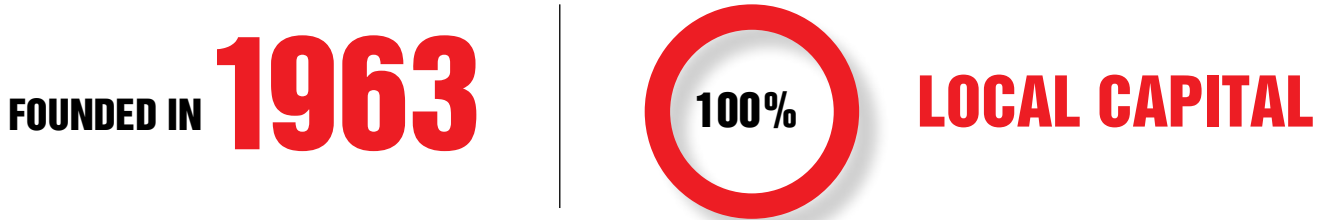
VISION

Otokar's primary mission is to design, manufacture and market commercial vehicles and various defense industry products with global competitive strength, all developed to meet customer expectations.

VALUES

Otokar, empowered by its employees, strives to ensure customer satisfaction and sound growth by delivering products and services of universal quality and standards in line with the objectives and principles set by the Koç Group. We are committed to being a symbol of trust, continuity and esteem for our country, customers, shareholders, dealers, and suppliers. Otokar always aspires to be "the best" in its efforts to serve its customers and sees its human resource as its most important assets. Otokar aims to contribute to the Turkish economy as its driving force and always upholds its superior business ethics and working principles as it works to create resources for continuous development.

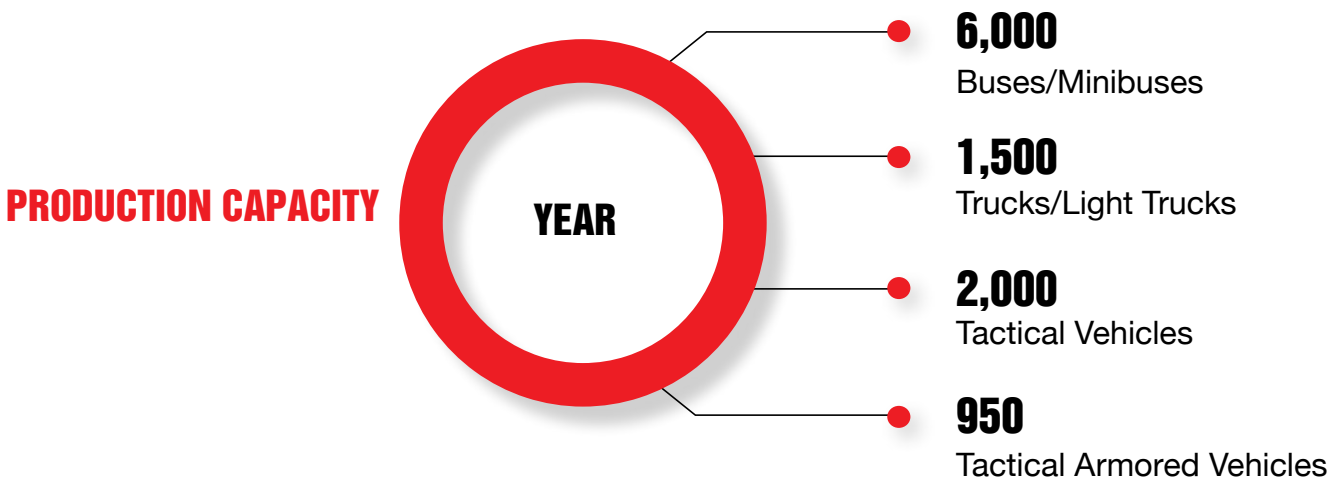
OTOKAR IN NUMBERS

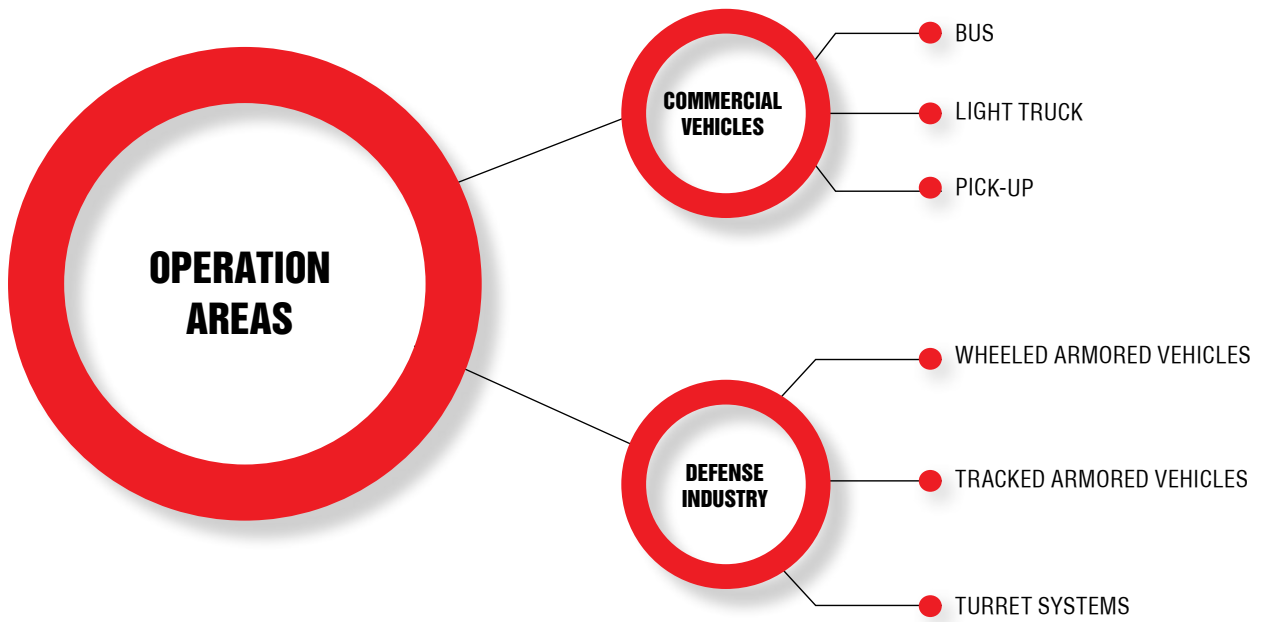


3,772
EMPLOYEES
(3,709 employees on indefinite contract)

555,000 M²
PRODUCTION AREA

300+
SALES AND AFTERSALES NETWORK





\$ 619 MILLION 2024 EXPORT REVENUES

TL 33,9 BILLION 2024 TURNOVER

GLOBAL COMPANY

Products with Otokar-owned intellectual property rights, used in over 75 countries across 5 continents

EXPORT CHAMPION

Türkiye's export champion in the defense industry land vehicles product group

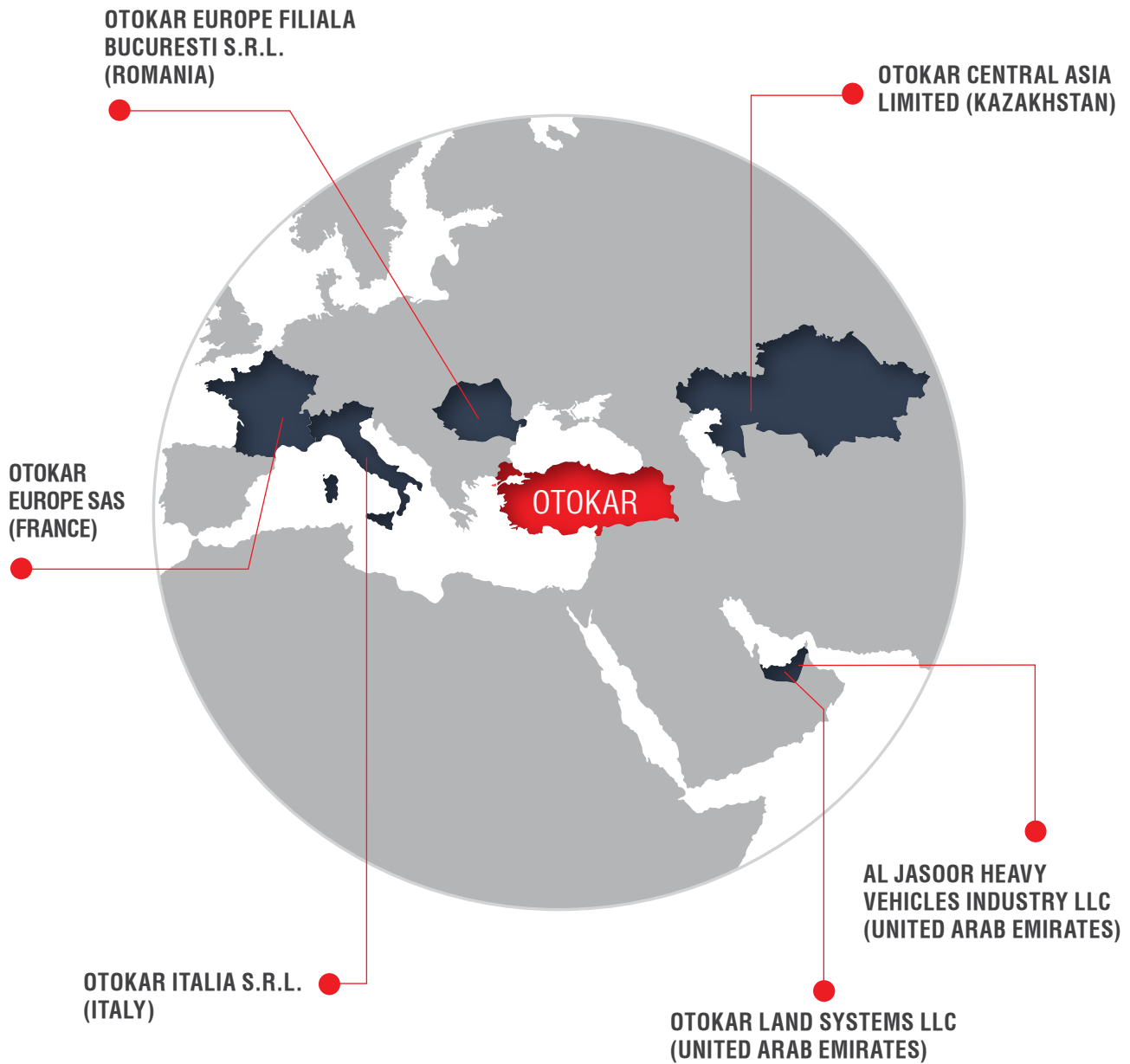
MARKET LEADER

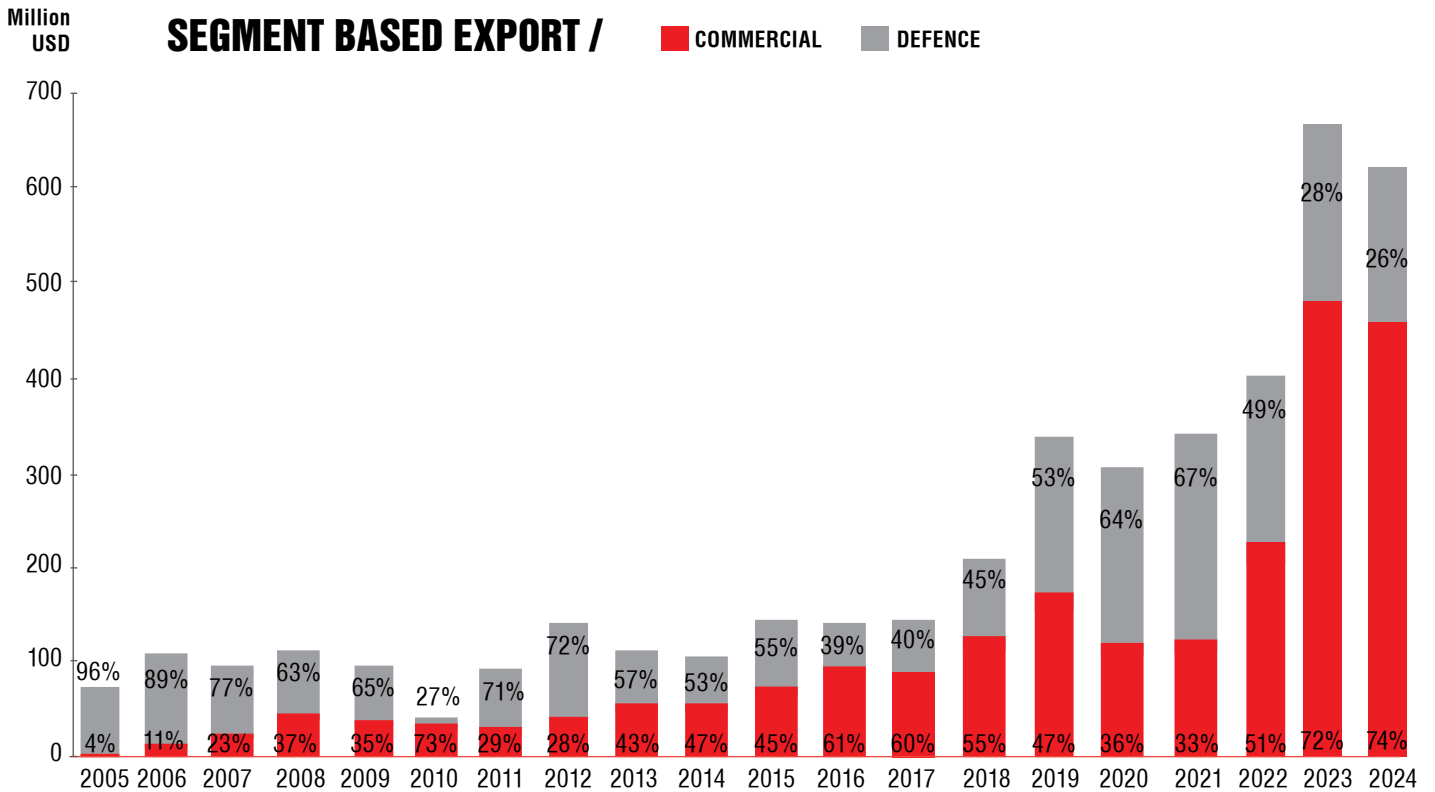
Most preferred bus brand in Türkiye

EUROPE'S 4TH LARGEST MANUFACTURER

Europe's fourth largest bus manufacturer

OTOKAR WORLDWIDE





For the years 2023 and 2024, TL values were indexed and converted from the year-end exchange rate.

COMPETITIVE ADVANTAGES

PRODUCTS WITH OTOKAR OWNED INTELLECTUAL PROPERTY RIGHTS

Independence to develop products to meet market requirements

PUBLICLY TRADED

Transparent structure, reliability

OPERATING IN NICHE MARKETS

Sustainable growth

R&D CAPABILITIES AND FLEXIBLE PRODUCTION ABILITY

Rapid product development and speed to market

CAPABILITY TO OFFER CUSTOMIZED FEATURES

Customer satisfaction guarantee

NO FOREIGN SHAREHOLDERS

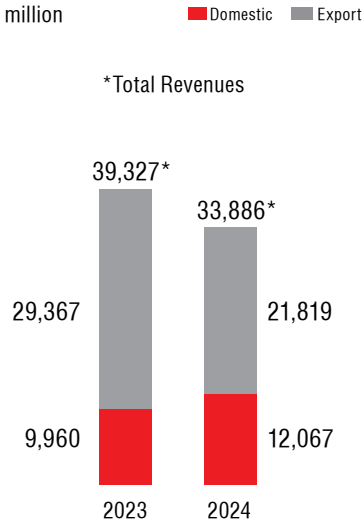
Freedom to determine company strategies

SUMMARY FINANCIAL INFORMATION

SALES QUANTITIES Unit



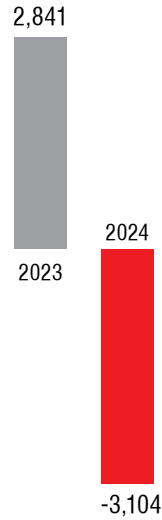
SALES REVENUES AND DISTRIBUTION TL million



EXPORT REVENUES USD million



NET PROFIT TL million

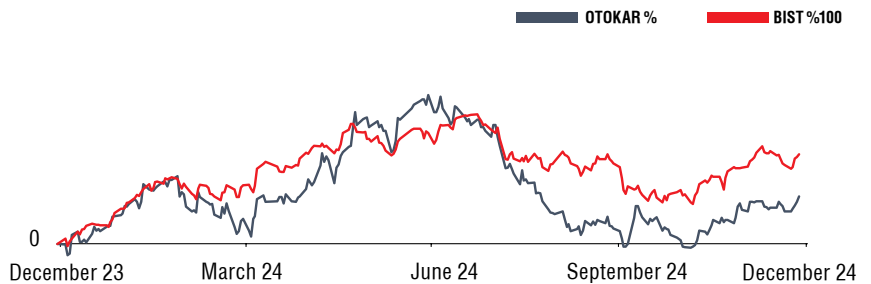


SHAREHOLDERS' EQUITY milyon TL



STOCK PERFORMANCE

Otokar Otomotiv ve Savunma Sanayi A.Ş. shares have been traded on Borsa Istanbul since April 24, 1995 with ticker symbol "OTKAR". In 2024, BIST 100 rose by 31.60%, while Otokar shares were traded at lowest TL 401.18 and highest TL 659.00, seeing 15.45% increase throughout the year.



MAIN RATIOS (%)

	2024	2023
Gross Profit Margin	16.3	23.2
Operating Margin	-2.1	9.1
Pre-Tax Profit Margin	-8.8	5.4
EBITDA Margin	-2.3	6.1
Net Profit Margin	-9.2	7.2

FINANCIAL RATIOS

Liquidity Ratios	2024	2023
Current Ratio (Current Assets/Short Term Liabilities)	1.30	1.15
Liquidity Ratio (Current Assets-Inventories/Short Term Liabilities)	0.71	0.80
Financial Leverage Ratios	2024	2023
Total Debt to Total Assets Ratio (Short Term Debt + Long Term Debt/Total Assets)	0.82	0.74
Equity/Total Debt Equity/(Short Term Debt + Long Term Debt)	0.23	0.34
Profitability Ratios	2024	2023
Sales Profitability Ratio (Pre-Tax Profit/Net Sales)	-0.09	0.05
Return on Assets (Pre-Tax Profit/Total Assets)	-0.07	0.04
Return on Equity (Net Profit/Shareholders' Equity)	-0.38	0.24

INDICATORS

5%

In 2024, revenues for R&D expenditures

71%

Share of Otokar-designed vehicle sales in turnover

51%

Capacity utilization rate

CORPORATE GOVERNANCE RATING SCORE **9.60**

AREAS OF OPERATION

COMMERCIAL VEHICLES



DESCRIPTION

- Develops and manufactures the widest bus portfolio in Türkiye, including public, intercity and tourism transportation buses ranging from 6 meters to 21 meters in length with varying passenger capacities.
- Exports buses to more than 60 countries, primarily in the European market.
- Offers an alternative fuel vehicle range, including electric, CNG, hybrid, and hydrogen fuel cell versions.
- Manufactures 9-ton to 15-ton Otokar Atlas light trucks under license.
- Entered the pickup truck segment with the launch of Foton Tunland G7.

DEFENSE INDUSTRY



- Türkiye's leading defense industry company.
- Otokar is a long-standing supplier of NATO and the United Nations, with over 33 thousand military vehicles currently in the inventories of more than 70 clients, including the Turkish army and security forces, in 40+ friendly and allied countries on five continents.
- Products are manufactured to order, depending on the intended purpose, capacity and protection levels.
- Exports of all armored vehicles subject to requirements of related governments' export license regulations.

PRODUCTS

BUSES

Centro, e-Centro, e-Centro Autonomous Sultan/Navigo (Sultan Comfort, Sultan Mega, Sultan LF, Sultan Giga, Navigo C, Navigo U, Navigo T, Agilo C)

Doruk T

Ulyso T

Kent (Kent LF, Kent CNG, Kent U, Kent C, Kent Hybrid, e-Kent, Kent Hydrogen)

Kent Articulated (Kent Articulated, Kent Articulated CNG, e-Kent Articulated)

Kent XL

Territo (Territo U, Territo CNG, e-Territo)

LIGHT TRUCKS

Otokar Atlas 9, Otokar Atlas 11, Otokar Atlas 15

PICK-UP

Foton Tunland G7

MARKET POSITION AND HIGHLIGHTS OF 2024

- Maintained leadership in the Turkish bus market for the 16th year.
- Otokar Atlas light truck product range expanded with 11-ton and 15-ton models.
- First 100% electric e-Atlas light truck sold. e-Atlas also became the first light truck exported from Türkiye to Europe.
- Two export agreements signed with Georgia for Kent and Centro.
- The commercial product range expanded with the pickup truck segment.
- Otokar Europe SAS' branch office opened in Germany.
- The 30,000th Sultan and the 5,000th Otokar Atlas rolled off the production line.
- Otokar vehicles showcased at exhibitions and fairs across Europe, including Germany, Bulgaria, France, Spain, Sweden, Switzerland, Italy, and Poland.
- Autonomous e-Centro successfully completed the functional safety tests conducted by independent organizations in Hungary.
- Otokar ranked the 4th largest bus manufacturer in Europe.

TACTICAL WHEELED VEHICLES

4x4 Tactical Wheeled Armored Vehicles (Ural, Akrep II, Cobra, Cobra II, Cobra II MRAP, Kaya II, Armored Internal Security Vehicle)

6x6 Tactical Wheeled Armored Vehicle (Arma 6x6)

8x8 Tactical Wheeled Armored Vehicle (Arma 8x8, Arma II 8x8)

TRACKED ARMORED VEHICLES

Tracked Armored Vehicles (Tulpar, Tulpar S)

UNMANNED ROBOTIC VEHICLES

Alpar

TURRET SYSTEMS

Mızrak RCWS, Keskin RCWS, Open Turrets, Internal Security Turret, Üçok, Başok

- Türkiye's export champion in the defense industry land vehicles product group in 2024.
- The contract for 1,059 4x4 tactical wheeled light armored vehicles was awarded to Otokar by Romtehnica, a Romanian Ministry of Defense company, marking the largest single-item armored vehicle export deal in Türkiye.
- Deliveries of Arma 6x6 armored vehicles to Estonia started. Arma 6x6 entered the inventory of a NATO country for the second time.
- Alpar and Arma II made their international debut.
- Alpar was equipped with fully autonomous driving capability with GPS and camera support systems.
- Ballistic and Mine Tests for compliance with the ISO/IEC Standard 17025:2017 successfully completed, International Accreditation maintained.
- Broad product range and capabilities exhibited at defense industry exhibitions and events in Azerbaijan, Bahrain, United Arab Emirates, Brazil, France, Philippines, South Africa, Malaysia, Romania, Saudi Arabia and Chile, spanning four continents.
- A variant of Ural with increased mine protection level was developed and qualified.

MILESTONES

As Türkiye’s prominent manufacturer of commercial vehicles and defense industry products, Otokar produces buses and light trucks in the commercial vehicles segment, and a variety of tactical wheeled and tracked armored vehicles and turret systems for the defense industry.



1980s

- Entered the defense industry
- Production of 4x4 tactical vehicles under Land Rover license

1990s

- Production of Otokar-designed military armored vehicles
- Exported Türkiye’s first tactical armored vehicle
- IPO
- Plant relocated to Sakarya

1960s

- Company incorporated
- Production of Magirus Deutz buses under license
- Production of Türkiye’s first intercity bus

1970s

- Production of minibuses for public transportation
- Joined Koç Group

2000s

- Small- and medium-size bus production
- Merger with İstanbul Fruehauf
- Research and development consolidated at the R&D Center
- Appointed prime contractor for Altay Main Battle Tank Project Phase I
- Production of Türkiye’s first hybrid bus



2010s

- Launch of the multi-wheeled armored vehicles range
- Otokar Europe incorporated in France
- Production of Türkiye's first electric bus
- Production of public transportation buses
- Production of Otokar Atlas light truck
- Production of Türkiye's first tracked armored vehicle
- Listed in the BIST Sustainability Index
- Smart bus application
- Otokar Land Systems incorporated in United Arab Emirates
- Qualification of Altay main battle tank prototypes and delivery to the Presidency of Defense Industry
- Production of Türkiye's first electric armored vehicle
- Otokar Europe Filiala Bucuresti SRL incorporated in Romania
- Otokar Central Asia incorporated in Kazakhstan

2020s

- Production agreement signed between Otokar and IVECO BUS
- Commissioning of the Cataphoresis Line
- Türkiye's Best Employer Award
- Safe production during the pandemic
- "Safe Bus" reducing coronavirus infection risk
- Investment incentive certificate
- Development e-Centro autonomous microbus
- e-Territo and Navigo T added to the commercial vehicles range, Cobra II MRAP and Arma II 8x8 added to the defense industry portfolio
- Heavy-class unmanned ground vehicle Alpar added to the product range, marking a first in Türkiye
- IETT's metrobus tender awarded to Otokar
- Exports of Otokar Atlas truck started
- Exterior design of Sultan buses get a fresh look
- Otokar Italia SRL incorporated in Italy
- Romania awarded Otokar a contract for 4x4 armored vehicles, marking Türkiye's largest single-item export deal for armored vehicles
- Otokar Atlas light truck family expanded with 11-ton and 15-ton models
- Türkiye's first electric light truck sold
- Entered the pickup truck segment with Foton Tunland G7
- Otokar Europe SAS opened branch office in Germany



HIGHLIGHTS OF 2024



- Otokar was named Türkiye's leading exporter of land vehicles at the 2024 Export Champions Awards presented by the Turkish Defense and Aerospace Industry Exporters' Association. Otokar also became Türkiye's most preferred bus brand for the 16th consecutive year.
- Deliveries of orders received from the Estonian Armed Forces started. As a result, Arma 6x6 armored vehicles entered the inventory of a NATO country for the second time.
- Otokar signed Türkiye's largest single-item armored vehicle export deal. As part of the deal, worth nearly Euro 857 million, signed with Romania, the first 278 units of the 1,059 Cobra II armored vehicles will be manufactured in Türkiye and the rest in Romania.
- An export agreement was signed with Georgia for a total of 95 units of Kent and Centro models. In line with the growth strategy in Europe in commercial vehicles, Otokar Europe SAS opened a branch office in Germany.
- The first electric light truck was sold in Türkiye. The 100% electric e-Atlas became the first light truck exported from Türkiye to Europe.
- Otokar expanded the Atlas light truck range with new 11-ton and 15-ton models.
- The 30,000th Sultan and the 5,000th Otokar Atlas were rolled off the production line at a special ceremony.
- The commercial product range expanded with the pickup truck segment, a niche market, and the promotion and sales of Foton Tunland G7 started.
- A range of commercial vehicles were showcases in European countries, including Germany, Bulgaria, France, Spain, Sweden, Switzerland, Italy, and Poland.
- Otokar participated in defense and security fairs and exhibitions in Azerbaijan, Bahrain, United Arab Emirates, Brazil, France, Philippines, South Africa, Malaysia, Romania, Saudi Arabia, and Chile.
- A Strong Future with Otokar project was launched to support the development of a highly qualified, technologically savvy and competent generation in STEM.
- Bus Monitor, Otokar's innovative telematics solution developed for the management and optimization of bus fleets, was exported to Portugal, marking a first.
- The Ministry of Energy and Natural Resources granted Productivity Enhancing Project (VAP) incentives to Otokar for the LED Conversion and Waste Heat Recovery projects.
- The Ballistic and Mine Tests for compliance with the ISO/IEC Standard 17025:2017 were successfully completed, enabling Otokar to maintain its International Accreditation.
- In line with the Carbon Transition Program plan, the greenhouse gas emissions of Otokar and all its subsidiaries were verified.
- In sustainable water management, rainwater collection system and the Cataphoresis Plant, process water was recycled, ensuring water circularity.
- Otokar named among the top exporters at the Export Champions Award Ceremony organized by Uludağ Automotive Industry Exporters' Association.
- Otokar climbed up 38 places and ranked 59th in Türkiye's Top 500 Industrial Enterprises list, according to the Istanbul Chamber of Industry's 2023 survey.
- Otokar rose from 181st place to 68th in Türkiye's Top 1,000 Exporters in 2023 list published by the Turkish Exporters Assembly.
- Otokar climbed 66 places year-on-year and ranked 77th in the Fortune 500 Türkiye 2023 Survey.
- Otokar was named a Great Place to Work.
- Otokar was awarded the Gold Medal with e-Atlas in the "Innovation" category at the 78th Plovdiv International Technical Fair.
- Otokar won the first prize with its Team Leader Development Program in the "Production/Service Field Employees Development Program" category at the Learning and Development Awards presented by TEGEP.
- The Future-proofing Otokar: Safety Culture and Process Improvements project was recognized with the OHS Special Award at the Shared Tomorrows Award Ceremony organized by TISK.
- Otokar was the sponsor of the "Horse Power" exhibition at the Rahmi M. Koç Museum in Istanbul. Land Rover Defender, produced by Otokar and traveling the world, was featured at the exhibition.
- Otokar continued to be the transportation sponsor of the contemporary art museum Arter.
- The representatives of authorized aftersales service centers and Otokar Atlas dealers were hosted at the Sakarya Plant.
- Otokar's participation in the Busworld Türkiye 2024 fair was carbon neutral.

GENERAL ASSEMBLY





GENERAL ASSEMBLY

MEETING AGENDA

AGENDA OF THE ANNUAL ORDINARY GENERAL ASSEMBLY MEETING OF OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş. ON 24.03.2024

1. Opening and election of the chairman to preside over the meeting.
2. Presentation of the 2024 Annual Report, prepared by the Board of Directors, for discussion and approval.
3. Presentation of the Summary Independent Audit Report for the 2024 fiscal year.
4. Presentation, discussion and approval of the company's Financial Statements for the 2024 fiscal year.
5. Release of each member of the Board of Directors individually for the affairs of the company in 2024.
6. As required by the Capital Markets Board regulations, approval of the amendment to the company's Dividend Policy to apply for 2025 and the ensuing years.
7. Approval, approval with modifications or refusal of the Board of Directors' proposal pertaining to when and how the profit of 2024 will be distributed in accordance with the company's dividend policy.
8. Provided that the necessary approvals are secured from the Capital Markets Board and the Ministry of Commerce, approval, approval with modifications or refusal of the Board of Directors' proposal to amend the Articles of Association: Article 7 - "Capital" to increase the registered capital ceiling and to extend its validity and Article 5 - "Head Office and Branch Offices of the Company" to update the registered address.
9. Determining the number of members of the Board of Directors and their terms of office, election in accordance with the resolved number, and election of the independent members of the Board of Directors.
10. Presentation of the Remuneration Policy for Senior Executives and Members of the Board of Directors, and payments made thereof pursuant to the Corporate Governance Principles to the shareholders for approval.
11. Resolution of the annual gross salaries to be paid to the members of the Board of Directors.
12. Approval of the appointment of the independent audit firm selected by the Board of Directors pursuant to the provisions of the Turkish Commercial Code and the Capital Markets Board and the Public Oversight, Accounting and Auditing Standards Authority regulations.
13. Providing information to the shareholders regarding the donations made by the company in 2024 in accordance with the Donation and Sponsorship Policy and determination of an upper limit for donations to be made in 2025.
14. Pursuant to Capital Markets Board regulations, informing the shareholders about the income or benefits obtained in 2024 through guarantees, pledges, liens, and sureties extended by the company and its subsidiaries to third parties.
15. Pursuant to Articles 395 and 396 of the Turkish Commercial Code and CMB regulations, authorization of the shareholders with management control, the members of the Board of Directors, the senior executives and their spouses and relatives related by blood or affinity up to the second degree; and presentation to the shareholders, of the transactions carried out thereof in 2024 according to the Corporate Governance Communiqué of the Capital Markets Board.
16. Wishes and opinions.

GENERAL ASSEMBLY

(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



Otokar Otomotiv ve Savunma Sanayi A.Ş. Genel Kurulu'na

1. Opinion

We have audited the annual report of Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi ("the Company") and its subsidiaries ("the Group") for the period of 1/1/2024-31/12/2024.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

2. Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated February 5, 2025 on the full set consolidated financial statements of the Group for the period of 1/1/2024-31/12/2024.

4. The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- The annual report also includes the matters below:
 - Subsequent events occurred after the end of the fiscal year which have significance,
 - The research and development activities of the Group,
 - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

5. Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Ferzan Ülgen.

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

Ferzan Ülgen, SMMM
Partner

February 28, 2025
İstanbul, Türkiye

GENERAL ASSEMBLY

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş. BOARD OF DIRECTORS' REPORT 01.01.2024 - 31.12.2024

The consolidated financial statements of our company, containing the 2024 activities and the results thereof, prepared in compliance with Turkish Financial Reporting Standards (TFRS) and formats determined by the Capital Markets Board (CMB) in accordance with the CMB's "Communiqué on Principles of Financial Reporting in Capital Markets" ("Communiqué") II.14.1, and pursuant to the resolution dated 28.12.2023 on the implementation of inflation accounting, are presented to our shareholders and the public.

The members of the Board of Directors, who were elected at the Ordinary Annual General Assembly Meeting on March 27, 2024 and served during the reporting period:

Board of Directors	
Full Name	Title
Yıldırım Ali KOÇ	Chairman
Selin Ayla ÜNVER	Vice Chair
Levent ÇAKIROĞLU	Member
Haydar YENİGÜN	Member
İsmail Cenk ÇİMEN	Member
Ahmet Serdar GÖRGÜÇ	Member
Ali İhsan İLKBAHAR	Independent Member
Fatma Füsun AKKAL BOZOK	Independent Member
Kamil Ömer BOZER	Independent Member

Chairman, Vice Chair and members of the Board of Directors have been elected on March 27, 2024 to serve until the next Ordinary General Assembly Meeting where 2024 activities would be reviewed.

Provisions regarding the members of the Board of Directors are outlined in Articles 11, 12 and 13 of the company's Articles of Association and the provisions of the Turkish Commercial Code.

The committees established according to the provisions of the Corporate Governance Communiqué of the Capital Markets Board and information on the board members, who serve on these committees are listed below:

Committee	Chair	Member
Audit Committee	Kamil Ömer BOZER	Fatma Füsun AKKAL BOZOK
Risk Management Committee	Fatma Füsun AKKAL BOZOK	Haydar YENİGÜN
Corporate Governance Committee	Ali İhsan İLKBAHAR	Levent ÇAKIROĞLU, Hüseyin ODABAŞ

The working principles of the committees are available on the corporate website.

CAPITAL AND SHAREHOLDING STRUCTURE

As of December 31, 2023, the company's registered capital ceiling is TL 100 million, and the issued capital is TL 120 million.

Shareholders with more than 10% of the capital, their shares, and their stakes in the capital are listed below.

GENERAL ASSEMBLY

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş. BOARD OF DIRECTORS' REPORT 01.01.2024 - 31.12.2024

Shareholder	Share (TL)	Share %
Koç Holding A.Ş.	56,850,123	47.38
Ünver Holding A.Ş.	29,774,719	24.81
Other Shareholders	33,375,158	27.81
Total	120,000,000	100.00

The main shareholder Koç Holding A.Ş. is controlled by Koç Family and companies owned by Koç Family. The other large shareholder Ünver Holding A.Ş. is controlled by Ünver Family. The balance representing 27.81% of the capital with a nominal value of TL 33,375,158 consists of other shareholders and free-floating shares.

Information on the company's subsidiaries and affiliates subject to consolidation is as follows:

Subsidiaries	Country	Main Field of Operation	Industry
Otokar Europe SAS	France	Sales and marketing	Automotive
Otokar Land Systems Limited	United Arab Emirates	Sales and marketing	Automotive and Defense
Otokar Europe Filiala Bucuresti S.R.L.	Romania	Sales and marketing	Automotive
Otokar Central Asia Limited	Kazakhstan	Sales and marketing	Automotive and Defense
Otokar Italia S.R.L.	Italy	Sales and marketing	Automotive
Joint Ventures	Country	Main Field of Operation	Industry
Al Jasoor Heavy Vehicle Industry LLC	United Arab Emirates	Sales and marketing	Automotive and Defense

Otokar has opened a branch office in Romania to support the company's business in the country. The required announcement was published on the Public Disclosure Platform on October 4, 2024.

Dividend Distribution and Rates

Otokar has paid out cash dividends in the rates shown below, representing a ratio to the issued capital.

Period	%
2022	-
2023	600.00

The dividends for the 2023 operating period were paid out fully in cash, starting from April 3, 2024.

The shareholders may access corporate and financial information about the company under the Investor Relations section on www.otokar.com.

AUTOMOTIVE INDUSTRY AND OTOKAR

Otokar operates in the automotive industry's commercial vehicles segment, manufacturing a product lineup of minibuses, midibuses and buses preferred in public transportation and personnel shuttles for the commercial market as well as light trucks. On the other hand, the defense industry range includes various types of tactical wheeled armored vehicles, tracked armored vehicles, and turret systems. In 2024, Otokar launched Tunland vehicles onto the market, expanding the product range with the addition of the pick-up truck segment. As a global company with 100% Turkish capital, Otokar is currently positioned in the automotive and defense industries with products with owned intellectual rights.

GENERAL ASSEMBLY

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş. BOARD OF DIRECTORS' REPORT 01.01.2024 - 31.12.2024

MARKET - SALES - PRODUCTION

Guided by OSD (Automotive Manufacturers Association) data, the industry-specific developments of 2024 are summarized below:

- In 2024, total vehicle production decreased by 7% year-on-year down to 1,365,296 units. Passenger car production dropped to 904,513 units with a decrease of 5%.
- Total transportation vehicles market fared at similar levels with 1,285,632 units while the passenger car market grew by 1% year on year, reaching 980,341 units.

In 2024, year-on-year vehicle production figures by segments were as follows:

- Light Commercial Vehicles Segment
 - Minibuses 24% increase
 - Midibuses 6% increase
 - Light trucks 13% decrease
- Heavy Commercial Vehicles Segment
 - Buses 9% decrease
 - Trucks 31% decrease
- In 2024, domestic light commercial vehicle sales decreased by 43% while imported light commercial vehicle sales rose by 32% year-on-year.
- In the same period, imports accounted for 73% of the light commercial vehicle (minibus + light truck) market.

PRODUCTION AND SALES

The company's year-on-year production and sales figures by product type are listed below. Otokar started to sell imported Tunland pick-up trucks in the domestic market in October.

	2024 (Jan-Dec)		2023 (Jan-Dec)		Change (Units)		Change (%)	
	Production	Sales	Production	Sales	Production	Sales	Production	Sales
Minibuses	149	169	225	195	(76)	(26)	(34)	(13)
Small Buses	1,944	1,821	1,670	1,718	274	103	16	6
Buses	1,597	1,643	1,899	1,937	(302)	(294)	(16)	(15)
Military Vehicles	320	201	312	305	8	(104)	3	(34)
Light Trucks	1,365	1,262	912	996	453	266	50	27
Pick-ups	-	298	-	-	-	298	-	100
Total	5,375	5,394	5,018	5,151	357	243	7	5

GENERAL ASSEMBLY

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş. BOARD OF DIRECTORS' REPORT 01.01.2024 - 31.12.2024

According to the consolidated financial statements prepared pursuant to applicable legislation, the company's 2024 revenues decreased by 14% year-on-year.

Distribution of revenues by domestic sales and exports in comparison to the previous year is summarized below.

	2024 (Jan-Dec) (TL Thousand)	2023 (Jan-Dec) (TL Thousand)	Change %
Domestic sales	12,067,376	9,960,390	21
Exports	21,818,404	29,366,794	(26)
TOTAL	33,885,780	39,327,184	(14)

The company's exports amounted to USD 619,431 thousand in 2024 (2023: USD 666,467 thousand), accounting for 64% of total revenues (2023: 75%).

In 2024, capacity utilization rate was 51% (2023: 52%).

Otokar owes its growth to products with owned design and intellectual property rights and created thanks to strong engineering and research & development capabilities. Following a strategy of growing in the defense industry, increasing the share of exports in its revenues, and expanding with new models, Otokar strives to reach these targets.

INVESTMENTS

Otokar's R&D investments, which started years ago following a major decision to ramp up research and development activities to capture the rapid growth targeted in vehicles with owned intellectual property rights, continued in 2024. The company's total investments, including R&D expenditures, amounted to approximately USD 93 million in 2024.

ADMINISTRATIVE AFFAIRS

The company's senior management team and their titles in 2024 are listed below.

Full Name	Title
İbrahim Aykut ÖZÜNER	General Manager
Hüseyin ODABAŞ	Assistant General Manager - Finance
Uğur Sedef VEHBİ	Assistant General Manager - Military Vehicles
Mustafa Kerem ERMAN	Assistant General Manager - Commercial Vehicles
Onur VURAL	Assistant General Manager - Operations

GENERAL ASSEMBLY

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş. BOARD OF DIRECTORS' REPORT 01.01.2024 - 31.12.2024

Number of Group employees as of year-end and average figures:

	31 December 2024		31 December 2023	
	Year-end	Average	Year-end	Average
Office employees	900	974	980	915
Field employees on indefinite contracts	2,809	2,754	2,600	2,153
Total	3,709	3,728	3,580	3,068
Field employees on term contracts	63	434	813	987
Total	3,772	4,162	4,393	4,055

No incidents of disputes or labor movements were observed within the reporting period.

Otokar is subject to the Collective Labor Agreement, signed between the Turkish Metal Workers Union and MESS (Turkish Employers' Association of Metal Industries) on January 17, 2024 to be effective from September 1, 2023 to August 31, 2025.

The company has committed to comply with the Corporate Governance Principles issued by the Capital Markets Board and to introduce the necessary changes in line with the latest developments. Otokar has been rated by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. in accordance with CMB's (Capital Markets Board) Communiqué on "The Principles Regarding Rating Activity in Capital Markets and Rating Agencies" for rating the compliance of BIST-listed corporations with the Corporate Governance Principles. The Corporate Governance Rating Report is published on www.otokar.com.

Otokar's Corporate Governance Rating rose from 95.60 (9.56) in 2023 to 95.99 (9.60) in 2024.

In recognition of its sustainability-focused activities, Otokar has been listed in the BIST (Borsa Istanbul) Sustainability Index, whose constituents include the top performers in corporate sustainability, since 2014. Through the Sustainability Index, Otokar discloses information regarding its environmental, social and corporate governance performance and results as well as related goals.

2023 Otokar Sustainability Report is available on the corporate website: www.otokar.com

FINANCIAL RESULTS

The company presents to the public its 2024 consolidated financial statements, prepared in in compliance with Turkish Financial Reporting Standards (TFRS) and formats determined by the Capital Markets Board (CMB) in accordance with the CMB's "Communiqué on Principles of Financial Reporting in Capital Markets" ("Communiqué") II.14.1, and pursuant to the resolution dated 28.12.2023 on the implementation of inflation accounting.

The company has attained the operational and financial targets set for 2024, and the financial statements, notes and ratios showing the results of the activities in 2024 are also presented.

GENERAL ASSEMBLY

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş.
BOARD OF DIRECTORS' REPORT 01.01.2024 - 31.12.2024

The consolidated revenues of the company as of year-end 2024 amounted to TL 33,885,780 thousand and gross profit to TL 5,519,000 thousand.

Pursuant to CMB regulations and according to the consolidated financial statements prepared in accordance with the Turkish Financial Reporting Standards and the resolution dated 28.12.2023 on the implementation of inflation accounting, the company has posted a loss of TL 2,988,166 thousand before tax, and a net period loss of TL 3,104,429 thousand in 2024.

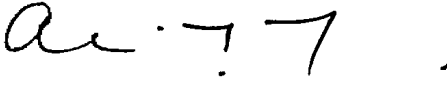
We hereby submit an overview of the operations in 2024 and the results for your consideration.

Esteemed Shareholders,

The Board of Directors has completed its one-year term today.

The Board members to serve in the next term will be elected in this meeting. We would like to extend our thanks for your confidence, interest and support during our term.

İstanbul, February 28, 2025



Ali Y. KOÇ
Chairman

GENERAL ASSEMBLY

INDEPENDENT AUDITOR'S REPORT



1) Opinion

We have audited the consolidated financial statements of Otokar Otomotiv ve Savunma Sanayi A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards ("TFRS").

Full text of the opinion pertaining to the Independent Audit Report is presented on page 108.

GENERAL ASSEMBLY

SUMMARY OF FINANCIAL TABLES

Consolidated Balance Sheet

Thousand TL	2024	2023
Total Current Assets	30,304,934	34,793,354
Non-Current Assets	14,061,745	12,107,654
Total Assets	44,366,679	46,901,008
Total Non-Current Liabilities	23,279,014	30,186,794
Total Liabilities	12,899,429	4,726,230
Total Equity	8,188,236	11,987,984
Total Liabilities and Equity	44,366,679	46,901,008

Consolidated Income Statement

Thousand TL	2024	2023
Sales	33,885,780	39,327,185
Cost of Goods Sold	(28,366,780)	(30,221,430)
Gross Profit	5,519,000	9,105,755
Operating Profit	(702,304)	3,597,987
Profit Before Tax	(2,988,166)	2,105,071
Tax Income/Expense	(116,263)	736,250
Profit for the Period	(3,104,429)	2,841,321
Earnings Per Share (kr)	(25,870)	35,275

GENERAL ASSEMBLY

BOARD OF DIRECTORS



Yıldırım Ali Koç / Chairman

Y. Ali Koç holds a bachelor's degree in management from Rice University (USA) and an MBA from Harvard Business School. Mr. Koç started his career in 1990 at American Express Bank as a Management Trainee and continued as an Investment Analyst at Morgan Stanley Investment Bank from 1992 to 1994. Ali Koç joined Koç Holding in 1997 as New Business Development Coordinator in the Strategic Planning Group and held senior level positions, including the President of Corporate Communications and IT Group from 2006 to 2010. He has served as a Board Member at Koç Holding for over eight years and as Vice Chairman since February 2016. In addition to serving as the Chairman of Koç Financial Services and Yapı Kredi Bank since April 2016, Ali Koç is also a Chairman at other Koç Group companies, including Otokar and Ford Otosan. Furthermore, Mr. Koç contributes to the country's social and economic development as Chairman of Fenerbahçe Sports Club, and a Board member at National Competition Research Association (URAK) and Endeavor Association, an Executive Board Member at European Club Association (ECA), and a member of the Board of Trustees at TEMA Foundation. He is also a member of the Global Advisory Council of Bank of America, Harvard University, and Council on Foreign Relations. In addition to being a Senior Advisor at Chatham House, he also represents Türkiye at CBI-Confederation of British Industry.



Selin Ayla Ünver / Vice Chair

Selin Ünver completed her education in Switzerland, and gained experience in finance and accounting. Ms. Ünver is currently the Chairwoman of Ünver Holding A.Ş. and the Vice Chair of Otokar.



Levent Çakıroğlu / Board Member

Levent Çakıroğlu received his bachelor's degree in Business Administration from Ankara University's School of Political Sciences and his master's degree from Illinois University (USA). Mr. Çakıroğlu began his career in 1988 as a Junior Analyst at the Ministry of Finance and went on to serve as a Financial Analyst from 1991 to 1997. He was appointed Vice President of the Financial Crimes Investigation Board at the Ministry of Finance (1997-1998), while he also taught at Bilkent University as a part-time lecturer. Joining Koç Holding as Finance Group Coordinator in 1998, he served as the CEOs of Koçtaş (2002- 2007), and Migros (2007- 2008). He was appointed the CEO of Arçelik in 2008, and also served as the Koç Holding Durable Goods Group President starting from April 2010. He was appointed the CEO of Koç Holding A.Ş. in April 2015. Mr. Çakıroğlu is also the Chairman of Arçelik-LG and TürkTraktör, Vice Chairman of Yapı Kredi Bank, and a Board Member at Otokar and other Koç Group companies.

GENERAL ASSEMBLY

BOARD OF DIRECTORS



Haydar Yenigün / Board Member

Haydar Yenigün earned his bachelor's degree in mechanical engineering from Yıldız Technical University in 1987. The same year, he started his career as an engineer at the production department of Ford Otomotiv Sanayi A.Ş., working in various roles until 1990. After completing his military service, he continued to work as a Project Engineer (1992-1997). Following the agreement signed between Ford Motor Company and Otosan A.Ş. for the equal partnership, he assumed various responsibilities during the establishment of the Kocaeli Plant, where he was appointed as the Project Leader in 1998, serving until 2007. From 2007 to 2012, he worked as Kocaeli Plant Manager and Assistant General Manager at Ford Otosan. After serving as the General Manager of Ford Otomotiv Sanayi A.Ş. (2012-2022), he was appointed as President, Automotive Group at Koç Holding A.Ş. in 2022. Mr. Yenigün's various external assignments include: Member in Turkish Industry and Business Association (TUSIAD), Vice Chair of the Executive Committee of Türkiye-U.S. Business Council (TAİK), and Assembly Member in Istanbul Chamber of Industry (ISO). Previously, Haydar Yenigün served as the Chairman of Automotive Manufacturers Association (OSD) (March 2018 – March 2022) and a Board member in the European Automobile Manufacturers Association (ACEA) (2020-2022).



İsmail Cenk Çimen / Board Member

İsmail Cenk Çimen studied Industrial Engineering at Istanbul Technical University, and later attended Executive Development Programs at the University of California, Los Angeles and Stanford University (USA). Joining Koç Group as a Management Trainee at Nasoto (1991), he went on to serve as Sales Coordinator, Regional Director, and Import Director at Otosan Pazarlama (1993-1996). Following his role as Fleet Sales Manager at Ford Otosan (1996-1998), he was appointed General Manager at Otokoç Ankara (1998). In 2001, Mr. Çimen became the General Manager of Otokoç, which brought together several auto businesses under one umbrella. In addition to his role at Otokoç. Mr. Çimen was also appointed General Manager of Birmot A.Ş. in 2005, and the management of Avis rent a car business was added to his responsibilities the same year. İsmail Cenk Çimen served as the President of the Automotive Group at Koç Holding from June 2009 until his retirement on April 1, 2022. He is currently a Board Member at Otokar.



Ahmet Serdar Görgüç / Board Member

Ahmet Serdar Görgüç graduated from the Department of Mechanical Engineering at Boğaziçi University and later earned a master's degree in Business Administration from Istanbul University. Mr. Görgüç joined Koç Group in 1982, working at the Group's R&D Center. He served as the Automotive Unit Manager at the R&D Center until 1985 and was appointed Advanced Projects Design Manager at Otokar the same year. Mr. Görgüç served as Product Engineering Manager (1989-1995), and as Assistant General Manager - Engineering (1995-2005). After serving as the General Manager of Otokar since 2006, Ahmet Serdar Görgüç retired on April 1, 2024, while his role as a Board member has continued.

GENERAL ASSEMBLY

BOARD OF DIRECTORS



Ali İhsan İlkbahar / Independent Board Member

Ali İhsan İlkbahar graduated from Istanbul Technical University with an M.Sc. in Mechanical Engineering in 1962 and following a two-year military service, started working as a Manufacturing Engineer at Otosan in 1964. He spent his entire professional life at Ford Otosan where he served as the General Manager during the last 14 years of his career, when he was also the Koç Holding Ford Group head and retired at the beginning of 2000. He was involved in the construction project of the Otosan Engine Plant in İnönü, Eskişehir (1977-1980) and led the Gölcük Plant project and Connect Vehicle project (1997-2000). He was the President of the Automotive Manufacturers Association from 1989 through February 2004. He served on the Board of Ford Otosan from 1991 to 2012 and was reelected as a member on March 25, 2014. Mr. İlkbahar has also served on the Corporate Governance Committee at Ford Otosan from April 2014 to March 2022. Mr. İlkbahar has been an Independent Board Member at Otokar since 2020.



Fatma Füsün Akkal Bozok / Independent Board Member

Fatma Füsün Akkal Bozok earned a bachelor's degree in Business Administration from Istanbul University. She also holds an MBA from Boğaziçi University and a PhD in Business Administration from İstanbul University. She started her career as an Auditor at Arthur Andersen in 1980. Joining Koç Holding in 1983 as an auditor at the Internal Audit Department, she went on to serve as an Audit Coordinator (1992-2003), and was later appointed Finance Director (2003). During her tenure as an audit coordinator, Bozok also worked as a Project Manager (1995-1996) for Koç Group's MIS Project. Bozok later pursued an academic career, teaching Computer Systems Oversight and International Finance at Koç University (2006- 2008), and International Finance and Auditing at Sabancı University, Sabancı Business School (2008-2020). Füsün Bozok was previously a Board Member at Yapı Kredi Bank (2004-2018), Akiş GYO (2017-2021), İzocam (2018-2021), and an Independent Board Member at Bizim Toptan (2017-2023). She was appointed as an Independent Member to the Boards of Tat Gıda Sanayi, and Ford Otosan in 2018, Gözde Girişim Sermayesi in 2020, and Kocaer Çelik in 2023. As of 2024, she serves as an Independent Board Member at Lila Kağıt Sanayi ve Ticaret A.Ş. and Otokar Otomotiv ve Savunma Sanayi A.Ş. Ms. Bozok, a member of Corporate Governance Association of Türkiye, holds CMB Credit Rating, Corporate Governance, Advanced Level, and Derivative Licenses.



Kamil Ömer Bozer / Independent Board Member

Kamil Ömer Bozer earned his bachelor's degree in Business Administration from the Middle East Technical University, followed by an MBA from Georgia State University (USA). He started his professional career as a management trainee at Koç Holding A.Ş. in 1985. He went on to serve as Deputy General Manager at Maret A.Ş. (1990), General Manager at Düzey A.Ş. (1995), and General Manager at Migros Türk T.A.Ş. (2002). During his term at Migros Türk T.A.Ş, he also began to serve as the Food, Retail and Tourism Group President at Koç Holding A.Ş. (September 2004), a position he held until April 2011 when he resigned from his executive roles. Since then, Kamil Ömer Bozer has held Independent Board Member and Board Member positions at Coca-Cola İçecek A.Ş., Anadolu Efes, Adel Kalemçilik Ticaret ve Sanayi A.Ş., Anadolu Isuzu, Anadolu Etap A.Ş., Kamil Yazıcı Management Consultancy, Carrefoursa, Dardanel A.Ş., Tüpraş, and Arçelik A.Ş. Mr. Bozer is currently a Board Member at Boyner Holding and an Independent Member on the Board of Otokar Otomotiv ve Savunma Sanayi A.Ş. as of 2024.



GENERAL ASSEMBLY

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş. DIVIDEND POLICY (REVISED COPY WITH PROPOSED AMENDMENTS)

The Company pays out dividends in accordance with the provisions of the Turkish Commercial Code, Capital Market Legislation, Tax Regulations and other applicable legislation, as well as the profit distribution provision in the Articles of Association. As required by the Corporate Governance Principles, a balanced and consistent policy is followed between the interests of the Shareholders and those of the Company.

In principle, to the extent allowed by applicable regulations, **investment needs** and financial resources, taking into consideration market expectations, long-term corporate strategies, investment and financing policies, and profitability and cash position, a minimum 50% of the **Company's** distributable profit for the period calculated in accordance with Capital Markets Regulations is paid out in cash and/or distributed in bonus shares **as long as it can be covered by the available resources in the statutory records or upon the decision of the Extraordinary General Assembly that convenes within the year.**

No privileges are considered in dividend distribution. The dividend is paid out equally to all existing shares as of the determined distribution date, regardless of their issuance and acquisition dates.

While the Company aims to pay out dividends at the latest within one month subsequent to the General Assembly Meeting, the date of dividend payments is resolved by the General Assembly. The General Assembly or, if authorized, the Board of Directors may decide to pay out the dividends in installments in accordance with Capital Markets Regulations.

According to the Company's Articles of Association, the Board of Directors may pay out advance dividends, provided that it is authorized by the General Assembly and complies with the Capital Markets Regulations.

GENERAL ASSEMBLY

01.01.2024-31.12.2024 FISCAL YEAR DIVIDEND PAYMENT PROPOSAL

Otokar Otomotiv ve Savunma Sanayi A.Ş. Dividend Distribution Table 2024 (TL)

1. Paid-in/Issued Capital *			120.000.000
2. Total Legal Reserves (According on Legal Records) **			254.798.147
Information concerning any privileges provided in the articles of association regarding profit			
		According to CMB	According to Statutory Records
3	Current Period Profit	(2.988.166.053)	(3.218.613.701)
4	Taxes Payable (-)	116.262.975	-
5	Net Current Period Profit (=)	(3.104.429.028)	(3.218.613.701)
6	Losses in the Previous Years (-)		
7	Primary Legal Reserve (-)		
8	NET DISTRIBUTABLE CURRENT PERIOD PROFIT (=)	0	0
9	9 Donations made during the year (+)	21.563.475	
10	Donations-Added Net Distributable Current Period Profit	0	0
11	First Dividend to Shareholders ***		
	- Cash		
	- Bonus Shares		
	- Total		
12	Dividend Distributed to Owners of Privileged Shares		
13	Other Dividend Distributed		
	- To the Members of the Board of Directors		
	- To the Employees		
	- To None Shareholders		
14	Dividend to Owners of Redeemed Shares		
15	Second Dividend to Shareholders		
16	Legal Reserves		
17	Status Reserves		
18	Special Reserves		
19	EXTRAORDINARY RESERVES	0	0
20	Other Distributable Resources		
	- Previous year's profit		
21	Legal Reserves Allocated for Other Source as Proposed to be Distributed		

Dividend Ratios Table

	Group	Cash Dividend Amount (TL)		Total Dividend Amount/Net Distributable Current Period Profit	Dividend to be paid for Share With Per Value of TL 1	
		Cash (TL)	Bonus (TL)	Ratio (%)	Amount (TL)	Ratio (%)
Gross	-	0,00	0	0,00	0,00000	0,000
	TOTAL	0,00	0	0,00	0,00000	0,000
Net	-	0,00	0	0,00	0,00000	0,000
	TOTAL	0,00	0	0,00	0,00000	0,000

* The amount is the registered nominal capital amount, and there is a capital inflation adjustment difference of 795,149,478.66 TL in the records prepared in accordance with Tax Procedure Law.

** The amount is the nominal general legal reserves amount, and there is an inflation adjustment difference of 1,669,329,645.87 TL regarding the legal reserves in the records prepared in accordance with the Tax Procedure Law after inflation accounting application.

GENERAL ASSEMBLY

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş. AMENDMENT TO THE ARTICLES OF ASSOCIATION AND RELATED BOARD OF DIRECTORS' RESOLUTION

AMENDMENT TO THE ARTICLES OF ASSOCIATION AND RELATED BOARD OF DIRECTORS' RESOLUTION

The Board of Directors has resolved on January 28, 2025 to file applications with the Capital Markets Board and the Ministry of Trade to obtain the necessary permissions to amend the Articles of Association as follows:

- “Article 5. Head Office and Branch Offices of the Company” to be amended to reflect the change in the company’s headquarters address;
- “Article 7. Capital” to be amended to increase the registered capital ceiling and extend its validity period,

The Board of Directors has also resolved to submit the amended copies of these articles to the shareholders at the first upcoming General Assembly Meeting for approval.

The draft amendment to the Articles of Association - approved by the Capital Markets Board on 03.02.2025 and by the Ministry of Trade on 13.02.2025 - that will be submitted to the shareholders for approval as specified in the 8th item of the General Assembly agenda is provided below.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ – DRAFT AMENDMENT TO THE ARTICLES OF ASSOCIATION	
CURRENT COPY	AMENDED COPY
<p>Article 5. Head Office and Branch Offices of the Company</p> <p>The company’s legal headquarters is located at Aydınevler Mahallesi, Saygı Caddesi, No. 58, A Blok, 34854, Maltepe, İstanbul, whereas its business headquarters is located at Atatürk Caddesi, No. 6, 54580, Arifiye, Sakarya. In case of change of address, the new address shall be registered in the Trade Registry and announced in Turkey’s Trade Registry Gazette. Also, it shall be notified to the Ministry of Customs and Trade and Capital Markets Board. The notification to the registered and announced address shall be deemed to have been made to the Company. The failure of a company to register and announce its new address despite leaving its registered and announced address is considered to be a reason for termination. If the company opens new branches, such branches shall be registered in the Trade Registry and announced in Turkey’s Trade Registry Gazette.</p>	<p>Article 5. Head Office and Branch Offices of the Company</p> <p>The company’s headquarters is located in Çekmeköy, İstanbul. The address is: Taşdelen Mahallesi Sırrı Çelik Bulvarı No:5 Çekmeköy, İSTANBUL. In case of change of address, the new address shall be registered in the Trade Registry and announced in Turkey’s Trade Registry Gazette. Also, it shall be notified to the Ministry of Trade and Capital Markets Board. The notification to the registered and announced address shall be deemed to have been made to the Company. The failure of a company to register and announce its new address despite leaving its registered and announced address is considered to be a reason for termination.</p> <p>If the company opens new branches, such branches shall be registered in the Trade Registry and announced in Turkey’s Trade Registry Gazette.</p>

GENERAL ASSEMBLY

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş. AMENDMENT TO THE ARTICLES OF ASSOCIATION AND RELATED BOARD OF DIRECTORS' RESOLUTION

AMENDMENT TO THE ARTICLES OF ASSOCIATION AND RELATED BOARD OF DIRECTORS' RESOLUTION

Article 7. Capital

The company accepted the registered capital system in line with the provisions of the Law No. 2499 and switched to the system with the permission of the Capital Markets Board dated March 7, 1996, and No. 15/263.

The company's registered capital ceiling amounts to ~~TL100,000,000 (one hundred million Turkish Lira)~~, and it is divided into ~~10,000,000,000 (ten billion)~~ registered shares each having a value of 1 (one) Kuruş.

The registered capital ceiling permission granted by the Capital Markets Board is valid for the period between ~~2021 and 2025~~ (5-year). Although the company has not reached the permitted registered capital ceiling at the end of ~~2025~~, it is mandatory for the Board of Directors to obtain a permission from the Capital Markets Board for the previous or a new ceiling amount, and then obtain authorization from the General Assembly for a new period that shall not exceed five years to be able to adopt a capital increase resolution after ~~2025~~. The company shall not be able to increase capital through the Board of Directors if it cannot obtain such authorization.

The company's issued capital amounts to TL 120,000,000 (one hundred twenty million Turkish Lira), and it was paid free from collusion in full and covered. ~~Finally, the Company's capital of 24.000.000 TL was increased by 96.000.000 TL to 120.000.000 TL, fully covered by internal resources.~~

The company's shares are registered shares. The shares representing the capital shall be monitored in line with dematerialization principles.

The company shall be able to increase or decrease its capital, when necessary, in line with the provisions of the Turkish Commercial Code and Capital Markets Legislation.

The Board of Directors shall be authorized to increase the issued capital by issuing new shares up to the registered capital ceiling in line with the provisions of the Capital Markets Law and adopt resolutions to restrict privileged shareholders' rights, limit shareholders' right to acquire new shares and issue shares lower than premium or nominal values. The authority to restrict new share acquisition shall not be used to lead to inequality among shareholders.

Article 7. Capital

The company accepted the registered capital system in line with the provisions of the Law No. 2499 and switched to the system with the permission of the Capital Markets Board dated March 7, 1996, and No. 15/263.

The company's registered capital ceiling amounts to **TL3,000,000,000 (three billion Turkish Lira)**, and it is divided into **300,000,000,000 (three hundred billion)** registered shares each having a value of 1 (one) Kuruş.

The registered capital ceiling permission granted by the Capital Markets Board is valid for the period between **2025 and 2029** (5-year). Although the company has not reached the permitted registered capital ceiling at the end of **2029**, it is mandatory for the Board of Directors to obtain a permission from the Capital Markets Board for the previous or a new ceiling amount, and then obtain authorization from the General Assembly for a new period that shall not exceed five years to be able to adopt a capital increase resolution after **2029**. The company shall not be able to increase capital through the Board of Directors if it cannot obtain such authorization.

The company's issued capital amounts to TL 120,000,000 (one hundred twenty million Turkish Lira), and it was paid free from collusion in full and covered.

The company's shares are registered shares. The shares representing the capital shall be monitored in line with dematerialization principles.

The company shall be able to increase or decrease its capital, when necessary, in line with the provisions of the Turkish Commercial Code and Capital Markets Legislation.

The Board of Directors shall be authorized to increase the issued capital by issuing new shares up to the registered capital ceiling in line with the provisions of the Capital Markets Law and adopt resolutions to restrict privileged shareholders' rights, limit shareholders' right to acquire new shares and issue shares lower than premium or nominal values. The authority to restrict new share acquisition shall not be used to lead to inequality among shareholders.

GENERAL ASSEMBLY

RÉSUMÉS OF THE CANDIDATES FOR THE BOARD OF DIRECTORS

Yıldırım Ali Koç (Board of Directors Candidate)

See Page 32 Board of Directors' Résumés

Selin Ayla Ünver (Board of Directors Candidate)

See Page 32 Board of Directors' Résumés

Levent Çakıroğlu (Board of Directors Candidate)

See Page 32 Board of Directors' Résumés

Haydar Yenigün (Board of Directors Candidate)

See Page 33 Board of Directors' Résumés

İbrahim Aykut Özüner (Board of Directors Candidate)

Aykut Özüner holds a mechanical engineering degree (1991) and an MBA (1995) from Boğaziçi University. Starting his professional career in 1992 at Koç Holding's Supply Coordination Group, Özüner joined Ford Otomotiv in 1993, going on to hold various leadership positions, including Assistant General Manager - Marketing & Sales (2004-2010) and Assistant General Manager - Marketing, Sales & After Sales (2010-2014). In 2014, Aykut Özüner was appointed General Manager of the sourcing company, Zer Merkezi Hizmetler ve Ticaret A.Ş., where he served until the end of 2018. After his role as General Manager of Türk Traktör and Ziraat Makineleri A.Ş., (January 2019 - March 2024), he was appointed the General Manager of Otokar Otomotiv ve Savunma Sanayi A.Ş. effective April 1, 2024. Aykut Özüner's external duties include Board memberships in TürkTraktör, Ankara Chamber of Industry, Automotive Manufacturers Association, and Turkish Employers' Association of Metal Industries, and membership in the Turkish Industry and Business Association.

Ahmet Serdar Görgüç (Board of Directors Candidate)

See Page 33 Board of Directors' Résumés

Ali İhsan İlkbahar (Board of Directors Independent Member Candidate)

See Page 34 Board of Directors' Résumés

Fatma Füsün Akkal Bozok (Board of Directors Independent Member Candidate)

See Page 34 Board of Directors' Résumés

Kamil Ömer Bozer (Board of Directors Independent Member Candidate)

See Page 34 Board of Directors' Résumés

Statements of Independence by the nominated Independent Members of the Board of Directors are provided on pages 41-43.

GENERAL ASSEMBLY

STATEMENT OF INDEPENDENCE

I have been nominated to serve as an “independent member” on the Board of Directors at Otokar Otomotiv ve Savunma San. A.Ş. (“Company”) in accordance with applicable legislation, the Company’s Articles of Association, and the criteria specified in Capital Markets Board’s Corporate Governance Communiqué. I, therefore, declare that:

- a) In the last five years, I have not assumed any major duty or responsibility, or been employed in a management position, or acquired more than 5% of capital or voting rights or privileged shares either by myself or with others, and have not established any materially significant commercial relations with the Company, the companies that the Company controls or has significant influence over their management, or the partnerships that have management control of the Company, or the shareholders that have management control or major influence in the Company, or the legal entities in which such shareholders have management control, and there is no relationship between the aforementioned parties and myself, my spouse or my blood relatives or relatives by marriage to the second degree.
- b) In the last five years, I have not been a partner (holding 5% or more of the shares in the company), a manager with important duties and responsibilities, or a member of the board of directors of any company with which the Company engages in purchasing or selling of services, in particular, auditing (tax auditing, legal auditing, internal auditing, etc.) rating or consultancy services, or products within the framework of signed agreements.
- c) I have the necessary professional training, knowledge and experience to fulfill the duties I will assume as an independent director.
- d) I will not work full-time for state enterprises or institutions, except for serving in an academic capacity at a university per applicable legislation, after my election as an independent director.
- e) I am a resident in Türkiye according to the Income Tax Code (ITC) No. 193 of 31/12/1960.
- f) I possess strong ethical standards, professional reputation, and experience to enable me to contribute positively to the Company’s operations, maintain my impartiality in conflicts of interest between the shareholders and the Company, and decide freely by considering the rights of the stakeholders.
- g) I will dedicate the time required to follow the workings of Company operations and fully perform the duties I have assumed regarding Company matters.
- h) I have not served as a member on the Company’s Board of Directors for more than six years in the last ten years.
- i) I do not serve as an independent director on the Boards of more than three companies controlled by the Company or shareholders with controlling stakes in the Company, or in more than five listed companies in total.
- j) I have not been registered or announced in the name of a legal person appointed as a member of the Board of Directors.



ALİ İHSAN İLKBAHAR

GENERAL ASSEMBLY

STATEMENT OF INDEPENDENCE

I have been nominated to serve as an “independent member” on the Board of Directors at Otokar Otomotiv ve Savunma San. A.Ş. (“Company”) in accordance with applicable legislation, the Company’s Articles of Association, and the criteria specified in Capital Markets Board’s Corporate Governance Communiqué. I, therefore, declare that:

- a) In the last five years, I have not assumed any major duty or responsibility, or been employed in a management position, or acquired more than 5% of capital or voting rights or privileged shares either by myself or with others, and have not established any materially significant commercial relations with the Company, the companies that the Company controls or has significant influence over their management, or the partnerships that have management control of the Company, or the shareholders that have management control or major influence in the Company, or the legal entities in which such shareholders have management control, and there is no relationship between the aforementioned parties and myself, my spouse or my blood relatives or relatives by marriage to the second degree.
- b) In the last five years, I have not been a partner (holding 5% or more of the shares in the company), a manager with important duties and responsibilities, or a member of the board of directors of any company with which the Company engages in purchasing or selling of services, in particular, auditing (tax auditing, legal auditing, internal auditing, etc.) rating or consultancy services, or products within the framework of signed agreements.
- c) I have the necessary professional training, knowledge and experience to fulfill the duties I will assume as an independent director.
- d) I will not work full-time for state enterprises or institutions, except for serving in an academic capacity at a university per applicable legislation, after my election as an independent director.
- e) I am a resident in Türkiye according to the Income Tax Code (ITC) No. 193 of 31/12/1960.
- f) I possess strong ethical standards, professional reputation, and experience to enable me to contribute positively to the Company’s operations, maintain my impartiality in conflicts of interest between the shareholders and the Company, and decide freely by considering the rights of the stakeholders.
- g) I will dedicate the time required to follow the workings of Company operations and fully perform the duties I have assumed regarding Company matters.
- h) I have not served as a member on the Company’s Board of Directors for more than six years in the last ten years.
- i) I do not serve as an independent director on the Boards of more than three companies controlled by the Company or shareholders with controlling stakes in the Company, or in more than five listed companies in total.
- j) I have not been registered or announced in the name of a legal person appointed as a member of the Board of Directors.



FATMA FÜSÜN AKKAL BOZOK

GENERAL ASSEMBLY

STATEMENT OF INDEPENDENCE

I have been nominated to serve as an “independent member” on the Board of Directors at Otokar Otomotiv ve Savunma San. A.Ş. (“Company”) in accordance with applicable legislation, the Company’s Articles of Association, and the criteria specified in Capital Markets Board’s Corporate Governance Communiqué. I, therefore, declare that:

- a) In the last five years, I have not assumed any major duty or responsibility, or been employed in a management position, or acquired more than 5% of capital or voting rights or privileged shares either by myself or with others, and have not established any materially significant commercial relations with the Company, the companies that the Company controls or has significant influence over their management, or the partnerships that have management control of the Company, or the shareholders that have management control or major influence in the Company, or the legal entities in which such shareholders have management control, and there is no relationship between the aforementioned parties and myself, my spouse or my blood relatives or relatives by marriage to the second degree.
- b) In the last five years, I have not been a partner (holding 5% or more of the shares in the company), a manager with important duties and responsibilities, or a member of the board of directors of any company with which the Company engages in purchasing or selling of services, in particular, auditing (tax auditing, legal auditing, internal auditing, etc.) rating or consultancy services, or products within the framework of signed agreements.
- c) I have the necessary professional training, knowledge and experience to fulfill the duties I will assume as an independent director.
- d) I will not work full-time for state enterprises or institutions, except for serving in an academic capacity at a university per applicable legislation, after my election as an independent director.
- e) I am a resident in Türkiye according to the Income Tax Code (ITC) No. 193 of 31/12/1960.
- f) I possess strong ethical standards, professional reputation, and experience to enable me to contribute positively to the Company’s operations, maintain my impartiality in conflicts of interest between the shareholders and the Company, and decide freely by considering the rights of the stakeholders.
- g) I will dedicate the time required to follow the workings of Company operations and fully perform the duties I have assumed regarding Company matters.
- h) I have not served as a member on the Company’s Board of Directors for more than six years in the last ten years.
- i) I do not serve as an independent director on the Boards of more than three companies controlled by the Company or shareholders with controlling stakes in the Company, or in more than five listed companies in total.
- j) I have not been registered or announced in the name of a legal person appointed as a member of the Board of Directors.



KAMİL ÖMER BOZER

GENERAL ASSEMBLY

REMUNERATION POLICY FOR SENIOR EXECUTIVES AND MEMBERS OF THE BOARD OF DIRECTORS

This policy document defines the remuneration system and practices applicable to members of the Board of Directors, General Manager, Assistant General Managers, and Senior Executives.

Pursuant to the Turkish Commercial Code and Article 13 in Articles of Association of Otokar Otomotiv ve Savunma Sanayi A.Ş., a fixed salary is determined every year at the ordinary general assembly meeting for the Board membership functions, applicable to all members of the Board of Directors. The Board members receive payments on a pro rata basis, in consideration of the duration they serve from the date of appointment to the date they leave their positions. Board members with executive responsibilities are paid per the same policy – detailed below - defined for senior executives.

The Board members who also serve on the committees under the Board of Directors to assist in the oversight of the company's activities may be entitled to extra benefits, based on the opinion of the Corporate Governance Committee, in addition to the fixed salaries approved by the General Assembly. The bonus plans based on company performance are not used in the remuneration of the Independent Members of the Board of Directors. The company may cover the expenses (transportation, phone, insurance, etc.) incurred by the Board members during the execution of their duties. Remuneration of senior executives consists of two parts: fixed salary and performance based bonuses. The remuneration policy stipulates that management of remuneration and benefits should be fair, objective, recognizing high performance, competitive, rewarding, and motivating.

Fixed salaries of Senior Executives are determined in accordance with the international standards and the legal obligations by taking into account the macroeconomic data in the market, the compensation policies prevailing in the market, the size and long-term targets of the company, and the positions of the individuals. The objectives of the remuneration policy include improving the motivation and commitment of employees by considering the internal salary balances and competitiveness in the market, and attracting and retaining qualified employees who will ensure that the company's strategic business goals are achieved.

Bonuses for the Senior Executives are calculated based on the company's performance and individual performance, in a way that will support the realization and exceeding of the company's business goals, and encourage superior performance by rewarding continued success. The criteria for bonus calculations are summarized below:

Bonus Basis: Bonus bases are updated at the beginning of each year and vary according to the positions of the executives. When updating the bonus bases, the senior management's bonus policies in the market are taken into account.

Company Performance: Performance of the company is evaluated at the end of each year by measuring the extent that the financial and operational targets (market share, exports, international operations, productivity, etc.) assigned to the company at the beginning of each year have been attained. The targets for the company are determined by considering continued success and improvements compared with the previous years as key principles.

Individual Performance: Individual and collective targets set by Senior Executives with their own teams and managers, as well as key performance indicators, are taken into account in evaluating individual performance. In measuring individual performance, long-term sustainable improvement in non-financial areas and compliance with Environmental, Social and Corporate Governance (ESG) policies are also considered.

In the event that the Senior Executives leave their positions within the company, they may be entitled to a severance bonus in consideration of their tenure as senior executives, their contributions, the last targeted bonus prior to their resignation, and their salaries and bonuses in the past year.

Total amounts determined in accordance with the above principles and paid to Senior Executives and Members of the Board of Directors during the year are presented to the shareholders for information purposes and/or approval at the next General Assembly Meeting.



A blue SUV is parked in a field of tall, golden-brown grass. The background shows a line of trees under a sky with soft, golden light, suggesting a sunset or sunrise. The overall mood is serene and natural.

OTOKAR IN 2024



COMMERCIAL VEHICLES

Otokar ranked as the fourth largest bus manufacturer in Europe in 2024.



In 2024, the Turkish bus market grew by 4.6% year-on-year, according to TURKSTAT data. The growth was mainly driven by the intercity bus segment, which recovered more slowly in the post-pandemic period. The European market for the 8+ ton buses continued to recover, growing by 3.8% compared to the previous year. The UK and Italy were the highest growing markets, while France remained the largest. The share of alternative fuel and zero-emission buses continues to increase in the public transport and short-distance segments. In 2024, commercial vehicle sales accounted for 69% of the revenues.

1 OUT OF EVERY 3 BUSES IS OTOKAR-BRANDED

With a wide lineup of buses in varying lengths from 6 meters to 21 meters, Otokar remained the top choice of client and maintained its leadership in the bus market for 16 consecutive years. One

in every three buses sold in the market was Otokar branded, reflecting the company's successful performance in commercial vehicles.

In 2024, the company rolled the 30,000th Sultan bus and the 5,000th Otokar Atlas light truck off the production line at its Sakarya plant in 2024. Otokar Sultan, which has long stood as the best-selling small bus brand in Türkiye, was again the top choice of tourism and personnel shuttle operators, preferred for its superior comfort and features. During the year Otokar also delivered the thousandth bus to Altur, a leading operator in the country. As Otokar continued to contribute to the public transportation fleets of municipalities with environmentally friendly vehicles, the company also completed deliveries for the vehicle fleets of Istanbul, Izmir and Sakarya Metropolitan Municipalities.

FOURTH LARGEST IN EUROPE

Maintaining its strong performance in export markets, Otokar once again demonstrated its production power in 2024, becoming the fourth largest bus manufacturer in Europe. The company captured a 20% growth in international markets in 2024, reaching a market share of 12% in the Benelux countries, 6% in Italy, and 3% in France. Meanwhile, Otokar also marked a significant milestone in Spain by delivering its 1,000th bus. Furthermore, Otokar signed two export agreements with Georgia for vehicles to serve in different cities. In 2024, Navigo and Kent were Otokar's most preferred nameplates in export markets.

As a company that carries millions of passengers safely with tens of thousands of buses on the roads of more than 60 countries, primarily in Europe, Otokar opened a new branch office in Europe. Following the

~60

■ BUS EXPORTS TO
~60 COUNTRIES

subsidiaries in France and Romania, the company incorporated Otokar Italia in 2023, and further strengthened its presence across Europe with its new branch office in Germany. Otokar vehicles were tested on bus routes in various cities in Europe throughout the year and showcased at fairs and exhibitions in Germany, Bulgaria, France, Spain, Sweden, Switzerland, Italy, and Poland.

SUSTAINABLE TRANSPORTATION

As the manufacturer of Türkiye's first hybrid, first electric and first smart bus, Otokar follows the latest public transportation trends and anticipates user needs to develop the right solutions. Aiming to expand its alternative fuel bus family and make its entire product range low and zero emission, Otokar continued to work on electric and autonomous vehicles in 2024.

While the European market is going through a transformation to mitigate the impacts of climate change, Otokar is already prepared to respond to the needs with its low- and zero-emission buses. Most recently, a new version of the electric city bus e-Kent was added to the product lineup and made its debut in Belgium. Playing a role in Europe's transformation with its electric vehicles, the company delivered several electric buses, primarily to Italy in 2024. Additionally, the driving tests of the Easy Urban Drive variant of the autonomous e-Centro were successfully completed in Hungary in collaboration with TÜV Rheinland. The vehicle also underwent functional safety inspections and declared ready for its first field use.

The autonomous e-Centro and the electric public transportation bus e-Kent debuted at Busworld Türkiye. Otokar continues to take proactive steps to reduce carbon emissions and as a reflection of this commitment, the



company's participation in Busworld Türkiye was carbon neutral. As part of the production agreement for Iveco Bus buses in Türkiye, Otokar continued to manufacture and deliver them in 2024.

NEW MEMBER OF THE TRUCK FAMILY

Marking 11 years since entering the light truck segment, Otokar captured significant success in the market over this period, becoming the light truck brand with the highest increase in sales. In 2024, the 5,000th Otokar Atlas light truck was rolled off the production line.

As the company's growth in the Turkish truck market continued, Otokar also focused on exporting Otokar Atlas, working with truck distributors in Spain, Poland, the Republic of North Macedonia, Romania, Bulgaria, Serbia, and Greece. As the only light truck manufacturer that can officially export to EU countries through its own sales network, the company aims to grow further in the European market.

Otokar expanded the Atlas light truck family with new 11-ton and 15-ton models. On the occasion of this important milestone, Otokar also added the 100% electric e-Atlas model to the range, reinforcing its ambition in

alternative fuel vehicles. In addition to closing the first sale in Türkiye, Otokar also exported the first electric light truck to Europe. e-Atlas was recognized with Gold Medal in the "Innovation" category at the 78th Plovdiv International Technical Fair, a major industrial event in Bulgaria.

OTOKAR EXPANDS INTO THE PICKUP TRUCK SEGMENT

In 2024, Otokar expanded into the pickup truck segment. Building on more than a decade of cooperation with Foton, one of the leading global commercial vehicle manufacturers, Otokar entered the pickup truck market with Tunland, which gained nearly 2% market share soon after the launch. With a strong design language and offering superior performance in both urban and off-road driving, the Foton Tunland G7 also stands out with its spacious interior and comfort levels.

EXPORTING TECHNOLOGICAL SOLUTIONS

Otokar has reinforced its success in vehicle exports by exporting technological solutions. Bus Monitor, the telematics solution developed to help reduce the costs of public transportation operators and municipalities, improve their efficiency, plan their maintenance and ensure uninterrupted service, was exported for the first time to Portugal.

DEFENSE INDUSTRY

Otokar was named Türkiye’s largest exporter in land vehicles by the Defense and Aerospace Industry Exporters’ Association (SSI) in 2024.



Otokar is a long-standing supplier of NATO and the United Nations, with over 33 thousand military vehicles currently in the inventories of more than 70 clients, including the Turkish army and security forces, in 40+ friendly and allied countries on five continents.

EXPORT LEADER IN LAND VEHICLES

Otokar was named Türkiye’s largest exporter in land vehicles by the Defense and Aerospace Industry Exporters’ Association (SSI) in 2024. As a global player competing with the top international companies, Otokar provides services for existing and potential clients in different regions across the world through its subsidiaries. The defense industry accounts for 88% of the company’s export revenues. With strong engineering and innovative design

capabilities and expertise in advanced technology integration, the company continues to produce solutions in response to current and future security threats. In 2024, the company sold military vehicles to six countries.

LARGE ORDER FROM EUROPE

In 2024, Otokar, the global player of the Turkish defense industry, secured the largest single-item armored vehicle export contract Türkiye has ever received. The company, which submitted a bid for the 4x4 light armored tactical vehicle procurement tender opened by C. N. Romtehnica S.A. (Romtehnica), a Romanian Ministry of National Defense company, successfully completed the field tests and the commercial evaluation processes after technical inspections. The agreement, signed with the Romanian Ministry of Defense after the

40+

OTOKAR IS SUPPLIER OF 40+ FRIENDLY AND ALLIED COUNTRIES.

official notification, for 1,059 Cobra II 4x4 armored vehicles also includes provision of integrated logistics support services. According to the agreement, 278 of the vehicles will be manufactured in Türkiye and the remaining quantity locally in Romania. Deliveries are expected to start in the last quarter of 2025 and completed in lots over five years.

DELIVERIES

Throughout 2024, Otokar manufactured and delivered orders of vehicles, developed to customer needs and requirement. Furthermore, the deliveries of the orders received from the Estonian Armed Forces the previous year started, and Arma 6x6 armored vehicles entered the inventory of a NATO country for the second time. Deliveries will continue in 2025. Moreover, the design, adaptation, verification, production, integration, testing and inspection/acceptance of the orders received from Aselsan were completed and the vehicles were delivered.

GLOBAL PROMOTION

Otokar continued to showcase its broad product range and capabilities in the defense industry fairs and exhibitions around the world. Bringing the experiences gained in Türkiye and international markets to continuous vehicle development efforts in response to the evolving needs of its clients, the company debuted Türkiye’s first heavy-class unmanned tracked armored vehicle Alpar, and Arma II, the newest member of Otokar’s world-renowned Arma vehicle family, globally in 2024. During the World Defense Show in Saudi Arabia, Otokar showcased its broad product range and capabilities, followed by the exhibition of its world-renowned vehicles and turret systems at Eurosatory in France. Throughout the year, Otokar promoted its offering at various events and fairs in Azerbaijan, Bahrain, the United Arab Emirates,



Brazil, the Philippines, South Africa, Malaysia, Romania, and Chile.

LATEST INNOVATIONS

Otokar, an industry leader with its technology transfer and local production capabilities, stands as a pioneer in land systems in Türkiye, continuously offering innovative solutions thanks to its products, engineering capabilities, production infrastructure and expertise. In 2024, the company introduced

enhancements in Ural 4x4, Arma 6x6 and Arma II 8x8 vehicles, aiming to offer more advantage to friendly users. The Alpar unmanned land vehicle completed the tasks on the test track by autonomously providing image processing and motion control algorithms through its own vision systems without GPS support. Meanwhile, Cobra II MRAP successfully completed client mobility and firing tests.

CREATING STAKEHOLDER VALUE

Maintaining excellent relationships with existing and potential business partners based on trust and cooperation, Otokar continued to create value for all its stakeholders in 2024.



Maintaining excellent relationships with existing and potential business partners based on trust and cooperation, Otokar continued to create value for all its stakeholders in 2024.

CUSTOMER FOCUS

Otokar always considers the needs and expectations of its clients, therefore ensuring customer satisfaction is a key consideration for the company. In 2024, Otokar continued to focus on further improving and maintaining ultimate satisfaction with its products. Offering low maintenance costs and parts at affordable prices through an extensive aftersales service network across Türkiye, Otokar organized a Service Days campaign for commercial vehicles.

MEET-UPS AND VISITS

Otokar actively engaged with dealers, hosting meet-ups to further reinforce

its strong relations and respond to the needs. The company organized a meet-up for Atlas light truck dealers and an Aftersales Services Committee Meeting attended by representatives of authorized service centers from each region at the plant. Moreover, the UK Department of Business and Trade and companies operating in the UK visited the Otokar plant in Arifiye.

SUPPLIER RELATIONS

Partnering with multiple suppliers for strategic purchasing, Otokar rapidly increased and maintained its inventory levels or introduced domestic alternatives to several materials. Meanwhile, supply chain risks and their management remained a key focus area for Otokar. In 2024, Otokar worked directly or indirectly with 1,431 suppliers, including 1,143 local companies. The procurements within the reporting period amounted

~53%

LOCAL SOURCING RATE

to TL 21.4 billion, while local sourcing rate was 52.9% based on spending. During the Otokar Supplier Days event organized with the Istanbul Chamber of Commerce, the company met with representatives from 65 supply industry companies to explore new partnership opportunities.

UNIVERSITY-INDUSTRY COLLABORATIONS

Continuing to take part in university - industry collaborations, Otokar signed an agreement with the Department of Electrical and Electronics Engineering at Yıldız Technical University. 14 students from Sakarya University, in collaboration with Sakarya Teknokent, developed three special projects to potentially generate solutions to real problems in the fields of mobility and optimization. Otokar also hosted students from the ACM (Association for Computing Machinery) community at Hacettepe University and gave them an opportunity to experience the test centers at the plant. Otokar also signed an agreement with SATSO MAT MTAL (Sakarya Chamber of Commerce and Industry Motor Vehicle Technology Vocational and Technical Anatolian High School) for a STEM project and launched "A Stronger Future with Otokar" project. The goal of this project is to provide vocational training and employment opportunities to students of electric vehicles. With workshop installation, internship and scholarship support, the participants are able to prepare for a future by benefiting from equal opportunity in vocational training.

REWARDING AND RECOGNITION

Otokar's reward and recognition programs continued in 2024, with 1,333 employees receiving various rewards.

AWARDS

Otokar's industry leadership is recognized and confirmed with various awards. Otokar climbed up 38 places and ranked 59th in Türkiye's Top 500 Industrial Enterprises list, according to the Istanbul Chamber of Industry's 2023 survey. In the Fortune 500 Türkiye 2023 Survey, Otokar rose 66 places year-on-year, ranking 77th. Otokar rose from 181st place to 68th in Türkiye's Top 1,000 Exporters in 2023 list published by the Turkish Exporters Assembly. Furthermore, the company was named among the top exporters at the Export Champions Award Ceremony organized by Uludağ Automotive Industry Exporters' Association. Additionally, Otokar was named Türkiye's largest exporter in land vehicles by the Defense and Aerospace Industry Exporters' Association (SSI) in 2024.

Moreover, Otokar won the first prize with its Team Leader Development Program in the "Production/Service Field Employees Development Program" category at the Learning and Development Awards presented by TEGEP. Additionally, the Future-proofing Otokar: Safety Culture and Process Improvements project was recognized with the OHS Special Award at the Shared Tomorrows Award Ceremony organized by TISK.

DATA PRIVACY

As a manufacturer with the capability to design and develop products using its own know-how and expertise, Otokar also engages in R&D activities, making its information assets even more important. Protecting the corporate and personal data of clients and customers is also addressed

within the scope of data privacy. Furthermore, Otokar's activities in the defense industry require data to be maintained in utmost confidentiality. Therefore, Otokar takes all measures needed to protect its information assets and store them securely, safely and continuously, while constantly enhancing the relevant practices. Commitments within this scope are regulated through Otokar Information Security Policy, which defines the principles for the protection of information assets and the collection and used of customer information.

Otokar's Personal Data Protection Policy, drafted according to applicable laws and regulations, includes the principles adopted by the company for processing personal data. In all processes regarding data privacy, Otokar complies with ISO 27001 Information Security Standard and AQAP 2110 NATO Quality Assurance Requirements Standard for Design, Development and Production. Otokar advises data subjects transparently about the protection of their data, and the express consent of the customers is sought after they have read and understood the relevant notice before their information is collected. The collected data is not used for purposes other than those specified in Otokar Customer Satisfaction Policy and the Personal Data Protection Law No. 6698.

All employees, starting with the CRM Center staff, receive training on data privacy and agree to protect confidentiality. Processes related to data privacy are regularly assessed.

DIGITAL TRANSFORMATION AND EFFICIENCY

Otokar has designed its digital transformation strategy in a way to ultimately make it an integral part of the company culture.



Otokar has designed its digital transformation strategy in a way to ultimately make it an integral part of the company culture, while also leading the industry with its digitalization efforts. Accordingly, Otokar has built its digital transformation vision on four pillars: Customer Facing Digital Channels, Digitalized Production and Supply Chain, Analytical Decision and Marketing, and Digital Products and Services to develop projects. Four projects developed by Otokar on digital transformation and smart production technologies were found suitable for inclusion in the EU's Horizon Europe Program in 2024. Once these projects were accepted, the company began to play a more effective role in international programs, with Otokar earning the right to receive additional R&D discounts from the Ministry of Industry.

PROJECTS

MATISSE: As expectations for accuracy, accessibility, traceability and reliability increase in today's

complex industrial system landscape, digital twin technology offers virtual representations of real-world systems or processes for estimation, analysis, testing and simulation purposes. Integrating DTs with model-based, data-driven, and cloud technologies, MATISSE aims to simulate, test, and predict system behaviors, enhancing both productivity and quality. This innovative approach helps companies optimize their industrial processes, reduce errors, and boost productivity, ultimately simplifying complex operations like machinery production and factory management. MATISSE is a European HORIZON-KDT-JU research project bringing together over 30 partners from 7 countries to develop an advanced framework for efficient engineering and validation of industrial systems using Digital Twins (DTs). As project partner and technology developer, Otokar also provides an application.

SA4CPS: Sa4CPS aims to develop a secure situation awareness concept

for critical cyber-physical systems in the logistics, mobility, energy and security sectors, particularly in ports. The targeted innovation will arise from the application of novel solutions for situational awareness with a digital zero-trust approach with distributed ledger technologies (DLT). The aim is to enable situation-aware IoT, operating in a smart way with AI, and DLT for enabling shared digital trust for multiple stakeholders. The data collected from logistics equipment at the Otokar plant will be analyzed using AI to improve the resiliency, security, privacy and safety of people, autonomous physical objects and company digital twins during unexpected events such as accidents and physical or virtual attacks. Otokar will take part as an application area provider in the ITEA4 project, which includes 20 stakeholders from five countries. The company will also integrate the developed solutions into its own systems.

AGASSI: The AGASSI project aims to track all logistics processes and

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PROJECTS
SUPPORTED BY EU

process conditions from the supplier to the line and keep them within a blockchain structure, increasing accountability to the customer and establishing a digital product passport infrastructure by storing the data of the manufactured vehicle and its components in an unchangeable manner. The process will focus on providing fast and uninterrupted data transfer from autonomous and/or connected vehicles and equipment using 5G Mesh Network technology. Ensuring cybersecurity at every stage during data transfer is also one of the project's goals. The project, which was accepted within the scope of the TÜBİTAK-Business Finland international cooperation call, will include six partners from Türkiye and Finland, and Otokar will undertake the project's implementation.

TASTI: The main objective of TASTI (Application-Tailored Synthetic Image Generation) is to develop a modular transferable technology framework to bring innovation to synthetic image generation and to customize such an innovation for different applications. The goal of the project is to generate synthetic images of the error types encountered in industrial systems and to classify those errors with neural networks trained with these images. Otokar aims to integrate the project outputs into applications where machine vision systems are utilized. There are 17 project partners from Türkiye, the Netherlands, Spain, Belgium, Sweden and Canada in the project. The project has already received the Celtic (Eureka) label and TÜBİTAK's approval. In the first year of the project, the working scenario, requirements and system topology were determined. An autoencoder-based AI algorithm has



been developed for detecting anomalies in data received from camera sensors.

INFORMATION TECHNOLOGIES

Otokar completed its analysis and design work for migrating to the latest SAP HANA version instead of the current ERP software, SAP R3, in 2024. SAP HANA will be deployed concurrently in Otokar and all its subsidiaries on January 1, 2026.

EFFICIENCY

Otokar focuses on minimizing its environmental impacts and achieving maximum savings in resource use through efficiency enhancement projects. The Ministry of Energy and Natural Resources granted Productivity Enhancing Project (VAP) incentives to Otokar for the LED Conversion and Waste Heat Recovery projects implemented at the plant in 2021 and 2022. The company also works on improving environmental efficiency with the help of the rain harvesting and water recovery projects for sustainable water management.

CONTINUOUS IMPROVEMENT

Aiming to continuously improve its business processes, services and products, Otokar completed the

Cyber Security Management System audit in 2024, earning a certificate of compliance with ISO 21434 and ECE R155 standards, and ranking among the first commercial vehicle manufacturers in Türkiye with a three-year certification. In addition to passing the AQAP 2110 certification audit, Otokar also completed the Ballistic and Mine Tests conducted under the supervision of an IAS technical auditor for compliance with the ISO/IEC Standard 17025:2017 and became "Internationally Accredited". In line with the Carbon Transition Program, greenhouse gas emissions of Otokar and all its subsidiaries were verified.

PRODUCTION

The Layout Project that Otokar launched to reconfigure the production flows in both the commercial vehicle and defense industry manufacturing continued in 2024. As part of the project, all production workflows were reconfigured according to lean production principles. Furthermore, the company's technological infrastructure was reinforced and the production management processes were restructured. With the completion of the project, Otokar aims to set industry benchmarks in production infrastructure and management processes.

SUSTAINABILITY

Otokar has disclosed its economic, social and environmental performance transparently through reports complying with GRI standards since 2013.



Operating in two diverse industries, Otokar recognizes that each comes with different stakeholder expectations and material topics. While this diversity brings richness, it also requires meticulous planning and management of sustainability strategies and practices. On our sustainability journey, we are inspired by global best practices and guided by Koç Holding. As we create value for our stakeholders, we strive to uphold our ethical values in all processes, listen to the opinions and suggestions of all our stakeholders, starting with our employees, suppliers, business partners and customers, and respect people and the environment.

SUSTAINABILITY APPROACH

Otokar's sustainability approach extends beyond its own operations to encompass the entire value chain and deliver exemplary performance. In line

with this vision, Otokar has disclosed its economic, social and environmental performance transparently through reports complying with GRI standards since 2013. As a result of our sustainability efforts, we have also been listed in the BIST Sustainability Index since 2014.

SUSTAINABILITY MANAGEMENT

The Board of Directors is the governing body responsible for setting the strategic direction for Otokar's social, economic and environmental issues. As with all other areas of operation, sustainability strategy and direction is also determined by the Board of Directors, which oversees the senior management's sustainability performance. The Sustainability Principles Compliance Report, prepared annually according to the formats specified in the CMB's decision

of June 23, 2022, is reviewed by the Corporate Governance Committee and then submitted to the Otokar Board of Directors for approval before it is appended to the relevant year's annual report and announced on the Public Disclosure Platform.

The General Manager, who is also a Board member, oversees the sustainability-related activities to ensure that they are implemented in accordance with company policies and applicable legislation. While the overarching responsibility for sustainability falls on the Board of Directors, Otokar's material topics are identified during workshops with the participation of Working Group members and senior management. Meanwhile, the operational activities are coordinated by the Corporate Communications and Sustainability Department.

Material Topics

The identified material topics are reviewed every year and updated as needed. In 2021, a materiality analysis was conducted, involving surveys with 14 different stakeholder groups, including Otokar managers and executives along with external stakeholders. The results were then evaluated by the Sustainability Working Group. This materiality analysis was expanded with Koç Holding's material topics, updated in 2023, along with SASB's industry-specific materiality map and external expert opinions to shape the ultimate Otokar Sustainability Model.

Stakeholder Communication and Engagement Platforms

In all its operations, Otokar aims to create value for all its stakeholders.

Accordingly, the company aims to engage in constructive and transparent communication based on mutual trust, cooperation and benefit with all its stakeholders, including its clients, employees, suppliers and shareholders, regulatory bodies, government authorities, NGOs and the media. In determining the communication methods and frequency, Otokar considers the needs and expectations of the respective stakeholder groups. As a publicly traded company listed in Borsa Istanbul, Otokar maintains shareholder relations in accordance with applicable laws and regulations and capital market legislation requirements, and communicates transparently and regularly with

investors and shareholders through the Investor Relations Department. The Corporate Communications and Sustainability Department is responsible for communicating with stakeholders other than the shareholders, determining corporate communication strategies and practices, and implementing community development projects.

The intranet and the custom-developed mobile app are the primary channels used to communicate with Otokar employees. Internal management changes, important announcements and press releases are announced via the intranet. Work environment surveys among the employees, management bodies such as OHS committees, self-assessment interviews, open door



Principles	Compliance Status as of March 2024			
	Yes	Partial	No	N/A
A) General Principles	10	1	1	-
B) Environmental Principles	18	2	4	-
C) Social Principles	18	-	-	-
D) Corporate Governance Principles	2	-	-	-

meetings and suggestion system are other important channels used in internal communication. These channels enable the employees to communicate their expectations, opinions and suggestions and to contribute to the management processes. The internal newsletter "This Month at Otokar," the Otokar Line blog, and the company's social media accounts are channels used to communicate with the employees, clients, and the authorized dealers and service centers. The training programs offered to the employees and the authorized dealers and service centers also strengthen the communication between the company and its stakeholders.

Otokar joins trade and industry associations and unions operating in its fields and partners with non-governmental organizations working for sustainability. The company also serves on the joint working platforms or management bodies of these organizations to support their activities.

COMPLIANCE WITH CMB SUSTAINABILITY PRINCIPLES

Otokar closely follows the best sustainability practices, including those specified in the Capital Market Board's (CMB) Sustainability Principles Compliance Outline, striving to comply with the generally accepted best sustainability practices. The majority of the sustainability topics Otokar manages are congruent with the Sustainability Principles Compliance Outline introduced by CMB in 2020. Otokar is already in compliance with the majority of the non-mandatory

principles in the Sustainability Principles Compliance Outline imposed by the Capital Markets Board on a "comply or explain" basis, with future plans to adhere to the remaining principles that currently lack full compliance.

BIST Sustainability Index

Otokar aims to create long-term value by integrating economic, environmental and social factors with corporate governance principles. Since 2014, Otokar has been included in the BIST Sustainability Index, whose constituents are listed companies with the highest corporate sustainability performance, in recognition of its sustainability focused efforts. Through the Sustainability Index, Otokar discloses information on its environmental, social and corporate governance activities as well as their performance results and relevant targets to its stakeholders. Otokar is also included in the ESG rating of the LSEG.

Code of Ethics

Otokar Code of Ethics is based on and aligned with Koç Holding Code of Ethics and Implementation Principles, and binding on all Otokar employees, suppliers and partners. Similarly, UN Global Compact, to which Koç Holding is a signatory on behalf of all Group companies, is binding on Otokar's entire value chain. Therefore, Otokar strives to spread the ethical principles wider.

Otokar Ethics Board has been formed to design and effectively implement the processes regarding compliance

with business ethics guidelines and prevention of unethical behaviors, including bribery and corruption, within the organization and across the value chain. This Board is responsible for the processes, from planning and conducting audits and detecting violations to creating action plans for responding to such incidents. Accordingly, both Otokar Internal Audit teams and Koç Holding Audit teams conduct individual audits on the company's operations. Employees may report suspicious incidents and behaviors to their superiors or directly contact the Otokar Reporting and Notification Line or the Koç Holding Ethics Line.




CONSISTENT GROWTH

As a leader in the Turkish automotive and defense industries, Otokar aims for consistent growth in global markets and creating value for its stakeholders, while always striving to contribute to the national economy and society.

In 2024, the 61st anniversary of the company, Otokar continued to capture significant success worldwide and introduce innovations, becoming an international company that employs nearly 4,000 people and exports to more than 75 countries on five continents. The company reported TL 34 billion in revenues and USD 619 million in exports, which accounted for 64% of total revenues.

R&D AND INNOVATION

Otokar had demonstrated its customer-focused innovation approach already during its inception. The company was established with the aim of

Main Topic	Material Topic	Related SDGs
Sustainable Development	Consistent Growth	  
	R&D and Innovation	   
	Digitalization	
	Sustainable Supply Chain Management	  
	Community Investments	 
Product Responsibility	Product Quality	 
	Customer Satisfaction	 
	Cybersecurity and Data Security	
Employee Satisfaction	Employee Engagement	
	Equal Opportunity, Diversity and Inclusion	  
	Continuous Development and Talent Management	 
	Occupational Health and Safety	
	Human Rights	
Ecological Environment	Climate Change	 
	Energy Efficiency	  
	Resource Use and Waste Management	  
	Water Stewardship	

Sustainable Development Indicators	2023	2024
Revenues (TL million)	39,327	33,886
Share of Exports in Revenues (%)	75	64
Employees* (year-end)	4,393	3,772
Share of R&D Spending in Revenues (%)	4	5
Share of Otokar Design Vehicle Sales in Revenues (%)	95	71
Local Sourcing Ratio (%)	48	53
Number of Supplier Audits	27	42

* The details are provided in the Employee Numbers Table on page 28.

manufacturing Türkiye's first intercity buses for passenger transportation and focused on R&D and innovation to develop optimal products that meet the evolving transportation needs. Since then, closely following customer expectations, market requirements, trends and technologies, and being able to respond to these needs with its own technology has formed the basis of Otokar's R&D and innovation approach.

Otokar's capability to develop technologies, designs and applications with wholly owned intellectual property rights is among its key competitive advantages, made possible thanks to the activities carried out with 693 employees at the advanced R&D Center, which ranks among a handful facilities worldwide.

The high technology vehicle groups and systems Otokar manufactures are designed in-house. In 2024, Otokar's R&D spending corresponded to 5% of the company's revenues.

DIGITALIZATION

Otokar has designed its digital transformation strategy in a way to

ultimately make it an integral part of the company culture, while also leading the industry with its digitalization efforts. Accordingly, Otokar builds its digital transformation vision on four pillars: Customer Facing Digital Channels, Digitalized Production and Supply Chain, Analytical Decision and Marketing, and Digital Products and Services to develop projects. The company's performance in 2024 is explained in detail under the "Digital Transformation" section of this report.

SUSTAINABLE SUPPLY CHAIN MANAGEMENT

Otokar considers all national and global sourcing alternatives, starting with suppliers in the immediate vicinity, to be competitive in both domestic and international markets. A highly effective communication system that enables harmony and information sharing is developed to facilitate effective cooperation with existing suppliers. Otokar prefers to work with suppliers that invest in technological development and human resources and respect the environment and human health. The company also supports the development of its existing suppliers in these areas.

Otokar establishes long-term business relationships with companies that are capable of delivering quality products on time and in competitive terms, prioritize research and development to specialize in their respective fields, manufacture in national and international environment and occupational safety standards, and adopt a contemporary management approach

The objective of the Supply Chain Compliance Policy is to communicate Otokar's core principles and values to the suppliers by creating a roadmap for the standards they need to follow. With this policy, Otokar also aims to provide guidance in the supplier selection and monitoring processes. All Otokar employees and managers are required to adhere to this policy, which is an integral part of Koç Group's and Otokar's Code of Ethics. In 2024, local suppliers accounted for 53% of sourcing, while 42 suppliers have been audited.

COMMUNITY INVESTMENTS

Otokar aims to support the development and welfare of its communities, drawing from the

Product Responsibility Indicators	2023	2024
Ratio of Commercial and Defense Industry Vehicles Assessed for Health and Safety Impacts (%)	100	100
Customer Complaint Resolution Rate (%)	94	95
Number of Incidents Detected Regarding Loss, Theft or Leaking of Customer Data	0	0

motto of the late Vehbi Koç, the founder of Koç Holding, who said, 'I exist if my country exists'. Adopting a responsible corporate citizenship approach, Otokar also contributes to the social, environmental and economic development of society in line with the sustainable development goals. All the activities carried out for these purposes are guided by the principles defined in Otokar Social Investment Policy, which forms an integral part of Otokar's Code of Ethics.

PRODUCT QUALITY

Otokar's primary mission is to design, manufacture and market commercial vehicles and various defense industry products with global competitive strength, all developed to meet customer expectations. Otokar envisions preserving the local and national identity of its products by developing technologies in-house and ensuring continued satisfaction of its clients, employees and shareholders with its total excellence philosophy. In line with this primary mission, Otokar has defined the Core principles of its Quality Policy by considering the changing and evolving conditions. Therefore, the company manages product and service quality in line with the internationally accepted product and management standards.

Pursuant to applicable laws and statutory requirements, the defense industry products are only sold to the

Turkish Armed Forces and other internal security and police forces. Exporting defense industry products is subject to the approval of the Turkish Ministry of Defense. These products are only exported to the authorized organizations within the framework of the applicable export laws and regulations, and the requirements of the respective governments' export licenses. All of Otokar's products and services – both commercial vehicles and defense industry - are assessed for their health and safety impact.

CUSTOMER SATISFACTION

With over half a century of experience, Otokar is a pioneer and leader in the industry, designing and developing products using its own R&D capabilities. Otokar has introduced many innovations in public transportation and defense industry, always aiming to ensure continued customer satisfaction by generating fast and reliable solutions with its total excellence philosophy. Customer requests and expectations are quickly addressed at no cost with a transparent and objective approach. All customers may contact Otokar 24/7 via the Customer Relations Line at 444 68 57 (444 OTKR). Otokar offers customer-centric solutions to applications submitted to the company in accordance with internal policies, legal and other requirements and organizational, financial and operational requirements.

In 2024, 9,265 customer requests and notifications were received by Otokar and 99% were resolved. Customer satisfaction and NPS scores are also monitored using various surveys.

CYBERSECURITY AND DATA SECURITY

As specified in the Information Security Policy, Otokar regards its information assets (including consumer information assets) as an important resource for capturing a competitive advantage and attaining its strategic goals. Therefore, Otokar takes all necessary measures to ensure that these information assets are always available, secure and consistent. Otokar is committed to complying with laws and regulations, fulfilling its contractual information security obligations and putting in maximum effort to ensure the security of customer and consumer information available to the company. To achieve these goals, Otokar has committed to establishing and continuously enhancing an Information Security Management System, managing its risks in accordance with ISO 27001 criteria and allocating the necessary resources. In 2024, 1,477 employees received Information Security Training, and no loss, theft or leakage of customer data was reported.

EMPLOYEE ENGAGEMENT

Otokar aims to attract highly qualified talent to the company and to ensure the loyalty of current employees.

Employee Satisfaction Indicators	2023	2024
Employee Engagement Score	72.3	83.4
Employee Turnover Rate (%)	26	27
Total Female Employment Ratio (%)	5.4	6.8
Female Executive Employment Ratio (%)	9	38
Gender Pay Gap for Managers (Female Employee Salary/Male Employee Salary) %	97	92
Gender Pay Gap for Non-managers (Female Employee Salary/Male Employee Salary) %	95	96
Training Hours per Person	30.5	25.8
Resources Allocated for Training Activities (TL million)	19.3	43.2
Ratio of Employees Subjected to Performance Appraisal (%)	71	100
Number of OHS Field Inspections	185	605
Fatal Accident Rate	0	0
Injury Rate (per million hours)	18.27	5.99
Ratio of Unionized Field Employees (%)	100	100

Therefore, the company strives to support them by implementing contemporary human resources policies that create an equitable, reliable and peaceful work environment, free from discrimination against religion, language, race and gender without compromising ethical values. The objective of the Human Resources Policy is to be the most preferred employer in the sector and to ensure this continuously. This can be achieved by creating an environment that makes employees proud and by developing the knowledge, skills and competencies that enable the employees to continuously show high performance by unlocking their potential.

Believing that employee happiness and loyalty will bring success in business life, Otokar supports the

high motivation and continuous development of its employees. Offering its employees a fair, equitable and respectful work environment where their rights are protected, Otokar adopts a management approach with people at the center.

In 2024, Otokar recruited 482 new employees. Furthermore, Otokar received 1,310 applications for field jobs and recruited 388 field workers as a result of 1,346 job interviews. On the other hand, 489 field workers' employment status changed from temporary to permanent contracts. In 2024, Otokar also hired 207 high school students and 32 vocational school students as interns. Otokar was also recognized by SATSO with an award as the employer to provide the highest number of jobs with social security in the province of Sakarya in 2024.

DIVERSITY, EQUITY AND INCLUSION

Guided by its Code of Ethics, Otokar strives to offer equal opportunity for all, while promoting diversity and inclusion. Otokar believes that achieving diversity in the workplace and particularly in decision-making processes contributes directly to the company's performance. In 2024, Otokar continued to raise awareness within the organization as part of its diversity, equity and inclusion endeavors and to recruit female field workers.

As of 2024, the number of female employees at Otokar stood at 278, corresponding to 6.8% of all employees. Women's representation was 21% on the Board of Directors and 38% among executives. Additionally, 8% of new hires and 3% of the employees leaving the company were women. Otokar is a signatory of the Declaration on Equality at Work, published by the Equality at Work platform, and Women's Empowerment Principles (WEPs), a joint initiative of UN Women and UN Global Compact.

To enhance its diversity and equal opportunity practices further, Otokar also drafted and implemented the Board of Directors Diversity Policy. The target is for the female representation on the Otokar Board of Directors to reach 25% by the end of 2026.

Otokar formed the voluntary Diversity, Equity and Inclusion Committee - Spectrum - to create a diverse, equal and inclusive work environment where human rights are respected and to build a corporate culture on these principles. The Spectrum committee has already conducted a materiality analysis within the organization and identified the focus areas to address as gender equality, physical disability and generational discrimination. The results of these studies have been published as a manifesto. Furthermore, the employees have received training on this topic. A

dedicated function was created within the mobile app for the employees to enter their suggestions.

CONTINUOUS DEVELOPMENT AND TALENT MANAGEMENT

Otokar recognizes that providing a development-focused work environment plays an important role in individual success and motivation as well as achieving collective business success. Training and development efforts contribute significantly to both employee motivation and Otokar’s future success. In line with the primary objectives of the Human Resources Policy, the company creates various learning opportunities to equip employees with new knowledge and skills and improve their competencies.

The company adopts a talent management approach that aims to ensure that the right person is placed in the right position, personal performance is measured and assessed accurately and objectively and employees are provided with the necessary professional knowledge and skills by planning their career paths accordingly. In 2024, all employees underwent performance appraisal and received an average of 25.8 hours of training.

OCCUPATIONAL HEALTH AND SAFETY

In line with its primary mission and in its efforts to attain its strategic goals and capture a competitive advantage, Otokar regards its workforce as its most valuable asset, as stated in the Occupational Health and Safety Policy. Koç Group Occupational Health and Safety Policy, Koç Group OHS Management System Procedure and Koç Group Standards guide Otokar in its OHS endeavors.

Occupational health and safety is addressed through the OHS Committees, which ensure the employees’ participation in the OHS processes, reduce the risks and enhance performance. During the regular OHS Committee Meetings,



accident indicators are evaluated, accident causes are analyzed and the measures taken are shared.

Otokar implements all necessary measures to create a healthy and safe environment for anyone who is on site for work, internship or visit purposes. In 2024, as a result of the 605 field inspections, 2,605 corrective actions were initiated and reported to the Senior Management. In 2024, Otokar employees received 23,028 hours of occupational health and safety training, and subcontractors’ employees 709 hours. No accidents or illnesses resulting in death were reported in 2024.

HUMAN RIGHTS

Guided by the Universal Declaration of Human Rights, Otokar adopts a respectful human rights approach toward its stakeholders in the communities in which it operates. A fundamental principle for Otokar is to create and maintain a positive and professional work environment for its employees. Otokar follows global ethical principles in matters such as recruitment, promotion, career development, wages, benefits and diversity, respecting the rights of its

employees to establish and join non-governmental organizations of their own choosing. Otokar does not tolerate any form of forced labor, child labor, discrimination and harassment.

Adhering to the UN Universal Declaration of Human Rights and ILO’s Declaration on Fundamental Principles and Rights at Work, Otokar respects the rights of its employees, shareholders, business partners, customers and all others affected by its products or services in relation to its activities. Otokar also expects its business partners to act in compliance with its Human Rights Policy.

All field workers at Otokar are unionized. At Otokar, which has a high unionization ratio, the terms and conditions of the Collective Bargaining Agreement signed between Türk Metal and MESS apply to the employee-employer relations.

ECOLOGICAL ENVIRONMENT

Otokar designs and manufactures products and services, including buses and light trucks for the automotive industry, and tactical wheeled and tracked vehicles and turret systems for the defense

Ecological Environment Indicators	2023	2024
Environmental Training (hours)	1,652	1,966
Solar Power Generation (GJ)	2,858	3,482
Total Energy Consumption (GJ) Grid and Solar	285,624	271,833
Annual Savings Through Energy Efficiency Initiatives (GJ)	5,533	6,559
Energy Consumption per Unit (GJ/Unit) Grid and Solar	18.02	17.03
Recovered Waste Rate (%)	99	99
Total Recovered Water (thousand m3)	150	155

industry. Otokar defines the limits and applicability of the systems in detail in accordance with ISO 9001:2015, ISO 14001:2015 and AQAP 2110:2016 system documentation. Otokar systematically monitors and contains its environmental impact through the Environmental Management Unit, established pursuant to Regulation on Environmental Management Unit and Environmental Consultancy Firms under the Environmental Law No. 2872, and authorized by the Ministry of Environment, Urbanization and Climate Change.

Otokar takes responsibility for sustainability by increasing the environmental awareness of the people, institutions and organizations in direct and indirect interaction throughout the product lifecycle, conserving biodiversity by fulfilling its environmental obligations toward its local and regional neighbors, and introducing improvements to continuously mitigate climate change with environmentally friendly processes and products.

Otokar’s environmental targets are also included in the personal performance appraisals and remunerations system. The environmental performance of the employees is evaluated and tracked

with scorecards and the results are reported to the General Manager and the Board of Directors.

Otokar organizes training activities to ensure that the employees are well-informed and aware about environmental management. In 2024, Otokar employees received 1,966 person*hours of environmental training.

CLIMATE CHANGE

In efforts to tackle climate change, Otokar follows its Environmental Policy, Energy Policy and R&D Strategy, which are all in alignment with Koç Group Climate Change Strategy and Koç Group Climate Change Management model. The Board of Directors is the highest governing body responsible for determining the strategies to address climate change.

Guided by TFCF (Task Force on Climate- Related Financial Disclosures), a risk analysis was conducted regarding climate change. Sustainable products, services and strategies that facilitate the transition to a low-carbon economy were evaluated on the basis of risks and opportunities. The main strategy that Otokar follows for tackling climate change is to work on limiting the impact of its products and manufacturing processes on the climate.

The energy consumed and greenhouse gas emissions released in Otokar’s production processes are monitored and efficiency projects that help reduce energy consumption and emissions are implemented. In 2024, Scope 1, Scope 2 and Scope 3 carbon footprint calculations were made. Scope 1-2-3 emissions were verified by BSI according to ISO14064-1 Standard, taking 2021 as baseline. Scope 1-2-3 emissions for 2022 were accredited by BVQI (Bureau Veritas). GHG standard was used in the calculations with Carbon Trust.

Otokar started preparing to submit its targets to the Science-Based Targets initiative (SBTi) in 2022. Otokar is also an active participant in the Koç Holding Carbon Transition Program, which aims for carbon neutrality by 2050.

The company, which started generating electricity from the photovoltaic panels at the Sakarya plant in 2023, completed and commissioned the new solar energy plant investment on site. Otokar has also completed the legal formalities for the installation of a SPP (Solar Energy Plant) in Malatya.

Emissions released from internal combustion engine (ICE) vehicles can have devastating impact on climate change. Therefore, developing technologies to limit the emissions takes up an important place on the agenda of Otokar as a leading industry player. Otokar focuses on the development of alternative fuel vehicles, electric vehicles and vehicles with high fuel efficiency.

ENERGY EFFICIENCY

In all its operations, Otokar aims to implement and develop a proactive energy management system based on sustainable development. In line with its Energy Policy, Otokar is committed to efficient use of energy and natural resources in all its activities, implementing environment and energy-friendly technologies in new

projects and equipment purchases, saving energy and reducing natural resource consumption through efficiency improvements in existing processes and systems.

Energy consumption and greenhouse gas emissions are monitored as key performance indicators, and efficiency projects are implemented to reduce them. During the reporting period, greenhouse gas emission calculations and assurances were performed regarding Scope 1, Scope 2 and Scope 3 emissions in accordance with the ISO 14064 - 1:2006 Standard, GHG Protocol and IPCC 2006 Tier 1 methods. Furthermore, target modeling and feasibility studies were carried out for Scope 1 and Scope 2 emissions. Otokar has established and certified the ISO 50001 Energy Management System, demonstrating its commitment to energy management for mitigating the impacts of greenhouse gas emissions. Aiming to reduce the energy consumption and carbon emissions of the domestic wastewater treatment plant, Otokar launched a pilot project in 2022 and started to generate electricity from photovoltaic panels with an installed capacity of 12.6 kWh. After achieving successful results, a solar power plant (SPP) with an installed capacity of 800 kWh was built. The SPP was commissioned in early 2023, and generated 3,482 GJ of electricity in 2024. During the reporting period, Otokar's operations consumed a total of 271,833 GJ of energy, while the energy efficiency efforts at the Arifiye Plant delivered energy savings of 6,559 GJ.

RESOURCE USE AND WASTE MANAGEMENT

Efficient use of natural resources is a critical matter that Otokar follows diligently. As a responsible company, Otokar aims to utilize the resources needed for its activities at a minimum. Otokar resorts to reusing and recycling the materials needed for production, minimizing waste generation. In line with its environmental policy

This report includes sustainability-related **data and disclosures, which have not been prepared in accordance with the provisions of the Turkish Sustainability Reporting Standards (TSRS) under Public Oversight, Accounting, and Auditing Standards Authority (POA) regulations, and have not been subject to the assurance audit required by POA.** A report, which Otokar will prepare in accordance with POA regulations to include the required data and disclosures under TSRS 1 and TSRS 2, will be disclosed publicly within the statutory timeframe after undergoing sustainability assurance auditing by an independent auditor.

and zero waste target, Otokar aims to minimize waste generation during production and to recover and reuse the waste at the highest rate possible. All hazardous and non-hazardous waste generated at the plant is managed with the zero waste principle. After the waste materials are sorted, they are designated as solid-liquid, recycling, temporary storage and disposal. The waste materials sorted for recycling are further separated depending on whether they can be directly recycled or reused as fuel, and shipped out of the plant according to their designations. In 2024, Otokar's operations generated 8,414 tons of waste, including 737 tons of hazardous and 7,678 tons of non-hazardous waste, and 99% of this waste was recovered. No significant leakage was detected in 2024.

All electronic waste generated during the production process is recycled through licensed companies. In addition, areas have been designated for employees to drop their electronic waste from their homes. All processes have been completed for planting trees with the proceeds from recycling these wastes.

WATER STEWARDSHIP

Otokar recovers and reuses water for improved efficiency. In 2022, efforts were made to improve rainwater harvesting to use more recycled water in production. Accordingly, the roofs of two separate buildings were retrofitted to enable rainwater collection. Rainwater harvesting is carried out using the rainwater collection system, while water circularity is ensured by recycling deionized (distilled) process waters in the Cataphoresis Plant. In 2024, nearly 155 thousand m3 of water was reused in production through recycling and recovery processes, and 3 thousand m3 of water was saved through efficiency projects.

Otokar has five wastewater treatment plants, two for domestic and three for industrial purposes. Wastewater generated from production is treated in these plants in accordance with Otokar Environmental Policy, environmental management systems and applicable regulations and the pollution load is reduced to the values specified in the discharge permits and delivered to the discharge points.



HUMAN RESOURCES

Otokar focuses on continuously developing its highly qualified human resource, motivating and fostering loyalty.



Otokar adopts a management approach with its people at the center. Empowered by its employees, Otokar aims to be a company where mutual trust and respect prevail and inclusion and diversity are valued, focusing on continuously developing its highly qualified human resource, motivating and fostering loyalty.

RECRUITMENT

The objective of Otokar’s selection and placement system is to build a creative, innovative and qualified workforce, open to newness and aligned with the company’s goals. As of year-end 2024, the number of Otokar employees totaled 3,722.* In 2024, 91 new office employees and 352 field workers started working at Otokar, including 49 employed as engineers at the R&D Center. As a result, the number of R&D employees reached 639. In 2024, women constituted 13% of Otokar’s office and field recruitments. In 2024, Otokar received 11,141 applications for field jobs and

conducted 1,310 job interviews. On the other hand, 489 field workers’ employment status changed from temporary to permanent contracts. As part of the internal rotation program, 14 people chose to take a new direction on their career journeys.

Otokar also hired 207 high school students and 124 university students as interns in 2024. As part of the efforts to strengthen the employer brand, high school and university students visited the Otokar Plant and participated in technical tours. The recruitment team joined face-to-face and online events to introduce Otokar to young talents. To promote Reverse Brain Drain, an idea competition was organized to attract undergraduate or graduate students who studied abroad to Türkiye and Otokar, increasing Otokar’s global visibility through access to a qualified workforce.

Otokar improved the effectiveness of its human resources processes

with an employee-centric approach and digitalization efforts in 2024. The company also expanded its candidate pool by participating in IŞKUR’s Disabled Day and recruited 18 disabled employees in 2024.

TRAINING

Otokar provides various training and development opportunities to ensure that its employees are proficient in advanced technology and maintain their competitive strength in the sector. Based on the OtoRota online training and development catalogue featuring 30 training categories, three agile, 18 personal development and nine professional development training programs were completed in 34 groups during the year, reaching 589 Otokar employees in 2024. Training on topics such as agile transformation, English language, leadership, digital literacy, and internal trainer instruction amounted to 92,278 hours. Otokar employees also took various training from internal trainers throughout 2024.

3,772

EMPLOYEES

REMUNERATION AND BENEFITS

Prioritizing employee satisfaction, Otokar continuously improves its remuneration and benefits policies with a fair, transparent and competitive approach, elevating the employee experience further every day with digitalization-focused innovations. In 2024, Otokar reduced paper waste by taking the job start documents and employee notification processes to the digital environment, and achieved a 27-ton CO2e reduction as a contribution to the carbon transformation target. In addition, social security registration processes were digitalized while AI and robotic process automation technologies were integrated into personnel data processing. Using the Document Understanding technology, documents were scanned for full SAP entries, and digital storage processes were optimized. Labor efficiency increased with an average monthly saving of 120 hours, resulting in labor savings of TL 1.7 million.

INTERNAL COMMUNICATIONS AND EMPLOYEE EXPERIENCE

Otokar launched the EX Action Coaches system in 2024 to ensure that the leaders can plan their actions within their spheres of influence, and then to follow through and properly communicate with their teams. With the guidance of EX Coaches, who were supported by engagement and experience-focused workshops and trainings throughout the year, an increase of up to 40 points was recorded in the engagement scores of the teams. The Employee Engagement Survey resulted in 83.4% with an 11-point increase. With this score, Otokar became one of the companies with the highest engagement levels within Koç Group and Koç Holding Automotive Group.



New features were added to the mobile application where Otokar employees find solutions to their instant experiences. A total of 546 posts communicated through the application during the year received responses with a solution rate of 97%.

Following the enhancements in the employees' significant daily experiences, Otokar aligned with Koç Holding standards. As a result, Otokar ranked among the four companies that received an award as a Workplace Making a Difference in Koç Group based on the independent audits conducted for this purpose. Otokar was also named a Great Place To Work for its achievements in employee experience and engagement. Otokar employees came together in several events organized by clubs throughout the year.

Otokar Volunteers connected with approximately 5,000 families in events held in Hatay, Iskenderun, Malatya, Kahramanmaraş and Adiyaman Hope Cities. Otokar granted further scholarship for students of Law, Electrical-Electronics, Mechanical and Computer Engineering within the scope of Koç University Anatolian Scholars Program. Additionally, school sets were gifted to the children of Otokar employees.

HEALTH IN THE WORKPLACE

Otokar prioritizes the health of its employees, promoting practices and safe working environments that encourage a healthy lifestyle culture. During the reporting period, Otokar employees benefited from primary healthcare services, including 26,772 polyclinic examinations, first aid and outpatient treatments. In the periodic examinations, in addition to routine examinations, cardiovascular risk assessment criteria for physical activity recommended by the General Directorate of Public Health were applied and employees identified in the risk groups were referred to the cardiology outpatient clinic for further examination and treatment. With the support of KETEM, cancer screening was rescheduled for those who were unable to participate in the National Cancer Screening Program in 2023. The World No Tobacco Day Seminar and Alcohol and Substance Addiction Seminars were organized with support from the Provincial Health Directorate and AMATEM. In 2024, the Health Unit organized Face-to-Face Dietician Service for 476 employees and Face-to-Face Psychological Counseling at the Workplace for 193 employees. Throughout the year, 1,309 employees participated in the 12-hour Onboarding and OHS Refresher Training.

INVESTOR RELATIONS

Otokar continuously strives to increase shareholder value through sustainable growth, consistent dividend distribution, worldclass investor relations and best corporate governance practices.



The relations between Otokar and shareholders are managed by the Investor Relations Department in collaboration with relevant units. The department is responsible for providing the shareholders and potential investors with information, except for confidential information and trade secrets, and in a manner not to lead to information disparities, and for establishing two-way communication between the company executives and shareholders and potential investors.

As part of its responsibilities to inform the interested parties about Otokar's activities, the department held 11 online and four in-person meetings, and 52 conference calls with current and potential investors, and updated the shareholders on the latest developments. Throughout the year, the department continued to provide information by responding to written and verbal questions.

Furthermore, the corporate website, investor presentations and all other communication tools were regularly updated and shared with shareholders in Turkish and English languages. The Investor Relations Department submitted the report on its 2024 activities to the Board of Directors on February 27, 2025.

GENERAL ASSEMBLY

The Ordinary General Assembly of Otokar Otomotiv ve Savunma Sanayi A.Ş. will convene to review the activities of the company in 2024 at 3:30 p.m. on Monday, 24.03.2025 at the Divan İstanbul Hotel, Asker Ocağı Cad. No: 1, Elmadağ, Şişli, İstanbul (Phone: 0 212 315 55 00). The Annual Report, Independent Audit Report, Dividend Distribution Proposal, Corporate Governance and Sustainability Principles Compliance Reports, and the detailed Information Note that includes the agenda items and the

9.60

**OTOKAR'S
CORPORATE
GOVERNANCE RATING**

required disclosures for compliance with the Capital Markets Board Regulations will be made available for the shareholders to view within the legal period of three weeks before the Annual General Meeting at the company headquarters, on the corporate website www.otokar.com, and the Public Disclosure Platform and the Electronic Annual General Meeting System.

CORPORATE GOVERNANCE

Corporate Governance Rating is an indication that the company complies with corporate governance principles to a great extent and that it will continue to improve its efforts for further compliance. As announced to the public on March 22, 2024 with a material disclosure, Otokar’s Corporate Governance Rating measured by SAHA Kurumsal Yönetim ve Derecelendirme Hizmetleri A.Ş. (SAHA) rose to 95.99 (9.60 out of 10).

CREDIT RATING

In 2024, JCR Avrasya Derecelendirme A.Ş. (JCR Eurasia Rating) evaluated the credit ratings and outlooks of Otokar and affirmed the company’s Long-Term National Rating as “A+(Tr)” and outlook as “Stable,” Short-Term National Rating as “J1+(Tr)” and outlook as “Stable,” and Long-Term International Rating (local and foreign currency rating) as “BB” and outlook as “Stable.”

COMPANY SHARES

Otokar Otomotiv ve Savunma Sanayi A.Ş. shares have been traded on Borsa İstanbul since April 24, 1995 with ticker symbol “OTKAR”. Otokar shares, traded on the Star Board,

are also listed in the Corporate Governance and Sustainability Indexes.

Otokar has been listed in the BIST Sustainability Index since 2014. In 2024, BIST 100 rose by 31.60% while Otokar shares were traded at lowest TL 401.18 and highest at TL 659.00, seeing 15.45% increase throughout the year. The company’s market capitalization as of December 31, 2024 was TL 58.1 billion.

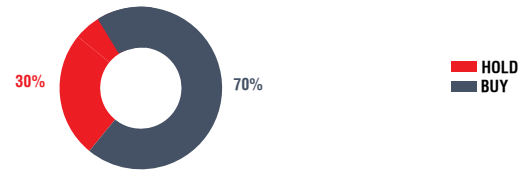
ANALYST RECOMMENDATIONS

Among the 10 investment firms that actively report on Otokar, 7 have recommended BUY and 3 HOLD, based on their latest reports issued in 2024.

DIVIDEND DISTRIBUTION

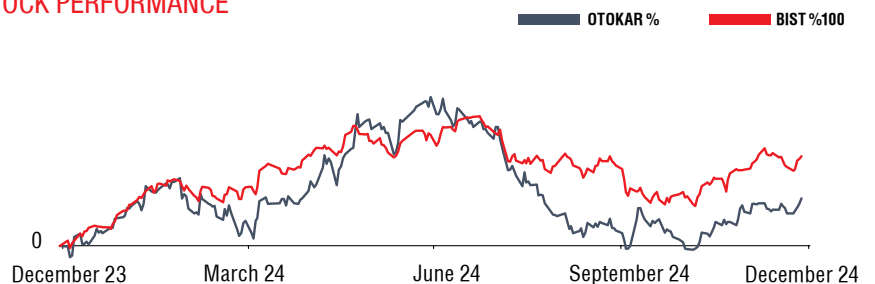
The Company’s Dividend Policy is available on the corporate website and on page 36 of this report. The 2024 Dividend Distribution Proposal can be found on page 37.

ANALYST RECOMMENDATION



Corporate Governance	Weight	Score
Shareholders	25%	95,92
Public Disclosure and Transparency	25%	96,19
Stakeholders	15%	99,51
Board of Directors	35%	94,40
Total	100%	95,99

STOCK PERFORMANCE



R&D ACTIVITIES

Otokar’s Sakarya plant is home to one of the leading automotive R&D centers worldwide.



Otokar remains committed to ongoing innovation, striving to develop cutting-edge products and services that anticipate future needs. The company’s R&D capabilities include CAD programs for product development, prototyping workshops and software, computer-assisted analysis and simulation software, and test-focused apparatus and software. In 2024, the R&D spending corresponded to 5% of the company’s revenues. Otokar-designed vehicle sales constituted 71% of total revenues in 2024

and defense industries, is equipped with simulators, test equipment and computer systems to generate and evaluate information for faster testing of manufactured vehicles with advanced technologies. The testing capabilities of the R&D Center are accessible to various other industries and companies. The state-of-the art R&D Center, the most competent in land systems in Türkiye, currently operates with 639 employees.

ELECTRIC VEHICLE DEVELOPMENT

Electric vehicle development remains a key focus of Otokar’s long-term strategy. In 2024, the company continued its advancements in this field, unveiling the new e-Kent public transportation bus at the Busworld Türkiye fair. Designed to promote a cleaner environment, quieter urban traffic, lower operating costs, and enhanced efficiency, the 100% electric

5%

OF REVENUES ALLOCATED FOR R&D EXPENDITURES IN 2024

ONE OF THE LEADING R&D CENTERS WORLDWIDE

Otokar’s Sakarya plant is home to one of the leading automotive R&D centers worldwide. Otokar’s R&D Center, which also serves as an independent accreditation center for all R&D activities of local and international companies that operate in automotive

e-Kent stands out with its innovative design, advanced technologies, and state-of-the-art safety features. The bus offers a range of over 300 kilometers on a full charge, depending on topography and usage conditions.

Expanding its electric vehicle portfolio, Otokar introduced the e-Atlas, the first domestically sold electric truck in its lineup. Combining zero emissions with silent operation, comfort, and safety, the e-Atlas is powered by a 115 kW motor and delivers a range of 200 kilometers on a full charge. Its compact design makes it ideal for maneuvering through narrow urban streets.

Accelerating its green mobility initiatives, Otokar continues to drive innovation for a more sustainable future. The company is also advancing its research in hydrogen energy, a renewable resource derived from water and clean energy sources. As the pioneer of Türkiye's first hydrogen fuel cell bus, Otokar actively supports the Koç University Hydrogen Technology Development Center. During the Center's opening, Otokar shared insights into its ongoing fuel cell research with Koç Holding CEO Levent Çakıroğlu.

Additionally, Otokar's autonomous bus successfully completed functional safety tests conducted by independent organizations in Hungary.

MILITARY VEHICLE DEVELOPMENT CAPABILITIES

Otokar's superior design, testing, and production capabilities enable the company to respond effectively to the evolving needs and requirements of its clients. Its outstanding design and development expertise contribute to Otokar's international success and

competitive strength against global brands.

The qualification and customer demonstrations of the Arma II 8x8 recovery vehicle, developed by Otokar's research and development team, were successfully completed. The Arma II 8x8 integrates multiple recovery functions—typically performed by two separate vehicles—into a single platform, securing a leading position in this segment. It is designed to efficiently recover damaged, overturned, or sunken tracked and wheeled armored vehicles on the battlefield while also executing maintenance, repair, towing, ground correction, and obstacle removal operations.

In 2024, Otokar advanced its work on unmanned vehicles, further strengthening its innovation leadership. Alpar, Türkiye's first medium-class unmanned land vehicle, was enhanced with fully autonomous driving capabilities, supported by GPS and camera systems. Operating silently with its serial hybrid drive system, Alpar integrates cutting-edge reconnaissance, surveillance, and combat functionalities. Its modular electronic infrastructure enables remote and autonomous operation, vehicle tracking, and superior maneuverability, comparable to light tanks, while maintaining a low thermal and acoustic signature.

Otokar also enhanced its Ural vehicle by increasing its mine protection level, making it ready for serial production in 2025. Featuring a specially designed chassis and globally proven engine, transmission, and mechanical components, the Ural delivers exceptional off-road capability. It is equipped with permanent four-wheel

drive, a lockable central differential, independent front suspension with a torsion bar, and a rigid rear axle.

Additionally, in 2024, Otokar developed a modular gun turret platform capable of integrating 12.7 mm, 40 mm grenade launcher, and 25 mm gun systems. The drive system, developed in collaboration with WAT Motor, was incorporated into the grenade launcher turret, with the 12.7 mm version entering serial production.

SUPPORTED PROJECTS

Committed to meeting user expectations and needs with the latest technology, Otokar drives research and development in digital transformation, smart production, and autonomous vehicles with a nationally and internationally recognized standard of excellence. As part of its innovation efforts, Otokar participates in the MATISSE project, which focuses on model-based engineering of digital twins for the early verification and validation of complex industrial systems. This initiative is supported under the Horizon Europe program. Additionally, the company has secured funding under the ITEA 4 program for its SA4CPS project, which leverages distributed ledger technologies to develop innovative solutions for processing data collected from IoT devices. Otokar's TASTI project, designed to integrate machine vision systems into its existing applications with the goal of eliminating errors, is supported through the TÜBİTAK 1509 International Industrial R&D Program. The company is also advancing research on its autonomous vehicle, developed under TÜBİTAK's Tech-Driven Industry Initiative Program, further reinforcing its position as a leader in next-generation mobility solutions.

FUTURE

Fast on track toward its goal of becoming a global company, Otokar aims to maintain its growth trajectory with its subsidiaries and new branches next year.



Otokar, a Koç Group company, develops and offers solutions tailored to its clients' needs with its own technology, design and applications since 1963. As Türkiye's leading commercial vehicle and defense industry manufacturer, Otokar stands out with its engineering and R&D capabilities, qualified human resource, flexible production capacity, solutions tailored to client needs, and aftersales services. On track toward its goal of becoming a global company, Otokar aims to maintain its growth trajectory with its subsidiaries and new branches in France, United Arab Emirates, Romania, Kazakhstan and Italy.

In the defense industry, Otokar targets for the near future will focus on delivering the received orders, while growing its vehicle park in the export markets and seizing

opportunities for technology transfer and local production with international partners. Otokar remains committed to contributing to the country's exports for years to come. Otokar will pursue its international ambitions by introducing innovative products and services that align with global market demands and user requirements. As Türkiye's leading land systems manufacturer, it will diligently extend its product offerings, technological capabilities, and opportunities to serve the best interests of our country.

In commercial vehicles, Otokar's main targets include maintaining its leading position in the domestic bus market and growing its vehicle portfolio, particularly in Europe. Otokar's alternative fuel vehicles are poised to address the evolving needs of cities worldwide, starting with Europe, where

efforts to mitigate the adverse impacts of climate change are underway. Otokar aims to offer a comprehensive range of low and zero-emission options to these markets, while the company also remains committed to its goal of developing and commercializing autonomous vehicles. Otokar will also focus on strengthening its market position with the pickup trucks, recently added to its product portfolio.

Otokar is committed to fostering employee engagement and developing its human resources through talent transformation. Drawing strength from its employees, the company embraces a culture where mutual trust and respect prevail, diversity and participation are valued, and professional growth is encouraged. Within the framework of its Human Resources Policy, Otokar remains focused on ensuring the continuous development, motivation, and long-term commitment of its talented workforce to the Otokar Family.

As part of its sustainability strategy, Otokar integrates environmental, social, and ethical responsibility into its operations while maintaining a strong domestic capital structure and profitability. The company upholds its commitment to universal human rights, business ethics, operational excellence, and customer satisfaction, while prioritizing the development of high-tech, value-added products. Recognizing the 17 Sustainable Development Goals set by the UN General Assembly, Otokar will continue to align its initiatives with these objectives in the years ahead.



CORPORATE GOVERNANCE





ARMA II

CORPORATE GOVERNANCE

LEGAL DISCLOSURES

Reporting Period:

01.01.2024 - 31.12.2024

Company Title:

Otokar Otomotiv ve Savunma Sanayi A.Ş.

Trade Registry / Number:

İstanbul / 83467

Shareholding Structure and Capital Distribution:

Registered Capital Ceiling: TL 100,000,000

Paid-in Capital: TL 120,000,000

Shareholder	Share (TL)	Share (%)	Votes	Votes (%)
Koç Holding A.Ş.	56,850,122.77	47.38	5,685,012,277.00	47.38
Ünver Holding A.Ş.	29,774,719.15	24.81	2,977,471,915.00	24.81
Free Float	33,375,158.08	27.81	3,337,515,808.00	27.81
Total	120,000,000	100.00	12,000,000,000.00	100.00

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

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

Explanations under Article 198 of the Turkish Commercial Code:

On May 3, 2024, shares with a nominal value of TL 3,236,373.73, representing approximately 2.70% of our company's capital, previously owned by Temel Ticaret ve Yatırım A.Ş., were acquired by Koç Holding A.Ş. As a result of this transaction, the shareholding percentage indirectly held by Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. in our company increased from 19.65% to 20.83%, and this change was registered with the Istanbul Trade Registry under Article 198 of the Turkish Commercial Code.

Privileged Shares and Voting Rights of Shares:

There are no privileges in the company's Articles of Association pertaining to the exercise of voting rights. Each share in the nominal value of Kr 1 has one vote.

Stock Information:

BIST Ticker Symbol : OTKAR

Reuters Ticker Symbol : OTKAR.IS

Bloomberg Ticker Symbol : OTKAR.TI

IPO Date : 24.04.1995

Headquarters Address:

Taşdelen Mahallesi Sırrı Çelik Bulvarı No. 5

34788 Çekmeköy-İstanbul / P: +90 216 489 29 50

Factory Address:

Atatürk Caddesi No. 6

54580 Arifiye-Sakarya / P: +90 264 229 22 44

Website:

www.otokar.com.tr

CORPORATE GOVERNANCE

LEGAL DISCLOSURES

Organizational Changes within the Year:

General Manager Ahmet Serdar Görgüç retired on March 31, 2024 but continued to serve as a member on the Board of Directors. İbrahim Aykut Özünler was appointed as the new General Manager of Otokar effective April 1, 2024.

Assistant General Manager-Finance Hüseyin Odabaş retired on December 31, 2024. Başak Tekin Özden was appointed as the new Assistant General Manager-Finance effective January 1, 2025.

Legal Actions Taken and Lawsuits Filed Against the Company that Could Materially Affect the Company's Financial Standing and Activities, and the Potential Implications:

No lawsuits that could materially affect the company's financial standing and activities were filed against the company, including those related to environmental, social and corporate governance matters.

Administrative and Legal Sanctions Imposed on the Company or the Board Members due to Regulatory Non-compliance:

No administrative and legal sanctions have been imposed on the Company or the Board Members due to regulatory non-compliance.

Legislative Changes that Could Materially Affect the Company's Activities:

There were no legislation changes that could materially affect the company's activities.

Conflicts of Interest with Service Providers, Including Investment Consultants, Rating Agencies, etc. and the Measures Taken to Prevent Such Conflicts of Interest:

The company does not procure any investment consultancy services. No conflicts of interest have occurred with the companies providing Corporate Governance and Credit Rating services.

Implementation of the Ordinary General Assembly Resolutions:

The resolutions reached at the Ordinary General Assembly on March 27, 2024 have been implemented.

Extraordinary General Assembly Meetings Held Within the Year:

None.

Amendments to the Articles of Association within the Reporting Period:

No amendments were made to the Articles of Association in 2024. On the other hand, the Board of Directors resolved on September 13, 2024, to relocate the company's headquarters to Taşdelen Mahallesi Sırrı Çelik Bulvarı No. 5 Çekmeköy / İstanbul. The new address was registered and published in the Turkish Trade Registry Gazette no. 11167 on September 18, 2024.

Evaluations Under Article 376 of the Turkish Commercial Code:

Pursuant to Article 376 of the Turkish Commercial Code, the company's capital has been evaluated to ensure that it is preserved in the equity. Accordingly, it has been ascertained that the paid-in capital of TL 120,000,000 of Otokar Otomotiv ve Savunma Sanayi A.Ş. is preserved with TL 8,188,236,000 in shareholder's equity as of 31.12.2024 and that the company's debt structure is adequate for healthy running of its operations with a Net Financial Liability/Shareholder's Equity Ratio of 2.42.

CORPORATE GOVERNANCE

2024 REPORT ON AFFILIATED COMPANIES

The report, which explains the company's relations with majority shareholders in accordance with article 199 of the Turkish Commercial Code, was approved by the Board of Directors on February 27, 2024. The conclusion of the report is quoted below:

"Pursuant to Article 199 of the Turkish Commercial Code no. 6102, the Board of Directors of Otokar Otomotiv ve Savunma Sanayi A.Ş. is required to prepare a report within the first three months of the calendar year concerning the company's transactions with its majority shareholders and its subsidiaries in the previous year; and to include the conclusions of this report in the annual report. The details of the transactions between Otokar Otomotiv ve Savunma Sanayi A.Ş. and the related parties are included in note 28 to the financial statements."

The following was expressed in the report, which was prepared by Otokar Otomotiv ve Savunma Sanayi A.Ş.'s Board of Directors on February 27, 2024: "The Board of Directors of Otokar Otomotiv ve Savunma Sanayi A.Ş. has reached the conclusion that, in all transactions conducted in 2024 between Otokar Otomotiv ve Savunma Sanayi A.Ş. and its majority shareholders, as well as its subsidiaries, the transactions were either completed or the required measures were taken, and, in cases where the company refrained from taking the required measures, due consideration was provided based on all facts and conditions known to the company's Board at the time, and, in this context, that there were no measures taken, or which were refrained from, that could harm the company, and, accordingly, there were no transactions or measures that required balancing."

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Otokar Otomotiv ve Savunma Sanayi A.Ş. ("Company") acts with utmost diligence to comply with the "Capital Markets Board Corporate Governance Principles" published by the Capital Markets Board (CMB). The activities related to Corporate Governance in 2024 were executed in compliance with the Capital Markets Law, which includes regulations on CMB's corporate governance principles and the communiqués promulgated pursuant to this Law.

At the 2024 Ordinary General Assembly meeting, the Board of Directors and its Committees were formed in line with the provisions of the Corporate Governance Communiqué. Ahead of the upcoming general assembly meeting, Independent Board members were nominated and announced, and the entire process was executed in line with the regulations. The Board Committees have been functioning effectively. The General Assembly Information Note and documents providing details of privileged shares, voting rights and organizational changes, as well as the résumés of Board of Directors candidates, the Remuneration Policy for Board Members and Senior Management and other information required to be disclosed were all made available for the investors three weeks prior to the general assembly meeting. Furthermore, the company's corporate website and Annual Report were reviewed and revisions required to comply with the principles were made.

The company will continue to work toward compliance with the principles based on the developments in legislation and general practice.

As an indication that the company has significantly complied with corporate governance principles and that its efforts toward full compliance with corporate governance principles will increase and continue, the company's corporate governance rating has been increased to 95.99 (9.60 over 10) by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., as announced in our material disclosure on 22.03.2024. The Corporate Governance Rating Report can be found on the corporate website at www.otokar.com.

DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Otokar recognizes the importance of complying with the Corporate Governance Principles regulated by the Capital Markets Board ("CMB"), and has achieved full compliance with the mandatory principles of the Corporate Governance Communiqué II-17.1 ("Communiqué"), applicable in 2024, as well as compliance with the majority of the non-mandatory principles. While full compliance with the non-mandatory principles is ultimately targeted, due to the challenges encountered in the implementation of some principles, ongoing discussions in Türkiye and on international platforms regarding compliance with certain principles, and the incongruency of the current market and corporate structure with some principles, full compliance has not been achieved so far. We are working on the principles yet to be implemented and we plan to apply them once the administrative, legal and technical infrastructure for the effective governance of the company has been completed.

Full compliance with a number of non-mandatory Corporate Governance Principles listed below has not been achieved for the aforementioned reasons, and detailed information on this matter is provided in the relevant sections that follow. The company has not been subjected to any conflicts of interest due to non-compliance with the non-mandatory principles.

- Principle 1.3.10 - The donations made by the company are provided under a separate item on the General Assembly agenda and the details of the donations with the highest amounts are included in the General Assembly information document. The remaining amount, not detailed in the information document, consists of various donations, each lower than TL 500,000, made to various institutions and organizations and that are not of material significance for investors. Donations lower than this amount are not followed by the investors and the company has plans to continue disclosing this materiality limit in the coming years.
- Principle 1.5.2 - The minority rights for shareholders holding less than one twentieth of the capital have not been defined in the Articles of Association, and the rights have been defined within the frame of general provisions in the legislation. The company does not foresee any changes in the near future.

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- Principle 4.4.7 - Considering that the Board members contribute significantly to the Board with their business experience and industry knowledge, they are not restricted in terms of assuming other duties outside the company. The résumé of each Board member and their external duties are provided in the annual report. Given the effective functioning of the Board, no changes to the current practice are anticipated in the near future since no negative consequence has been observed in terms of corporate governance.
- Principle 4.5.5 - The committee appointments are decided by taking into consideration the respective Board members' expertise and experience, and in accordance with applicable regulations, and some Board members serve multiple committees. However, these members also facilitate communication and increase the opportunities for cooperation between committees handling related subjects. Considering the efficient work of the Board members with their wealth of knowledge and experience, the current committee structure is deemed effective and no changes are anticipated in the near future.
- Principle 4.6.5 - Remunerations provided to the Board members and executives with administrative responsibilities are provided in the notes to the financial statements and disclosed to the public as a total figure. Given that this matter is important due to the privacy of personal data, practices in the market are followed with plans to act in line with the widespread preferences.

The Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Note (CGIN), drawn up according to the new reporting formats pursuant to CMB resolution no. 2/49 dated 10.01.2019, and approved by the Board of Directors, are presented as an appendix to this annual report (pages 190-203). The relevant documents can also be accessed through the Company's corporate governance page on the Public Disclosure Platform. (<https://www.kap.org.tr/tr/cgif/4028e4a140ee35c70140ee4316b3001d>)

INVESTOR RELATIONS

The relations between Otokar Otomotiv ve Savunma Sanayi A.Ş. and shareholders are managed by the Investor Relations Department. In addition to providing shareholders and potential investors with information, except for confidential information and trade secrets, and in a manner not to lead to information disparities, the IR Department is also responsible for establishing two-way communication between the company executives and shareholders and potential investors.

Investor Relations Department managers are listed below:

Hüseyin Odabaş (Assistant General Manager - Finance)

İrfan Özcan (Financial Affairs Director)

Doğan Seçkinler (Finance, Risk Management and Investor Relations Director)

Hatice Gülşah Mutlu (Investor Relations and Corporate Governance Leader)

In 2024, the Investor Relations Department held 11 online and four in-person meetings and 52 conference calls, meeting with current and potential investors and updating the shareholders on the latest developments. To ensure this, the company's website, investor presentations and investor newsletters are regularly updated. Material disclosures that may be important for the investors are published on the corporate website in Turkish and English after they are announced on the Public Disclosure Platform (KAP). Information pertaining to the last five years is available on the corporate website in Turkish and English languages. Numerous requests for information were submitted to the Investor Relations Department by analysts and investors regarding the company's financial reports and activities, and these were replied in line with publicly available information in a manner to avoid information disparities.

Statutory obligations such as holding the General Assembly meetings in accordance with applicable regulations, Articles of Association and company bylaws, and preparing Annual Reports and other documents for the shareholders to benefit are the responsibility of the Investor Relations Department. The General Assembly Meeting held in 2024, call to meeting and meeting minutes were carried out in compliance with applicable regulations, Articles of Association and other relevant company bylaws.

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All kinds of public disclosure obligations required by the regulations, such as financial reporting and disclosing of material situations to the public, are fulfilled by the Investor Relations Department. In 2024, 64 material disclosures were announced, and those that particularly concern the investors were published on the Public Disclosure Platform (KAP) and concurrently on the corporate website along with their English translations.

The Investor Relations Department submits a report to the Corporate Governance Committee at least once a year regarding its activities to be communicated to the Board of Directors. The said report on the activities of 2024 was evaluated by the Corporate Governance Committee and the Board of Directors on February 27, 2025.

The company acts diligently to ensure compliance with legislation in satisfying investors' demands. In 2024, no complaints, or administrative or legal pursuit of exercising shareholders' rights in the company have been filed to the best of our knowledge.

BOARD OF DIRECTORS

Structure and Composition of the Board of Directors

The company is managed by a Board of Directors formed by minimum five (5) members, elected by the General Assembly. In addition to electing the Board members, the General Assembly also determines the number of members to serve on the Board. Without prejudice to the requirements imposed by the Capital Markets Board's Corporate Governance Principles for independent directors, the General Assembly has the right to replace Board members at any time if needed, per Article 364 of the Turkish Commercial Code.

In the event that a Board membership is vacated for any reason such as when an independent member's status is no longer independent, or he/she resigns or becomes unable to perform his/her roles, the Board of Directors will temporarily appoint an individual that meets the legal criteria in accordance with the applicable provisions of Turkish Commercial Code and the CMB regulations and submit the nomination to the General Assembly for approval in the next meeting.

The duties of the Chairman of the Board and the General Manager are performed by separate individuals. Board members are encouraged to allocate the required time to fulfil their obligations toward the company, while there are no rules restricting them from assuming other duties outside the company. Considering that independent members, in particular, may contribute significantly to the Board with their business experience and industry knowledge, no such restrictions have been deemed necessary. The résumé of each Board member and their external duties are made available for the shareholders to view prior to the annual General Assembly meeting.

Duties of the Nomination Committee and the Remuneration Committee within the company are carried out by the Corporate Governance Committee. Three candidates were nominated for independent membership in 2024, and the declarations of independence and résumés of these individuals were evaluated by the Corporate Governance Committee and the Board of Directors on January 31, 2024, determining them to be independent member candidates. All independent board members submitted their declarations of independence to the Corporate Governance Committee, and in the 2024 reporting period, no situation that would void their independence occurred.

Otokar's Board Diversity Policy was approved in 2021 with the goal of raising female membership ratio in the Board of Directors to 25% in the next five years. Currently, the female membership ratio in the Board stands at 22%.

The table below provides an overview of the current Board members, elected at the General Assembly on March 27, 2024 to serve until the next General Assembly meeting to review the 2024 activities. As defined in the CMB Corporate Governance Principles, all members are non-executive except for Ahmet Serdar Görgüç, who served as General Manager of the company until March 31, 2024.

Detailed résumés of the Board members can be found on the corporate website and on pages 32-34 of the Annual Report.

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Full Name	Title	Independence	First Elected to	Term	Committee Assignments	External Assignments
Yıldırım Ali KOÇ	Chairman	Not independent	26.03.2015	1 Year		Vice Chairman - Koç Holding A.Ş., Chairman, Board Member and Committee Member at multiple Koç Group Companies
Selin Ayla ÜNVER	Vice Chair	Not independent	22.10.2018	1 Year		Ünver Holding A.Ş. Chairwoman
Levent ÇAKIROĞLU	Member	Not independent	26.03.2015	1 Year	Corporate Governance Committee - Member	CEO and Board Member - Koç Holding A.Ş., Chairman, Board Member and Committee Member at multiple Koç Group Companies
Haydar YENİGÜN	Member	Not independent	21.03.2022	1 Year	Risk Management Committee	Board Member and Committee Member at multiple Koç Group Companies
İsmail Cenk ÇİMEN	Member	Not independent	18.03.2019	1 Year		Board Member and Committee Member
Ahmet Serdar GÖRGÜÇ	Member*	Not independent	20.04.2006	1 Year		
Ali İhsan İLKBAHAR	Member	Independent	16.03.2020	1 Year	Corporate Governance Committee - Chairman	
Fatma Füsun AKKAL BOZOK	Member	Independent	27.03.2024	1 Year	Risk Management Committee – Chairman, Audit Committee Member	Board Member at Koç Group Companies and other companies
Kamil Ömer BOZER	Member	Independent	27.03.2024	1 Year	Audit Committee - Chairman	Board Member at Koç Group Companies and other companies

* General Manager Ahmet Serdar Görgüç retired on March 31, 2024, while he continued to serve as a member on the Board of Directors until the end of his term.

Operating Principles of the Board of Directors

The powers and responsibilities of the members of the Board of Directors are specified in the Articles of Association. Distribution of duties among Board members and their duties and powers are explained in the annual report.

The subject or agenda of the Board of Directors Resolutions is determined according to the matters, for which the company's Articles of Association explicitly require a Board of Directors resolution, or the issues that arise as reported to the company's Senior Management and Board members by the relevant departments.

The Board of Directors convenes for meetings as company business requires. Although there is no dedicated secretariat established to facilitate communication between Board members, relevant tasks such as preparing the meeting agenda, recording the resolutions, and following them through are performed by the relevant officers in coordination with the Assistant General Manager – Finance.

Pursuant to the Turkish Commercial Code and the relevant provisions of the company's Articles of Association, the Board of Directors convenes in person when the company business calls for it, and when necessary, resolutions can be reached by circulating them per article 390, paragraph 4 of the Turkish Commercial Code. The Board of Directors passed 28 resolutions in 2024. Furthermore, the Board convened three times with the majority of members in attendance to address strategic matters and discuss the company's position and activities.

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Different views expressed during the Board meetings as well as the reasons for casting opposing votes are recorded in the minutes. However, since no such opposing or discordant views were recently expressed, no public disclosures were released in this regard.

Otokar's Board members and senior executives are covered by an "Executive Liability Insurance" policy.

Otokar's Remuneration Policy for Members of the Board of Directors and Senior Management, which lays out all the rights, benefits and remunerations provided to the Board members and senior executives and the criteria used to determine them as well as the principles of remuneration, is available on page 44 of the Annual Report.

There has been no materially significant transaction that could result in a conflict of interest such as extending loans to the Board members or executives or providing collaterals in their favor by the company.

The 'Otokar Board of Directors Working Procedures and Principles' have been implemented, and the working procedures and principles of the Board of Directors of Otokar Otomotiv ve Savunma Sanayi A.Ş., as well as how Board meetings will be conducted, have been regulated within the framework of the Turkish Commercial Code ("TCC"), the Capital Markets Board ("CMB") regulations, and other relevant legislation.

Committees under the Board of Directors

At Otokar, the Board of Directors has formed several committees to effectively fulfil its duties and responsibilities, and these committees carry out their activities in accordance with specified procedures. The committees reach decisions after independently working on specific topics and present their findings in the form of proposals to the Board, which then passes a final resolution.

The committees' operating principles and fields of activity are determined by the Board of Directors and publicly disclosed.

The committees are headed by Independent Board members. Furthermore, all members of the Audit Committee consist of Independent Board members.

The committees document all of their activities and keep records. The committees hold meetings as frequently as needed to work effectively and as defined by their operating principles, and they report the information and results of their work to the Board of Directors.

Members who serve on multiple committees facilitate communication and increase opportunities for cooperation between committees handling related subjects. The Board of Directors is of the opinion that it has obtained the expected benefit from the committees' work.

Operating principles of the committees are available on the corporate website.
(<https://www.otokar.com.tr/yatirim-iliskileri/kurumsal-yonetim/komiteler>)

Audit Committee

The Audit Committee, established pursuant to the Board of Directors' resolution on April 29, 2003, fulfils the duties specified for audit committees in the Capital Markets Legislation.

The Board of Directors resolved on April 3, 2024 that the Audit Committee would be composed of 2 independent members, with Kamil Ömer Bozer appointed as chair, and Fatma Füsün Akkal Bozok as member.

In 2024, the Audit Committee submitted to the Board of Directors a written report of its views on the selection of the

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

independent auditor, observations about the functioning and effectiveness of the independent audit and internal control system, its assessments of annual and interim financial statements to be disclosed to the public in terms of their truth, accuracy and compliance with the accounting principles adopted by the company as well as the decisions made during committee meetings held within the year. The Audit Committee convened eight times in 2024.

Corporate Governance Committee

The Corporate Governance Committee was established following the Board of Directors resolution on May 25, 2012 to monitor the company's compliance with the Corporate Governance Principles, examine the reasons for non-compliance with the Principles that are not yet implemented, and propose improvement actions, evaluate corporate governance practices and the Corporate Governance Compliance Report, and oversee the work of the Investor Relations Department. The Board of Directors resolved on April 3, 2024 that the Corporate Governance Committee be composed of three members and that the independent Board member Ali İhsan İlkbahar be appointed as the chair, and Levent Çakıroğlu ve Hüseyin Odabaş as members of the committee, which would also serve as the Nomination Committee and the Remuneration Committee in accordance with the Communiqué.

The Corporate Governance Committee reviewed the company's corporate governance practices in 2024 and the Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Note (CGIN), drawn up according to the new reporting formats pursuant to CMB resolution no. 2/49 dated January 10, 2019 and also informed the Board of Directors on the activities of the Investor Relations Department. In 2024, the committee, which also undertakes the duties of the Nomination Committee and Remuneration Committee, worked on various topics within its purview such as determining the Independent Board member nominees and the benefits provided to the Board members and Senior Executives. The Corporate Governance Committee convened six times in 2024.

Risk Management Committee

The Board of Directors resolved on July 11, 2012 to establish the Risk Management Committee to work on early detection of risks that could pose a threat to the company's existence, development and continuity, implement the necessary measures to mitigate these risks and to manage them so that compliance with article 378 of Law 6102 of the Turkish Commercial Code, enacted in July 2012, is ensured and the Board committees function effectively. The Board of Directors resolved on April 3, 2024 that the Committee would be composed of two members, with the independent Board member Fatma Füsün Akkal Bozok as the chair and Haydar Yeniğün as member. The committee convenes at least six times a year.

In 2024, the Risk Management Committee submitted its written report to the Board of Directors to inform them about their assessment of the Risk Report to be included in the Annual Report and their opinions on the risk factors, as well as the decisions reached in the committee meetings during the year. The committee also reviewed the information systems management activities in 2024 and related Report in accordance with the CMB Communiqué on Information Systems Management VII-128.9 ("Communiqué on IS Management"), which imposes obligations on public companies. The Risk Management Committee convened six times in 2024. The report presented by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. on February 5, 2025 stated that Otokar's early risk detection system and the Risk Management Committee are adequate in all material aspects within the framework of article 378 of the TCC.

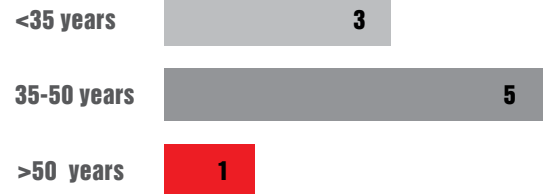
CORPORATE GOVERNANCE

BOARD SKILLS MATRIX

TENURE ON THE COMPANY'S BOARD OF DIRECTORS



PROFESSIONAL EXPERIENCE



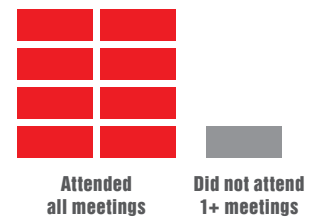
CITIZENSHIP / RESIDENCE



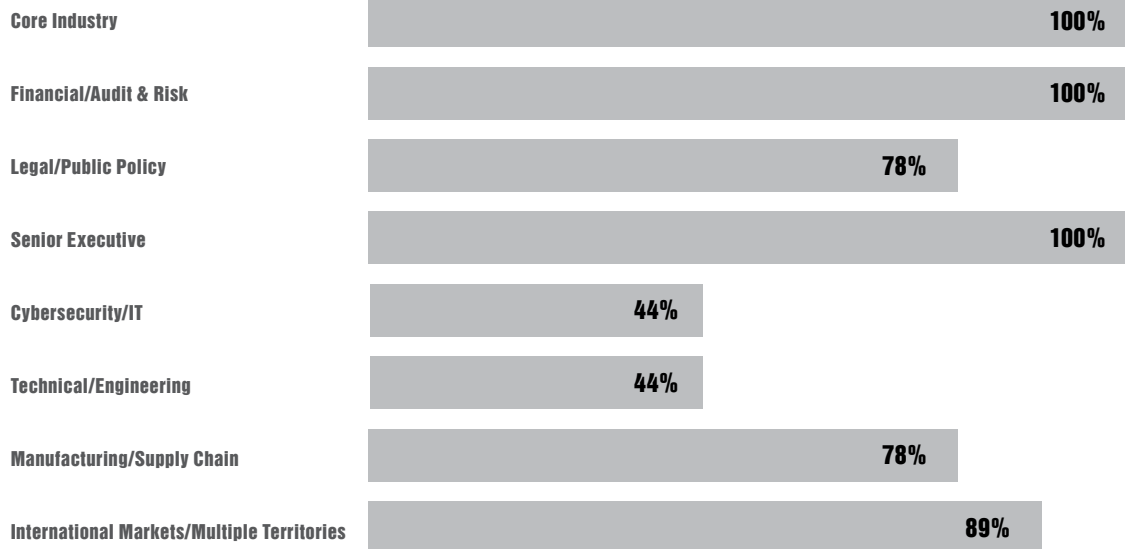
EDUCATION LEVEL



PARTICIPATION RATE IN MEETINGS



SKILLS



Appraisal criteria are based on Glass Lewis Board Skills Matrix.

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MEMBERS OF THE BOARD OF DIRECTORS AND THE COMMITTEES

Board of Directors	Title	Term Start	Term End
Yıldırım Ali Koç	Chairman	27.03.2024	24.03.2025
Selin Ayla Ünver	Vice Chair	27.03.2024	24.03.2025
Levent Çakıroğlu	Member	27.03.2024	24.03.2025
Haydar Yeniğün	Member	27.03.2024	24.03.2025
İsmail Cenk Çimen	Member	27.03.2024	24.03.2025
Ahmet Serdar Görgüç	Member*	27.03.2024	24.03.2025
Ali İhsan İkbahar	Independent Member	27.03.2024	24.03.2025
Fatma Füsün Akkal Bozok	Independent Member	27.03.2024	24.03.2025
Kamil Ömer Bozer	Independent Member	27.03.2024	24.03.2025
Audit Committee	Title	Term Start	Term End
Kamil Ömer Bozer	Chair	27.03.2024	24.03.2025
Fatma Füsün Akkal Bozok	Member	27.03.2024	24.03.2025
Corporate Governance Committee	Title	Term Start	Term End
Ali İhsan İkbahar	Chair	27.03.2024	24.03.2025
Levent Çakıroğlu	Member	27.03.2024	24.03.2025
Hüseyin Odabaş	Member	27.03.2024	24.03.2025
Risk Management Committee	Title	Term Start	Term End
Fatma Füsün Akkal Bozok	Chair	27.03.2024	24.03.2025
Haydar Yeniğün	Member	27.03.2024	24.03.2025

* General Manager Ahmet Serdar Görgüç retired on March 31, 2024, while he continued to serve as a member on the Board of Directors until the end of his term.

- Clauses pertaining to the Board of Directors have been resolved in accordance with articles 11, 12 and 13 of the Articles of Association and pursuant to the provisions of the Turkish Commercial Code.
- The principles of remuneration of Board of Directors and Senior Executives have been put in writing, and the Remuneration Policy prepared for this purpose has been included in the Annual Reports and the company's corporate website (www.otokar.com).
- The compensations provided to Senior Executives in 2024 have been included in note 28 to the financial statements for the 2024 fiscal year.
- Detailed information on committees and their operating principles have been provided on pages 83-84 of the Annual Report and the company's corporate website (www.otokar.com).
- As stated in Board Resolution no. 2025/11, the Board of Directors has been briefed on the activities of the Board Committees in 2024.
- In 2024, the Audit Committee convened 8 times, the Corporate Governance Committee 6 times, and the Risk Management Committee 6 times, respectively. The meetings were attended by all committee members.
- The résumés of the Board members are provided on pages 32-34.

CORPORATE GOVERNANCE

SENIOR MANAGEMENT



İbrahim Aykut Özüner / General Manager

Aykut Özüner holds a mechanical engineering degree (1991) and an MBA (1995) from Boğaziçi University. Starting his professional career in 1992 at Koç Holding's Supply Coordination Group, Özüner joined Ford Otomotiv in 1993, going on to hold various leadership positions, including Assistant General Manager - Marketing & Sales (2004-2010) and Assistant General Manager - Marketing, Sales & After Sales (2010-2014). In 2014, Aykut Özüner was appointed General Manager of the sourcing company, Zer Merkezi Hizmetler ve Ticaret A.Ş., where he served until the end of 2018. After his role as General Manager of TürkTraktör and Ziraat Makineleri A.Ş., (January 2019 - March 2024), he was appointed the General Manager of Otokar Otomotiv ve Savunma Sanayi A.Ş. effective April 1, 2024. Aykut Özüner's external duties include Board memberships in TürkTraktör, Ankara Chamber of Industry, Automotive Manufacturers Association, and Turkish Employers' Association of Metal Industries, and membership in the Turkish Industry and Business Association.



Hüseyin Odabaş / Assistant General Manager - Finance

Hüseyin Odabaş graduated from the Faculty of Business Administration at Istanbul University in 1985. Mr. Odabaş began his professional career at Koç Holding in 1989 as a Financial Management Trainee and later served as an Audit Expert (1992-1994). After working at Ormak, a Koç Group company, as Accounting Manager (1994-1996), Hüseyin Odabaş joined Otokar Otomotiv ve Savunma Sanayi A.Ş. as Accounting Manager (1996-2003). Since 2003, he has served as the Assistant General Manager - Finance and resigned from his position on December 31, 2024, due to retirement.



Uğur Sedef Vehbi / Assistant General Manager - Military Vehicles

Uğur Sedef Vehbi holds a bachelor's degree in Economics from Hacettepe University (1990). She started her professional career in the Commercial Finance department at Turkish Bank (UK) Ltd. (1993). After working as Business Development Officer at Ram Dış Ticaret A.Ş. (1997-2002), she joined Otokar as Business Development Coordinator and later took the roles of Export Manager, Military Vehicles Export Manager, and Military Vehicles Export Director, respectively. After her appointment as Assistant General Manager – Military Vehicles – International Marketing & Sales in 2018, Ms. Vehbi has served as Assistant General Manager-Military Vehicles at Otokar since 2021.



Mustafa Kerem Erman / Assistant General Manager - Commercial Vehicles

Mustafa Kerem Erman graduated from the Faculty of Business Administration at Boğaziçi University in 1995 and earned an Executive MBA degree from ESSEC Business School in 2002. Mr. Erman started his professional career in 1995 at GM Packard Electric and Electronic Architecture Systems as Factory Finance Manager. Afterwards he worked as Internal Auditor at Delphi Chassis Systems in France, as Finance Director at Delphi Powertrain Division in France, as Country Director at Delphi Diesel Systems in Türkiye, as Country Director at Delphi Diesel Systems in France, as Vice President Strategic Purchasing at Delphi Corporation in Luxembourg, respectively. He also served as Senior Vice President and General Manager of ICE Systems Division at Delphi Technologies in Luxembourg. Mr. Erman has worked as Assistant General Manager - Commercial Vehicles at Otokar since 2021.



Onur Vural / Assistant General Manager - Operations

Onur Vural graduated from the Department of Mechanical Engineering at Middle East Technical University in 1996 and started his professional career at Ford Otosan as a Method Engineer the same year. He went on to serve as Product Process Development Team Leader, Quality Manager, and Ford Production System Manager at Ford Otosan's Eskişehir Plant, respectively (1996-2009). He later worked at Ford Otosan's Kocaeli Plant as Product Development Manager and Operations Quality Manager, respectively (2009- 2014). In 2014, he joined Türk Traktör's Erenler Plant, where he served as Factory Manager, Factory Director, and Assistant General Manager -Purchasing, respectively (2014-2022). In 2023, he joined Otokar as Assistant General Manager-Operations.

CORPORATE GOVERNANCE

RISK MANAGEMENT AND ACTIVITIES OF THE RISK COMMITTEE

a. Risk Management

Otokar follows a risk management policy, led by the General Manager under the supervision of the Board of Directors and carried out in coordination with all executives, deployed and supported across all levels of the organization, and implemented in line with the company's strategies with the aim of anticipating and monitoring any potential risks that may prevent the company from reaching its goals and drawing up action plans to address such risks.

The Risk Management Committee has been established to anticipate and assess any strategic, operational, financial, legal and other risks that may jeopardize the company's existence, growth and continuity, calculate the impact and probability of such risks, report and manage these risks according to the company's risk profile, and submit suggestions to the Board of Directors concerning the implementation of the necessary measures against such risks, taking them into consideration in decision making processes, and establishing and integrating effective internal control mechanisms.

In addition to following its own risk policy, Otokar also acts in alignment with Koç Group's Risk Policies.

Potential future risks related to sales, efficiency, revenue generating capabilities, profitability, debt/equity ratio and similar topics are also assessed and managed as part of the Risk Policy.

Otokar monitors its risks under financial, strategic, operational, and legal risk categories.

Financial Risks

Major financial risks include foreign currency risks, liquidity risks, credit risks, interest risks and receivables risks.

Foreign Currency Risk: The company's foreign currency positions are monitored daily to avoid risk exposure and to remain within targeted levels. Foreign currency risk is managed using derivative transactions and natural hedges.

Liquidity Risk: Managed by maintaining the ratio of cash and cash equivalents to total short term liabilities at the targeted levels to meet cash demands.

Credit Risk: Managed by restricting average risks for the other party in all agreements, except for those between related parties, and securing collaterals when needed.

Interest Risk: The company seeks to achieve a fixed/variable interest balance in financing. The company's policies are followed for short-term and long-term borrowing. A policy of utilizing loans with flexible maturities has been implemented.

Receivables Risk: Receivables are followed based on collateral limits. Conformity of debt-receivable days with the anticipated days in the budget is monitored closely.

Strategic Risks

Strategic risks are structural risks that may prevent the company from reaching its short-, medium- or long term strategies as one of the most important factors for future readiness. These risks are related to products, customers, competitors, the brand, the market, industry, management, and managing transformation.

In strategic risk management, potential risks and opportunities are monitored by considering the budget and strategic plans that serve as indicators of future plans, macroeconomic developments, and the market and industry dynamics.

CORPORATE GOVERNANCE

RISK MANAGEMENT AND ACTIVITIES OF THE RISK COMMITTEE

Operational Risks

Operational risks include losses such as those from business processes that may have disrupt key operations, employees and systems, which are affected by internal systems and processes, and external factors. Risk areas such as sales, product development, capacity, information management, technology, brand management, earthquakes and fires are included in this category.

Operational risks are monitored and managed by the relevant internal functions. Necessary insurance is secured to cover potential operational risks.

Legal Risks

Otokar ensures compliance with the legislation and international regulations applicable in all countries where it operates. Legal and compliance risks are monitored by the internal legal team and external legal counsel with expertise in specific areas for compliance with applicable local and international laws, regulations and standards. The compliance program addresses key risk areas, including, competition law, data privacy, human rights, laundering proceeds of crime, international sanctions, and anti-bribery. To anticipate and prevent such risks, compliance risks are analyzed, third-party checks are conducted, and sanctions lists are monitored. The risk groups identified through compliance programs take the necessary basic training to reach a certain level of awareness and to avoid risks and also consult with expert legal counsel when in doubt. Additionally, the Koç Group Ethics Line is accessible to all employees and stakeholders, enabling anonymous reporting and ensuring protection against retaliation.

b. Activities of the Risk Management Committee

The Board of Directors resolved on July 11, 2012 to establish a Risk Management Committee to work on early detection of risks that could pose a threat to the company's existence, development and continuity and on applying necessary measures to mitigate these risks to ensure compliance with article 378 of Turkish Commercial Code No. 6102, enacted on July 1, 2012. The Committee is chaired by Independent Board member, Fatma Füsün Akkal Bozok, while the other committee member is Board member Haydar Yenigün.

The Committee, which convened six times in 2024, evaluates the principles for the Risk Management System and risk reporting within the company, examines the periodic risk reports and expresses views on measures deemed necessary to address areas where there is non-compliance with the limits stipulated in the Risk Management System. The Committee also reviews the Risk Management System and oversees the implementation of the practices in the relevant risk management departments in terms of compliance with its decisions. The Committee's other duties include evaluating the information security procedures, monitoring compliance risks and related activities, and assessing the sustainability risks. Reporting activities and the Committee's assessments are recorded as minutes of the meeting, and duly presented to the Board of Directors.

CORPORATE GOVERNANCE

INTERNAL CONTROL SYSTEM AND INTERNAL AUDITS

The Internal Control System established within the organization aims to maintain objectivity and independence in all operations, add value to the company, ensure that the company's operations are in alignment with the strategies and goals, as well as regulations, contribute to the realization of the company's key objectives, principles and targets, and improve effectiveness and productivity.

The Internal Control System is composed of standard definitions, job descriptions, authorization processes, policies, and written procedures included in the workflows.

The Internal Control System is regularly reviewed by the Internal Audit Department for effectiveness. Within the organizational structure, the Internal Audit Department reports administratively to the General Manager to ensure independency of its activities, and functionally to the Audit Committee.

Accounting records and financial statements are reviewed by the Audit Committee and the Internal Audit Department, and also audited by the independent audit firm Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

The Audit Committee was briefed about the Internal Control System and Internal Audit activities through the "2024 Otokar Audit Activities" report prepared by the Internal Audit Department.

Otokar Otomotiv ve Savunma Sanayi A.Ş. has not completed any special or public audits in 2024.

CORPORATE GOVERNANCE

BOARD'S REVIEW OF THE COMMITTEES AND THEIR EFFECTIVENESS

In 2024, all of the Board Committees have fulfilled the duties and obligations mandated by the Corporate Governance Principles and their own regulations and convened according to the annual meeting schedules. Information on the committees' activities and the outcomes of the meetings held throughout the year has been reported to the Board of Directors.

The Board of Directors has formed the opinion that the Board Committees have delivered the benefits expected of their activities.

Information on the Board Committees and their operating principles is available on the corporate website.
<https://www.otokar.com.tr/yatirim-iliskileri/kurumsal-yonetim/komiteler>

More information on the structure and activities of the committees is provided in the "Corporate Governance Practices" section of this report (see pages 83-84).

CORPORATE GOVERNANCE

DECLARATION OF COMPLIANCE WITH SUSTAINABILITY PRINCIPLES

DECLARATION OF COMPLIANCE WITH SUSTAINABILITY PRINCIPLES

Otokar closely follows the best sustainability practices, including those specified in the Capital Market Board's (CMB) Sustainability Principles Compliance Outline, and carries out activities with the aim of complying with the generally accepted best practices. The majority of the sustainability topics Otokar manages are congruent with the Sustainability Principles Compliance Outline introduced by CMB in 2020. Otokar is already in compliance with the majority of the non-mandatory principles in the Sustainability Principles Compliance Outline imposed by the Capital Markets Board on a "comply or explain" basis. However, full compliance with all the principles has not yet been achieved due to the challenges in implementing some of these principles, uncertainties in the overall national and international landscape, certain principles not fully aligning with the current structure of the company, and the fact that some compliance principles will be identified based on the findings of ongoing studies. Once these ongoing studies within the scope of internationally accepted practices are completed, Otokar aims to align with the principles that currently lack full compliance. The practices that are congruent with the principles specified in CMB's Sustainability Principles Compliance Outline are disclosed in various sections of the Annual Reports, corporate website, and Sustainability Reports. The explanations provided in the Declaration Table also include references to the information disclosed in the latest Sustainability Reports. Otokar releases its Sustainability Reports, which provide the most comprehensive statements on the management of social, environmental and governance risks, at the beginning of the third quarter every year. Otokar monitors the impact on environmental and social risk management due to lack of full compliance with the non-mandatory principles and considers such impact in its sustainability-related work.

Principle A1.2 – While several targets are monitored with scorecards in many areas within the scope of ESG policies, starting with environment and occupational safety, work is ongoing to set long-term targets. Once the target setting system is in place, the short- and long-term targets will be disclosed to the public.

Principle A4.1 - Otokar works with an independent third party for verification purposes to further improve the reliability of the consolidated financial statements disclosed to the public. A process is ongoing to publicly disclose the verification results of other environmental and social indicators in the years to come.

Principle B9 - Otokar monitors the energy consumed and greenhouse gas emissions released in the production processes and launches efficiency projects to reduce energy consumption and emissions. In 2024, carbon footprint was calculated for Scope 1, Scope 2 and Scope 3 emissions. With 2021 taken as baseline, Scope 1-2-3 emissions have been assured by BSI according to the ISO14064-1 standard. The Scope 1-2-3 emissions for 2022 have been accredited by BVQI (Bureau Veritas) and the 2023 data by QSI Certification & Inspection. Calculations were also made with Carbon Trust in accordance with the GHG standard. Otokar started to work on setting targets in line with the Science Based Targets initiative (SBTi) in 2022.

Principle B12 – Although several targets are tracked with scorecards in many areas within the scope of ESG policies, starting with environment and occupational safety, work is ongoing to set long-term targets. Once the target setting system is in place, the short- and long-term targets will be disclosed to the public.

Principle B14 - Even though the environmental performance and improvement efforts, including greenhouse gas emissions, are among the supplier selection criteria and considered in the process, the specific actions taken in these areas are not disclosed to the public due to the nature and dynamics of the suppliers' respective industries.

Principle B15 - While the company discloses the administrative and investment costs of environmental management activities, the returns on the efficiency-focused activities are not declared.

Principle B23 - The company is considering different tools to employ for transitioning to a low-carbon economy, and those evaluated as suitable will be implemented as part of the strategy determined for this purpose.

Principle B24 - The company is considering different tools to employ for transitioning to a low-carbon economy, and those evaluated as suitable will be implemented as part of the strategy determined for this purpose.

Principle B25 - The annual Sustainability Reports are the primary channel for transparent disclosure of environmental performance. The corporate website and the Annual Report also contain the environmental indicators.

The Sustainability Principles Compliance Report, prepared according to the formats specified in the CMB's decision no. 34/977 dated 23.06.2022 and approved by the Otokar Board of Directors, is included in the appendix of the Annual Report (pages 93-101), and the relevant documents can be accessed through Otokar's page on the Public Disclosure Platform: (<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1046-otokar-otomotiv-ve-savunma-sanayi-a-s>). In accordance with the decision of the Public Oversight, Accounting and Auditing Standards Authority dated December 29, 2023, the report to be prepared in line with the Turkey Sustainability Reporting Standards will be disclosed to the public within the legal timeframe.

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DECLARATION OF COMPLIANCE WITH SUSTAINABILITY PRINCIPLES

		COMPLIANCE STATUS				Explanation	Report/Link Where Related Information Is Disclosed Publicly
		Yes	No	Partial	N/A		
A. General Principles							
A1. Strategy, Policy and Goals							
A1.1	The Board of Directors should determine ESG-priority issues, risks and opportunities, and form ESG policies in accordance with them. For the sake of effective implementation of the aforesaid policies, internal directives, work procedures, etc. may be prepared for the corporation. For these policies, a decision of the Board of Directors should be taken and made public.	X				<p>The Board of Directors is the governing body responsible for identifying the risks and determining strategic direction in social, economic and environmental issues within the scope of sustainability, which lies at the core of Otokar's activities. The CMB Sustainability Principles Compliance Report, prepared once a year in accordance with the principles determined by the CMB pursuant to its decision dated 23.06.2022, is reviewed by the Corporate Governance Committee and submitted to the Board of Directors for approval to be included in the Annual Report and disclosed via the Public Disclosure Platform.</p> <p>The General Manager, who is also a Board member, ensures that sustainability-focused activities are carried out in compliance with corporate policies and applicable regulations. While sustainability-related responsibilities remain with the Board of Directors, the company's material topics are identified through workshops held with the Sustainability Working Group Members and Senior Management. Operational activities are coordinated by the Corporate Communications and Sustainability Department.</p>	<p>Annual Report Sustainability Section (pp. 56-65)</p> <p>Sustainability Report (p. 30)</p> <p>https://www.otokar.com.tr/getmedia/47eb9cea-1c36-49b7-84b9-d95db4985b5c/otokar-sr-tr-2023-1</p>
	Should determine a Corporation Strategy in compliance with ESG policies, risks and opportunities	X				Otokar's ESG policies are publicly available on the corporate website (link in the next column).	https://www.otokar.com.tr/sustainability/sustainability
A1.2	Should determine and publicly disclose its short and long-term goals in line with its ESG policies.		X			While several targets are tracked with scorecards in many areas within the scope of ESG policies, starting with environment and occupational safety, work is ongoing to set long-term targets. Once the target setting system is in place, the short- and long-term targets will be disclosed to the public	Annual Report, Declaration of Compliance with Sustainability Principles (p.92)
A2. Implementation / Monitoring							
A2.1	Should appoint and publicly disclose its committees/units in charge of implementation of ESG policies.	X				The Sustainability Working Group reports its activities directly to the General Manager, who is also a Board member and responsible for ensuring that sustainability-related work complies with corporate policies and applicable regulations. Monitoring the social, environmental and economic impacts of operations and the stakeholder expectations with a risk- and opportunity-focused approach is the responsibility of the Sustainability Working Group. While sustainability-related responsibilities remain with the Board of Directors, the company's material topics are identified through workshops held with the Sustainability Working Group Members and Senior Management.	<p>Annual Report Sustainability Section (p. 56-65)</p> <p>Sustainability Report (p. 30)</p> <p>https://www.otokar.com.tr/getmedia/47eb9cea-1c36-49b7-84b9-d95db4985b5c/otokar-sr-tr-2023-1</p>

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DECLARATION OF COMPLIANCE WITH SUSTAINABILITY PRINCIPLES

		COMPLIANCE STATUS				Explanation	Report/Link Where Related Information Is Disclosed Publicly
		Yes	No	Partial	N/A		
	Committees/units in charge, should report the activities carried out under the policies to the Board of Directors at least once a year and in any case, within the maximum periods of time stipulated for disclosure of annual reports in the regulations of the Board pertaining thereto.	X				The Board of Directors is kept up to date about the efforts to comply with the Sustainability Principles through the Corporate Governance Committee.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p.18,19,31) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
A2.2	Should formulate and publicly disclose the implementation and action plans in line with the short and long-term goals determined as above.	X				The objective of Otokar's Sustainability Model is to draw up a roadmap that respects the environment, people and the future to strengthen the company's business strategy in the automotive and defense industries as an organization that acts with environmental, social, and governance responsibility and values stakeholder engagement. Otokar Sustainability Model aims to move forward with a holistic and inclusive approach.	Annual Report Sustainability Section Sustainability Report (p. 30) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
A2.3	Should determine ESG Key Performance Indicators (KPIs) and declare them comparatively on an annual basis.	X				ESG KPIs and their evolution over the years are published in the Annual Reports and Sustainability Reports.	Annual Report Sustainability Section Sustainability Report (pp. 56-65) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
A2.4	Should declare innovation activities aimed to improve the sustainability performance in relation with business processes or products and services.	X				Information on the alternative fuel vehicles with reduced environmental impact and the improvement efforts in this area is provided in the Annual Reports and Sustainability Reports.	Annual Report Sustainability Section Sustainability Report (p. 10) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
A3. Reporting							
A3.1	Should report and publicly disclose its sustainability performance, goals and actions at least once a year. Should provide information about its sustainability activities within its annual report.	X				Otokar discloses information regarding the activities categorized under the environmental, social and corporate governance topics, performance results and related targets to its stakeholders. Information on Otokar's sustainability efforts is communicated through Sustainability Reports as well as Annual Reports and the corporate website. Starting with Otokar employees, all stakeholders are provided with information on the company's environmental, social and governance policies and practices.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 31) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
A3.2	It should provide information as to with which of the United Nations (UN) 2030 Sustainability Development Goals its activities are related.	X				Otokar publicly discloses its activities in areas identified as material topics through annual and sustainability reports and provides information about how the relevant KPIs are connected to different SDGs.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 34) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
A3.3	It should disclose information about lawsuits filed and/ or completed against it in environmental, social and corporate governance issues.	X				All materially significant lawsuits filed against the Company and their financial consequences are disclosed to the public in the Legal Disclosures and Consolidated Financial Statements sections of the Annual Reports.	Annual Report, Legal Disclosures Consolidated Financial Statements (pp. 114-118)
A4. Verification							
A4.1	If verified by independent third parties (independent sustainability assurance providers), it should disclose its sustainability performance measures, and should endeavor to increase said verification actions.			X		Otokar works with an independent third party for verification purposes to further improve the reliability of the consolidated financial statements disclosed to the public. A process is ongoing to publicly disclose the verification results of other environmental and social indicators in the years to come.	Annual Report, Declaration of Compliance with Sustainability Principles (p. 92)

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		COMPLIANCE STATUS				Explanation	Report/Link Where Related Information Is Disclosed Publicly
		Yes	No	Partial	N/A		
B. Environmental Principles							
B1	Should declare its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs.	X				Otokar's Environmental Policy is the reference document regarding the management of environmental issues. Through the Environmental Policy, Otokar expresses its commitment to environmental protection, efficient use of natural resources, compliance with applicable regulations, carrying out improvement work to reduce environmental impact, and establishing systems and processes for environmental control. Otokar's operations are certified according to the ISO 14001 Environmental Management System.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 70) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1 https://www.otokar.com.tr/sustainability/sustainability
B2	Should disclose limitations to the environmental report that will be prepared under the Sustainability Principles, reporting period, reporting date, data collection process and restrictions in reporting conditions.	X				Information on the environmental reporting scope, period and limitations is provided in the Sustainability Reports.	Sustainability Report (pp. 70-76) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
B3	Provided in A2.1.						
B4	Should disclose the incentives it offers for management of environmental issues, including the achievement of goals.	X				Environmental targets are included in the scorecards of company managers and employees, and environmental performance, monitored with a scorecard system, is reported to the General Manager and the Board of Directors. Environmental performance results are communicated to the stakeholders through reporting and shared with the employees via internal communication channels. Environment-related topics are monitored through 22 key performance indicators (KPIs). In determining these indicators, GRI standards, environmental issues, industry norms and requirements, and Koç Group's material environmental topics are considered. The annual Sustainability Reports are the primary channel for transparent disclosure of environmental performance. Environmental KPIs are also provided on the corporate website and in Annual Reports.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 33) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
B5	Should disclose how environmental issues are integrated into business objectives and strategies.	X				Otokar's material topics are identified at workshops with the participation of Working Group members and senior management. The identified material topics are reviewed by external experts every year and updated as needed. The objective of Otokar's Sustainability Model, which is defined during these activities, is to draw up a roadmap that respects the environment, people and the future to strengthen the company's business strategy in the automotive and defense industries as an organization that acts with environmental, social, and governance responsibility and values stakeholder engagement. Otokar's Sustainability Model aims to move forward with a holistic and inclusive approach.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 30) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
B6	Provided in A2.4.						
B7	Should disclose how it manages environmental issues and integrates suppliers and customers into its strategies, not only in terms of direct operations, but also along the corporation value chain.	X				Otokar expects its suppliers and business partners to adopt the same environmental management approach. Accordingly, Otokar aims to spread the environmental management approach across its entire value chain beyond its own operations. Therefore, Otokar includes compliance with environmental standards and environmental impact management criteria in the supplier selection process. The environmental performance of suppliers is also monitored through regular inspections.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 28-44-45) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1

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		COMPLIANCE STATUS				Explanation	Report/Link Where Related Information Is Disclosed Publicly
		Yes	No	Partial	N/A		
B8	Should disclose whether it is included in the (sectoral, regional, national and international) policy formulating processes on environmental issues or not, as well as associations it is a member of, its environmental cooperation initiatives entered into with related institutions and non-governmental organizations, and its duties and functions, if any, assumed thereon, and the activities supported by it.	X				Environment is an area where Otokar aims to create more positive impact through collaborations and joint efforts. Accordingly, Otokar partners with different stakeholder groups and NGOs. Otokar attends the monthly meetings of the Koç Group Environmental Committee as a member, contributing to Group companies by sharing its best practices. Otokar also takes an active role in the Environmental Working Groups of OSD and TÜSIAD, which provide platforms for Otokar to engage with businesses in proximity. Such engagements facilitate discussions and collaborations regarding legislative changes, EU compliance directives, local sanctions, and investments. These collaborations are disclosed to the public through Annual Reports and Sustainability Reports.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 32-71) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
B9	Should periodically report in a comparable manner, information about environmental effects in the light of environmental indicators [Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and waste water management, waste management, biodiversity effects].			X		Otokar monitors the energy consumed and greenhouse gas emissions released in the production processes and launches efficiency projects to reduce energy consumption and emissions. In 2024, carbon footprint was calculated for Scope 1, Scope 2 and Scope 3 emissions. With 2021 taken as baseline, Scope 1-2-3 emissions have been assured by BSI according to the ISO14064-1 standard. The Scope 1-2-3 emissions for 2022 have been accredited by BVQI (Bureau Veritas) and the 2023 data by QSI Certification & Inspection. Calculations were also made with Carbon Trust in accordance with the GHG standard. Otokar started to work on setting targets in line with the Science Based Targets initiative (SBTi) in 2022.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 33) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
B10	Should disclose details in relation to standards, protocols, methodologies and base year employed for collection and calculation of its data.	X				The GRI Standards are taken as basis in ESG data reporting.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 3) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
B11	Should declare the status of environmental indicators for the reporting year in comparison with past years (increase or decrease).	X				Environment-related topics are monitored through 22 key performance indicators (KPIs). In determining these indicators, GRI standards, environmental issues, industry norms and requirements, and Koç Group's material environmental aspects are considered. The annual Sustainability Reports are the primary channel for transparent disclosure of environmental performance. Environmental KPIs are also provided on the corporate website and in Annual Reports. Disclosing five-year historical data regarding environmental KPIs provides an opportunity to make retrospective comparisons.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (pp. 70-76) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
B12	Should determine and disclose short and long-term goals for reduction of its environmental impact. If an improvement is detected in the reporting year over the previously determined goals, it should provide information thereabout.		X			While several targets are monitored with scorecards in many areas within the scope of ESG policies, starting with environment and occupational safety, work is ongoing to set long-term targets. Once the target setting system is in place, the short- and long-term targets will be disclosed to the public	Annual Report, Declaration of Compliance with Sustainability Principles (p. 92)
B13	Should disclose its strategy and actions for fight against climate crisis.	X				Otokar's efforts to combat climate change are carried out within the framework of the Environmental Policy, Energy Policy, R&D Strategy, Koç Group's Climate Change Strategy, and Koç Group Climate Change Management. At Otokar, the Board of Directors determines the climate change strategies. Otokar manages climate change with an approach focused on considering risks and seizing opportunities. Accordingly, a climate change-focused risk analysis study was conducted within the scope of Task Force on Climate-related Financial Disclosures (TCFD). Sustainable products, services, and strategies that facilitate the shift to a low carbon economy were considered on the basis of risks and opportunities. The core strategy that Otokar follows to combat climate change involves limiting the impact of its products and production processes on climate. As part of these efforts, Otokar monitors the energy consumption in its production processes and the greenhouse gas emissions released. The company has also implemented a number of efficiency projects to reduce energy consumption and emissions.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 73) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1

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		COMPLIANCE STATUS				Explanation	Report/Link Where Related Information Is Disclosed Publicly
		Yes	No	Partial	N/A		
B14	Should disclose its programs or procedures aiming to prevent or minimize the potential negative effects of its products and/or services.	X				Information on the alternative fuel vehicles with reduced environmental impact and the improvement efforts in this area is provided in Annual Reports and Sustainability Reports.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 8-11) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
	Should also declare the actions of third parties aiming to reduce greenhouse gas emissions.			X		Even though the environmental performance and improvement efforts, including greenhouse gas emissions, are among the supplier selection criteria and considered in the process, the specific actions taken in these areas are not disclosed to the public due to the nature and dynamics of the suppliers' respective industries	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (pp. 70-76) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
B15	Should declare the total number of actions taken, projects implemented and initiatives entered into for reduction of its environmental impact, as well as their environmental benefits and cost savings.		X			While the company discloses the administrative and investment costs of environmental management activities, the returns on the efficiency-focused activities are not declared.	Annual Report, Declaration of Compliance with Sustainability Principles (p. 92)
B16	Should report total energy consumption data (with the exception of raw materials), and disclose its energy consumptions as Scope-1 and Scope-2.	X					Annual Report Sustainability Section (pp. 56-65) Sustainability Report (pp. 72-74) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
B17	Should provide information about electricity, heat, steam and cooling generated and consumed in the reporting year.	X					Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 74) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
B18	Should carry out and disclose works on increasing the use of renewable energy sources, and transition to zero or low carbon electricity.	X					Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 74) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
B19	Should conduct energy efficiency projects, and disclose the resulting reduction in energy consumption and emission due to its projects.	X					Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p.74) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
B20	Should conduct energy efficiency projects, and disclose the resulting reduction in energy consumption and emission due to its projects.	X					Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 74) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
B21	Should report quantities, sources and procedures of water extracted from underground or ground waters, used, recycled and discharged (Total water extraction on source basis, water sources affected from water extraction, percentage and total volume of recycled and reused water, etc.).	X					Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 76) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
B22	Should disclose whether its operations or activities are included in any carbon pricing system or not (Emission Trade System, Cap & Trade or Carbon Tax).	X				Since the regulatory processes regarding these issues are ongoing with the relevant public institutions in Türkiye, Otokar is not part of any carbon pricing system yet. The company is considering different tools to employ for transitioning to a low-carbon economy, and those evaluated as suitable will be implemented as part of the strategy developed for this purpose.	Annual Report Declaration of Compliance with Sustainability Principles (p. 92)
B23	Should disclose its carbon credit data accumulated or bought in the reporting period.		X			The company is considering different tools to employ for transitioning to a low-carbon economy, and those evaluated as suitable will be implemented as part of the strategy developed for this purpose.	Annual Report, Declaration of Compliance with Sustainability Principles (p. 92)

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		COMPLIANCE STATUS				Explanation	Report/Link Where Related Information Is Disclosed Publicly
		Yes	No	Partial	N/A		
B24	If carbon pricing is applied in the corporation, it should disclose details relating thereto.		X			The company is considering different tools to employ for transitioning to a low-carbon economy, and those evaluated as suitable will be implemented as part of the strategy developed for this purpose.	Annual Report, Declaration of Compliance with Sustainability Principles (p. 92)
B25	Should disclose all mandatory and voluntary platforms where its environmental data are disclosed.	X				The annual Sustainability Reports are the primary channel for transparent disclosure of environmental performance. Environmental KPIs are also provided on the corporate website and in Annual Reports.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 31, 70) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
C. Social Principles							
C1. Human Rights and Employee Rights							
C1.1	Should establish a Corporate Human Rights and Employee Rights Policy covering its commitment of full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Türkiye, and legal framework and legislation regulating human rights and labor issues in Türkiye. Should disclose the aforesaid policy and the roles played and responsibilities assumed in the implementation of the policy.	X				These issues are disclosed in Otokar Human Rights Policy.	https://www.otokar.com.tr/code-of-ethics-and-compliance-policies/code-of-ethics-and-compliance-policies
C1.2	Should provide equal opportunities in recruitment processes. Includes fair labor, improvement of working standards, employment of women and social inclusion issues (such as nondiscrimination towards women, men, religious beliefs, language, race, ethnical origin, age, disablement, refugees, etc.) in its policies by also considering the supply and value chain effects.	X				These issues are disclosed in Otokar Human Rights Policy.	https://www.otokar.com.tr/code-of-ethics-and-compliance-policies/code-of-ethics-and-compliance-policies
C1.3	Should disclose measures taken along the value chain for the sake of supervision and protection of rights/equal opportunities for minorities or certain population segments vulnerable to particular economic, environmental and social factors (low-income segments, women, etc.).	X				Otokar's Code of Ethics is based on and aligned with Koç Holding Code of Ethics and Implementation Principles, and binding on all Otokar employees, suppliers and partners. Similarly, UN Global Compact, to which Koç Holding is a party on behalf of all Group companies, is binding on Otokar's entire value chain. Therefore, Otokar strives to spread the ethical principles. These issues are also disclosed in Otokar's Supply Chain Compliance Policy.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (pp. 27, 55, 59) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1 https://www.otokar.com.tr/getmedia/10e527b4-289a-47e0-b7da-f3a4eb1ec4db/otokar-supply-chain-compliance-policy-2024 https://www.otokar.com.tr/code-of-ethics-and-compliance-policies/code-of-ethics-and-compliance-policies
C1.4	Should report developments relating to applications aiming to prevent and correct discrimination, inequality, breaches of human rights and forced labor, and disclose its regulations and measures aiming to prevent employment of child labor.	X				These issues are also disclosed in the Human Rights Policy and Supply Chain Compliance Policy.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 26, 27, 28, 55, 67) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1 https://www.otokar.com.tr/code-of-ethics-and-compliance-policies/code-of-ethics-and-compliance-policies https://www.otokar.com.tr/getmedia/10e527b4-289a-47e0-b7da-f3a4eb1ec4db/otokar-supply-chain-compliance-policy-2024

CORPORATE GOVERNANCE

DECLARATION OF COMPLIANCE WITH SUSTAINABILITY PRINCIPLES

		COMPLIANCE STATUS				Explanation	Report/Link Where Related Information Is Disclosed Publicly
		Yes	No	Partial	N/A		
C1.5	Should disclose its policies regarding investments in employees (training and development policies), compensations, fringe benefits, unionization rights, work/life balance solutions and talent management.	X				These issues are also disclosed in Otokar's Code of Ethics and Human Rights Policy and available under the human resources tab on the website.	www.otokar.com.tr/surdurulebilirlik/ www.otokar.com.tr/code-of-ethics-and-compliance-policies/code-of-ethics-and-compliance-policies https://www.otokar.com.tr/getmedia/fe936da4-d85c-4925-928a-310a8cebe7a1/otokar-human-rights-policy-2024
	Should determine dispute resolution processes through the establishment of mechanisms for resolution of employee complaints and disputes, and determine its dispute resolution processes.	X				These issues are addressed in the company's Whistleblowing Policy, Code of Ethics, and Human Rights Policy.	www.otokar.com.tr/surdurulebilirlik/ https://www.otokar.com.tr/code-of-ethics-and-compliance-policies/code-of-ethics-and-compliance-policies
	Regularly declares its activities aimed at employee satisfaction.	X				Otokar believes that employees should pursue work-life balance and promotes a work environment where this can be possible through a number of practices. Accordingly, the company organizes various events and activities to support the social life of the employees and strengthen interpersonal communication. For this purpose, employee clubs also host various events that the employees may attend with their families.	Annual Report Human Resources Section (pp.66-67) Sustainability Report (p. 55) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1 https://www.otokar.com.tr/code-of-ethics-and-compliance-policies/code-of-ethics-and-compliance-policies
C1.6	Should formulate and disclose its occupational health and safety policies.	X				Otokar aims to protect the health and safety of its employees through maximum measures and practices. The occupational health and safety (OHS) activities are carried out in accordance with the OHSAS 18001 Standard and the OHS Policy, which is disclosed to the employees and other stakeholders through various communication channels.	https://www.otokar.com.tr/sustainability/occupational-health-and-safety-policy Sustainability Report (p. 63) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
	Should disclose actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics.	X				OHS data is disclosed under the relevant heading on the "Sustainability" page of the Annual Report and in the Sustainability Report.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 63) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
C1.7	Should formulate and disclose to public its personal data protection and data security policies.	X				Protection of personal data is another topic that Otokar manages diligently. Otokar Personal Data Protection Policy provides an overview of the principles that the company adopts for processing personal data. Through this policy, Otokar informs the personal data subjects transparently. Processes regarding the protection of the employees' personal data are managed according to the Personal Data Protection and Processing Policy for Employees, which is published on the corporate website.	https://www.otokar.com.tr/code-of-ethics-and-compliance-policies/code-of-ethics-and-compliance-policies
C1.8	Should formulate and disclose its ethics policy.	X				Otokar Code of Ethics is published on the corporate website.	https://www.otokar.com.tr/code-of-ethics-and-compliance-policies/code-of-ethics-and-compliance-policies
C1.9	Should disclose initiatives focused on social investment, social responsibility, financial inclusion and access to finance.	X				Otokar recognizes that its operations impact its stakeholders, the environment and society as a whole, and takes responsibility for sustainable development. The Social Investment Policy demonstrates Otokar's commitment to contributing to the welfare of its communities and the sustainable development of the environment. The relevant policies are published on the corporate website	https://www.otokar.com.tr/getmedia/56472490-c34a-4aa5-8832-24a9d3c7bee0/otokar_toplumsal-yatirim-politikasi-28092021

CORPORATE GOVERNANCE

DECLARATION OF COMPLIANCE WITH SUSTAINABILITY PRINCIPLES

		COMPLIANCE STATUS				Explanation	Report/Link Where Related Information Is Disclosed Publicly
		Yes	No	Partial	N/A		
C1.10	Should organize information meetings and training programs for employees with respect to ESG policies and applications.	X				Employees receive training on legal compliance, OHS and environmental policies and practices within the scope of ESG topics.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 63) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
	C2. Stakeholders, International Standards and Initiatives						
C2.1	Should formulate and disclose its customer satisfaction policy dealing with management and resolution of customer complaints	X				Otokar aims to establish long-term relations based on mutual trust with its customers while ensuring their unconditional satisfaction. Customer satisfaction is managed within the framework of Customer Satisfaction Policy and Quality Policy. Furthermore, Otokar has obtained ISO 10002 Customer Satisfaction Management System Standard and ISO 10001 Quality Management-Customer Satisfaction certifications for quality assurance of customer satisfaction. Product and service responsibility is a key component of customer satisfaction. For this purpose, Otokar continuously works to enhance the safety of its products and keeps the customers informed about the latest developments while considering social, environmental and economic impact across its production and service operations.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 51) https://www.otokar.com.tr/surdurulebilirlik/musteri-memnuniyeti-politikasi https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
C2.2	Should handle stakeholder communications continuously and transparently, and disclose with which stakeholders, for which purposes, on which issues and in which frequency it communicates.	X				Otokar follows applicable laws and regulations and capital markets legislation in shareholder relations. Information about the company is disclosed to interested parties at the annual ordinary General Assembly Meetings and through Annual Reports, Sustainability Reports, annual and quarterly Earnings Releases, periodic analyses and information documents, corporate website, press releases, material event disclosures, meetings and interviews. In all its operations, Otokar aims to create value for all its stakeholders. Therefore, it seeks to understand stakeholder expectations and develop the right responses as a key part of the value creation process. Accordingly, Otokar engages in active communication with all relevant stakeholder groups. The method and frequency of communication is shaped according to stakeholder requirements and expectations. Communication with the stakeholders is always constructive, transparent and based on mutual trust and cooperation. As part of stakeholder communications, Otokar supports the activities of NGOs and platforms by becoming a member and taking responsibility in such organizations' management bodies.	Sustainability Report (p. 31) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
C2.3	Should disclose international reporting standards it has adopted.	X				GRI Standards are taken as basis in sustainability reporting.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 3) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1

CORPORATE GOVERNANCE

DECLARATION OF COMPLIANCE WITH SUSTAINABILITY PRINCIPLES

		COMPLIANCE STATUS				Explanation	Report/Link Where Related Information Is Disclosed Publicly
		Yes	No	Partial	N/A		
C2.4	Should disclose the international organizations or principles it has signed or enrolled in and the international principles it has adopted.	X				Otokar attends the monthly meetings of the Koç Group Environmental Committee as a member, contributing to Group companies by sharing its best practices. Otokar also takes an active role in the Environmental Working Groups of OSD and TÜSIAD.	Annual Report Sustainability Section (p. 56-65) Sustainability Report (p. 32-71) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
C2.5	Should concretely endeavor to be included in the Borsa Istanbul Sustainability Index and international sustainability indices.	X				Otokar aims to create long-term value by combining economic, environmental and social factors with corporate governance principles. Since 2014, Otokar has been included in the BIST Sustainability Index, whose constituents are listed companies with the highest corporate sustainability performance, in recognition of its sustainability focused efforts. Through the Sustainability Index, Otokar discloses information on its environmental, social and corporate governance related activities as well as their performance results and relevant targets to its stakeholders.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 8) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
D. Corporate Governance Principles							
D1	Should consult with stakeholders in determination of measures and strategies in sustainability field.	X				In 2021, 14 different stakeholder groups were consulted while updating Otokar's material topics to be used in determining the company's sustainability models and strategies.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (p. 30) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1
D2	Should endeavor to raise awareness on sustainability and the importance thereof through social responsibility projects, awareness activities and trainings.	X				As a company that is conscious of its corporate responsibilities, Otokar takes an active role in supporting the development of the country and society and protecting the environment. Otokar also supports the "For My Country" project, which aims to encourage Koç Group companies, employees, dealers and suppliers to engage in social responsibility efforts and to launch projects to elevate the living standards by contributing to local development. Otokar's environment-focused efforts have been recognized with multiple awards by institutions such as the Ministry of Environment, Sakarya Governor's Office, Istanbul Chamber of Industry, Adapazarı Chamber of Commerce and Industry, and Kocaeli Chamber of Industry. Otokar is also one of the first automotive companies to operate with ISO 14001 certification.	Annual Report Sustainability Section (pp. 56-65) Sustainability Report (pp.47-50) https://www.otokar.com.tr/getmedia/7cddc2a9-7ff1-4976-96e9-698e055b5c98/otokar-sr-en-2023-1

CORPORATE GOVERNANCE

RESPONSIBILITY STATEMENT FOR FINANCIAL STATEMENTS

RESPONSIBILITY STATEMENT PURSUANT TO CAPITAL MARKETS BOARD COMMUNIQUÉ II-14.1 ARTICLE 9 ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

BOARD OF DIRECTORS' RESOLUTION ON APPROVAL OF FINANCIAL STATEMENTS

RESOLUTION DATE: 05/02/2025

RESOLUTION NUMBER: 2025/03

Regarding the consolidated financial statements pertaining to the period from 01.01.2024 to 31.12.2024, which were prepared by the company and independently audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in compliance with Turkish Financial Reporting Standards (TFRS) and formats determined by the Capital Markets Board (CMB) in accordance with the CMB's "Communiqué on Principles of Financial Reporting in Capital Markets" ("Communiqué") II.14.1, and pursuant to the resolution dated 28.12.2023 on the implementation of inflation accounting, include the consolidated statement of financial position, income statement, comprehensive income statement, statement of cash flow and statement of changes to equity as well as notes to year-end financial statements ("Financial Statements" as a whole), we hereby declare our responsibility for the following:

- We have examined the financial statements;
- Within the frame of information we hold in our fields of duty and responsibility in the company, the financial statements do not contain any untrue statement on material events or any deficiency, which may make them misleading as of the date of statement;
- Within the frame of information we hold in our fields of duty and responsibility in the company, the financial statements that are prepared pursuant to the Communiqué – together with those covered by consolidation, if any – fairly reflect the truth relating to assets, liabilities, financial statements, profits and losses of the company.

Sincerely,

Kamil Ömer BOZER
Chairman of Audit Committee

Fatma Füsun AKKAL BOZOK
Member of Audit Committee

İbrahim Aykut ÖZÜNER
General Manager

CORPORATE GOVERNANCE

RESPONSIBILITY STATEMENT FOR ANNUAL REPORT

RESPONSIBILITY STATEMENT PURSUANT TO CAPITAL MARKETS BOARD COMMUNIQUÉ II-14.1 ARTICLE 9 ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

BOARD OF DIRECTORS' RESOLUTION ON APPROVAL OF ANNUAL REPORT

RESOLUTION DATE: 28.02.2025

RESOLUTION NUMBER: 2025/11

The 2024 Annual Report, which was prepared by the company and independently audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in compliance with the Turkish Commercial Code and Capital Markets Board's "Communiqué on Principles of Financial Reporting in Capital Markets" ("Communiqué") II.14.1 is hereby presented.

Within the frame of information we hold in our fields of duty and responsibility in the company, we have examined the Annual Report, which is prepared by the company and which includes the Corporate Governance Compliance Report, Corporate Governance Information Note, CMB's Sustainability Principles Compliance Report and the disclosures according to CMB's Sustainability Principles Compliance Framework.

In line with the CMB regulations, we hereby declare our responsibility for the following:

- We have examined the Annual Report;
- Within the frame of information we hold in our fields of duty and responsibility in the company, the Annual Report does not contain any untrue statement on material events or any deficiency, which may make it misleading as of the date of statement; and
- Within the frame of information we hold in our fields of duty and responsibility in the company, the Annual Report prepared pursuant to the Communiqué fairly reflects the progress and performance of the business, and along with those covered by consolidation, the financial standing of the entity, together with material risks and uncertainties faced by the company.

Sincerely,

Kamil Ömer BOZER
Board Member
Chairman of Audit Committee

Fatma Füsun AKKAL BOZOK
Board Member
Member of Audit Committee

İbrahim Aykut ÖZÜNER
General Manager

REPORTS AND FINANCIAL STATEMENTS

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OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

THE AUDIT COMMITTEE REPORT

To the Board of Directors of Otokar Otomotiv ve Savunma Sanayi A.Ş.

We have convened to examine and express our opinion concerning the consolidated financial tables for the period from 1 January to 31 December 2024, prepared by the governing body of Otokar Otomotiv ve Savunma Sanayi A.Ş. in accordance with the formats defined by the Turkish Financial Reporting Standards (TFRS) pursuant to the provisions of the CMB's "Communiqué on Principles of Financial Reporting in Capital Markets" ("Communiqué") II.14.1, and pursuant to the resolution dated 28.12.2023 on the implementation of inflation accounting and the independent auditor's report prepared by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi for the said financial statements.

We have evaluated the consolidated financial tables to be disclosed to the public in terms of accuracy and truth, and compliance with the accounting principles followed by the company. Where necessary, the views of the independent auditor and the company's relevant responsible executives were sought.

Within the scope of information provided to us and as a result of our evaluations, we have reached the opinion that the consolidated financial statements for the 1 January - 31 December 2024 period comply with the accounting principles that the company follows and are accurate and true. We hereby submit these financial statements to the Board of Directors for approval.

Sincerely

05/02.2025

COMMITTEE RESPONSIBLE FOR THE AUDIT



Kamil Ömer BOZER
Chairman of the Committee



Fatma Füsün AKKAL BOZOK
Member of the Committee

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2024 AND INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi,

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Otokar Otomotiv ve Savunma Sanayi A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards ("TFRS").

2) Basis for Opinion

We conducted our audit in accordance with the Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) and adopted within the framework of Capital Markets Board (CMB) regulations. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA and other ethical principles included in CMB legislation, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY - 31 DECEMBER 2024 AND INDEPENDENT AUDITOR'S REPORT**

Key audit matter	Audit procedures in relation to key audit matter
<p>Trade receivables recoverability and impairment</p>	
<p>Trade receivables are considered as a significant balance sheet item since they represent 34% of total assets in the statement of consolidated financial position. Furthermore, the collectability of trade receivables is a significant item of the Group's credit risk and working capital management and includes significant judgments and estimates of management.</p> <p>As of December 31, 2024, there is impairment amounting to TRY 276,651 thousand on trade receivables amounting to TRY 15,154,643 thousand in the statement of consolidated financial position.</p> <p>Due to the size of the amounts and the reasoning required in the assessment of collectability of trade receivables are complex and comprehensive; the existence and collectability of trade receivables are considered as the key audit matter.</p> <p>Explanations on trade receivables are disclosed in Note 9.</p>	<p>The following procedures have been applied to audit the amount of provision for trade receivables:</p> <ul style="list-style-type: none"> · Evaluation of the Group's trade receivable process related to collections, · Analytical analysis of the receivable aging tables and comparison of the trade receivable collection ratio with the previous year, · Testing of trade receivable balances by sending confirmation letters via sample, · Testing of subsequent collections made in the following period by sampling method, · Testing of the collaterals received for the receivables through sampling and evaluating of the convertible ability of cash, · Evaluation of the compliance of the accounting policies applied to the Group's past history performance, local and global practices, · Investigation of disputes and lawsuits related to receivables for the purpose of checking the appropriateness of specific provisions for trade receivables, and obtaining confirmation letter regarding the proceedings from legal counsel, · Evaluation of the adequacy of disclosures on impairment of trade receivables and trade receivables to TFRS.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2024 AND INDEPENDENT AUDITOR'S REPORT

Application of the hyperinflationary accounting	
<p>As stated in 2.1 to the consolidated financial statements, the Group has started to apply “TAS 29 Financial Reporting in Hyperinflation Economies” since the functional currency of the Group (Turkish Lira) is the currency of a hyperinflationary economy as per TAS 29 as of December 31, 2024.</p> <p>In accordance with TAS 29, consolidated financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish Lira and, as a result, are expressed in terms of purchasing power of Turkish Lira as of the reporting date.</p> <p>In accordance with the guidance in TAS 29, the Group utilized the Turkey consumer price indices to prepare inflation adjusted financial statements. The principles applied for inflation adjustment is explained in 2.1.</p> <p>Given the significance of the impact of TAS 29 on the reported result and financial position of the Group, we have assessed the hyperinflation accounting as a key audit matter.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> - We inquired management responsible for financial reporting on the principles, which they have considered during the application of TAS 29, identification of non-monetary accounts and tested TAS 29 models designed, - We have tested the inputs and indices used, to ensure completeness and accuracy of the calculations, - We have audited the restatements of corresponding figures as required by TAS 29, <p>We assessed the adequacy of the disclosures in inflation adjusted financial statements for compliance with TAS 29.</p>

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2024 AND INDEPENDENT AUDITOR'S REPORT

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2024 AND INDEPENDENT AUDITOR'S REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on February 5, 2025.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2024 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Ferzan Ülgen.

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

Ferzan Ülgen, Partner

February 5, 2025

İstanbul, Türkiye

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

	Notes	(Audited) December 31, 2024	(Audited) December 31, 2023
Assets			
Current assets			
Cash and cash equivalents	5	1,471,382	9,869,414
Trade receivables	9	14,404,215	12,359,860
Due from related parties	28	4,172,158	4,785,777
Due from other parties	9	10,232,057	7,574,083
Other receivables	10	4,890	6,143
Inventories	11	13,665,676	10,727,778
Prepaid expenses	18	340,433	243,520
Other current assets	18	418,338	1,586,639
Total current assets		30,304,934	34,793,354
Non-current assets			
Trade receivables	9	750,428	710,477
Other receivables	10	14,747	12,909
Investments accounted by equity method	6	73,098	123,237
Financial investments	12	74,323	41,418
Property, plant and equipment	13	5,199,640	4,326,891
Right of use assets	13	64,025	146,848
Intangible assets	14	6,771,825	5,583,783
Goodwill		15,983	14,170
Other intangible assets	14	6,755,842	5,569,613
Deferred income tax asset	26	1,090,860	1,123,814
Prepaid expenses	18	22,799	38,277
Total non-current assets		14,061,745	12,107,654
Total assets		44,366,679	46,901,008

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

	Notes	((Audited) December 31, 2024	(Audited) December 31, 2023
Liabilities			
Short-term liabilities			
Short-term borrowings	7	6,873,801	18,766,071
<i>Bank loans</i>	7	6,809,229	18,681,453
<i>Short-term lease liabilities</i>	7	64,572	84,618
Short-term portion of long-term borrowings	7	2,437,884	1,193,437
<i>Bank Loans</i>	7	841,313	1,080,625
<i>Issue of debt instruments</i>	7	1,596,571	112,812
Trade Payables	9	6,822,166	5,917,891
<i>Due to related parties</i>	28	463,554	803,683
<i>Due to other parties</i>	9	6,358,612	5,114,208
Derivative Instruments	8	7,664	37,326
Employee benefit obligations	18	668,298	592,247
Other payables	10	34,119	50,959
Current income tax liabilities	26	-	30,419
Liabilities from customer contracts	18	4,674,038	1,114,897
Government incentives and grants	15	4,520	6,011
Short-term provisions	17	1,666,323	2,385,820
<i>Provisions for employee benefits</i>	17	140,252	157,570
<i>Other provisions</i>	16	1,526,071	2,228,250
Other short-term liabilities	18	90,201	91,716
Total current liabilities		23,279,014	30,186,794
Non-current liabilities			
Long-term borrowings	7	11,953,579	3,332,402
<i>Bank loans</i>	7	11,852,582	1,034,368
<i>Long-term lease liabilities</i>	7	100,997	132,351
<i>Issued debt instruments</i>	7	-	2,165,683
Government incentives and grants	15	20,650	28,822
Long-term provisions	17	420,692	483,673
<i>Provisions for employee benefits</i>	17	420,692	483,673
Liabilities from customer contracts	18	504,508	881,333
Total long-term liabilities		12,899,429	4,726,230
Total liabilities		36,178,443	34,913,024
Equity			
Paid-in share capital	19	120,000	120,000
Inflation adjustment on share capital	19	1,778,712	1,778,712
Restricted reserves	19	1,468,605	1,379,014
Accumulated other comprehensive income and expense that will not be reclassified to statement of profit or loss	19	(630,695)	(482,832)
<i>Defined benefit plans remeasurement losses</i>		(630,695)	(482,832)
Accumulated other comprehensive income and expense that will be reclassified to statement of profit or loss		(784,891)	(1,140,872)
<i>Currency translation differences</i>		(784,891)	(1,140,872)
Retained earnings	19	9,340,934	7,492,641
Net profit or loss for the period	19	(3,104,429)	2,841,321
Total equity		8,188,236	11,987,984
Total liabilities and equity		44,366,679	46,901,008

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE PERIOD BETWEEN JANUARY 1, - DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

	Notes	(Audited) December 31, 2024	(Audited) December 31, 2023
Revenue	20	33,885,780	39,327,185
Cost of sales (-)	20	(28,366,780)	(30,221,430)
GROSS PROFIT (LOSS)		5,519,000	9,105,755
Marketing expenses (-)	21	(4,561,283)	(5,275,231)
General administrative expenses (-)	21	(2,081,536)	(1,690,724)
Research and development expenses (-)	21	(1,163,432)	(1,068,268)
Other operating income	23	7,103,043	6,534,635
Other operating expenses (-)	23	(5,518,096)	(4,008,180)
OPERATING PROFIT (LOSS)		(702,304)	3,597,987
Income from investing activities		-	4,798
Expense from investing activities		(5,267)	-
Profit (loss) from investments accounted by equity method	6	(34,409)	(4,445)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		(741,980)	3,598,340
Financial income	24	1,217,209	2,036,116
Financial expense (-)	25	(7,985,395)	(7,276,120)
Monetary gain/ (loss)	31	4,522,000	3,746,735
PROFIT (LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS		(2,988,166)	2,105,071
Income (expense) tax from continuing operations			
Current year tax expense / (income)	26	(34,021)	(324,093)
Deferred tax income (expense)	26	(82,242)	1,060,343
PROFIT/LOSS FOR THE PERIOD		(3,104,429)	2,841,321
Items that will not be reclassified to profit or loss			
Defined benefit plans remeasurement gains (losses)	17	(197,151)	(169,580)
Defined benefit plans remeasurement gains, tax effect	26	49,288	42,395
Items that will be reclassified to profit or loss			
Currency translation differences of investments accounted by equity method	6	(15,730)	(116,576)
Currency translation differences		371,711	(33,456)
Other comprehensive income(expense)		208,118	(277,217)
TOTAL COMPREHENSIVE INCOME/(EXPENSE)		(2,896,311)	2,564,104
Earnings (losses) per share (Kr)	27	(25,870)	35,275

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS JANUARY 1, - DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

	Paid in share capital	Inflation adjustments	Restricted reserves	Remeasurement profits (losses) on defined benefit plans	Currency translation differences	Retained earnings	Net profit for the period	Total Equity
January 1, 2023– December 31, 2023								
Beginning of the period	24,000	1,812,867	1,379,014	(355,647)	(990,840)	4,640,805	2,913,681	9,423,880
Transfers	-	-	-	-	-	2,913,681	(2,913,681)	-
Capital increase	96,000	(34,155)	-	-	-	(61,845)	-	-
Total comprehensive income	-	-	-	(127,185)	(150,032)	-	2,841,321	2,564,104
Closing balances	120,000	1,778,712	1,379,014	(482,832)	(1,140,872)	7,492,641	2,841,321	11,987,984
January 1, 2024– December 31, 2024								
Beginning of the period	120,000	1,778,712	1,379,014	(482,832)	(1,140,872)	7,492,641	2,841,321	11,987,984
Transfers	-	-	89,591	-	-	2,751,730	(2,841,321)	-
Dividends paid	-	-	-	-	-	(903,437)	-	(903,437)
Total comprehensive income	-	-	-	(147,863)	355,981	-	(3,104,429)	(2,896,311)
Closing balances	120,000	1,778,712	1,468,605	(630,695)	(784,891)	9,340,934	(3,104,429)	8,188,236

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS JANUARY 1, - DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

	Notes	(Audited) December 31, 2024	(Audited) December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		(198,121)	1,143,262
Net profit/(loss) for the period		(3,104,429)	2,841,321
Adjustments to reconcile net profit (loss) for the period to cash flows from operating activities		6,379,739	1,106,506
Adjustments for depreciation and amortization	13, 14	1,517,408	1,315,896
Adjustments in relation to impairment:		413,536	171,562
- Provision for inventories	11	413,536	171,562
Adjustments in relation to provision:		684,953	1,875,491
- Provision for employee benefits	17	180,153	156,850
- Provision for warranty expenses	16	1,050,808	1,298,181
- Adjustments for other provisions		(546,008)	420,460
Adjustments in relation to interest income and expenses:		6,219,554	3,863,763
- Adjustment in relation to interest income	24	(855,499)	(1,430,246)
- Adjustment in relation to interest expense	25	7,075,053	5,294,009
Adjustments in relation to unrealised foreign exchange gains and losses		599,224	1,255,816
Adjustments in relation to fair value gains and losses		(16,313)	30,174
- Fair value losses/(gains) on financial assets		(32,905)	(10,690)
- Fair value losses/(gains) on financial derivative instruments		16,592	40,864
Adjustments for undistributed profits of investments accounted for using equity method		34,409	4,445
- Adjustments for undistributed profits of joint ventures	6	34,409	4,445
Adjustments for tax income/(expenses)		116,263	(736,250)
Adjustments in relation to gains or losses on sales of property, plant and equipment		5,267	(4,799)
- Losses / (gains) on sale of property, plant and equipment		5,267	(4,799)
Monetary gain/ (loss)		(3,194,562)	(6,669,592)
Changes in net working capital		(2,319,046)	(1,566,861)
Adjustments for increase/decrease in trade receivables		(5,983,610)	(1,481,798)
Adjustments for increase/decrease in inventories		(3,351,434)	(632,092)
Adjustments for increase/decrease in trade payables		2,723,303	643,179
Adjustments for other increase (decrease) in working capital		4,292,695	(96,150)
- Increase/(decrease) in other assets related to activities		586,467	437,991
- Increase/(decrease) in other liabilities related to activities		3,706,228	(534,141)
Cash flows from operations		956,264	2,380,966
Payments in relation to employee benefits	17	(202,044)	(218,750)
Payments in relation to other provisions	16	(887,141)	(676,074)
Deductions/(payments) in relation to income tax		(30,419)	(293,674)
Other cash collections/(payments)		(34,781)	(49,206)
CASH FLOWS FROM INVESTMENT ACTIVITIES		(2,492,209)	(205,002)
Cash outflows related to purchases for acquisition of control of subsidiaries	3	-	(6,655)
Cash outflows for the acquisition of shares of other businesses or funds or debt instruments		-	(2,937)
Proceeds from sale of property, plant and equipment and intangible assets		6,617	6,695
- Proceeds from sale of property, plant and equipment		6,617	6,695
Cash outflows due to purchase of property, plant and equipment and intangible assets		(3,445,662)	(1,877,725)
- Purchase of property, plant and equipment	13	(1,323,389)	(1,234,386)
- Purchase of intangible assets	14	(2,122,273)	(643,339)
Dividends received	6	-	329,203
Interest received		946,836	1,346,417
CASH FLOWS FROM FINANCING ACTIVITIES		(2,942,330)	8,568,005
Cash inflow from due to borrowings		25,013,841	48,439,353
- Proceeds from bank borrowings	7	25,013,841	48,439,353
Cash outflow due to repayment of borrowings		(19,995,539)	(36,087,197)
- Repayments of borrowings	7	(19,995,539)	(36,087,197)
Cash outflows related to loan payments arising from lease agreements	7	(96,370)	(77,855)
Dividends paid		(903,437)	-
Interest paid		(6,960,825)	(3,849,035)
Other Cash Inflows (Outflows)		-	142,739
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES		(8,666,299)	6,483,652
CURRENCY TRANSLATION DIFFERENCE ON CASH AND CASH EQUIVALENTS		359,604	(668,997)
EFFECT OF MONETARY LOSS ON CASH AND CASH EQUIVALENTS		(3,033,639)	(3,022,613)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(8,306,695)	5,814,655
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	9,777,543	3,962,888
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	1,470,848	9,777,543

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

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

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

The registered addresses of the Company are as follows:

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

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

Information related to subsidiary of the Company subject to consolidation is as follows:

Subsidiaries	Country	Main activity	Field of activity
Otokar Europe SAS	France	Sales and marketing	Automotive
Otokar Land Systems LLC	United Arab Emirates	Sales and marketing	Automotive and defense industry
Otokar Europe Filiala Bucuresti S.R.L	Romania	Sales and marketing	Automotive
Otokar Italia S.R.L.	Italy	Sales and marketing	Automotive
Subsidiaries	Country	Main activity	Field of activity
Al Jasoor Heavy Vehicles Industry	United Arab Emirates	Sales and marketing	Automotive and defense industry

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

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

Since the financial activities of Otokar Central Asia Limited Company have not started yet, the investment was presented under financial investments in the consolidated financial statements.

Otokar and its subsidiaries will be referred as the 'Group' for the purpose of the preparation of this consolidated financial statements.

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

	December 31, 2024		December 31, 2023	
	Period end	Average	Period end	Average
White collar	900	974	980	915
Blue collar	2,809	2,754	2,600	2.153
Total	3,709	3,728	3,580	3.068
Temporary blue collar	63	434	813	987
Total	3,772	4,162	4,393	4.055

The consolidated financial statements for the year ended December 31, 2024 were authorized for issue and signed by the Board of Directors of Otokar on 5 February 2025. The accompanying consolidated financial statements may be amended by the General Assembly.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

Otokar is registered to the Capital Market Board (“CMB”) and its shares are listed on the Borsa Istanbul A.Ş. (“BIST”) since 1995. As of December 31, 2024, 27.81% of the shares are quoted on the BIST.

As of December 31, 2024, the shareholders holding Otokar’s shares and their share ratios are as follows:

	(%)
Koç Holding A.Ş.	47.38
Ünver Holding A.Ş.	24.81
Other	27.81
	100.00

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

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Principles of preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/ Turkish Financial Reporting Standards, (“TAS/TFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) in line with the communiqué numbered II-14.1 ‘Communiqué on the Principles of Financial Reporting In Capital Markets’ (the ‘Communiqué’) announced by the Capital Markets Board of Turkey (“CMB”) on 13 June 2013 which is published on Official Gazette numbered 28676.

The Group maintains its books of account and prepares its statutory financial statements in Turkish Lira (TRY) in accordance with regulations on accounting and reporting framework and the Uniform Chart of Accounts issued by the Ministry of Finance. Subsidiaries operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations applicable in the countries where they operate.

The consolidated financial statements are presented in accordance with the formats set out in the “Announcement on TAS Taxonomy” and the “Financial Statement Examples User Guide” published by the UPS on July 3, 2024.

The Company and its Subsidiaries registered in Turkey comply with the principles and conditions issued by the CMB, the Turkish Commercial Code (“TCC”), the tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance in keeping accounting records and preparing legal financial statements. The consolidated financial statements have been prepared on a historical cost basis, except for derivative instruments shown with their fair values, and have been prepared by reflecting the necessary corrections and classifications in order to make the correct presentation in accordance with the TAS in the statutory records.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

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

2.1 Principles of preparation of consolidated financial statements (Continued)

Functional and presentation currency

Each item in the financial statements of subsidiaries and joint ventures is recognized using the currency applicable in the underlying economic environment in which they operate ("functional currency"). The interim condensed consolidated financial statements are presented using TL, the Company's functional and presenting currency.

Financial statements of subsidiaries, joint ventures and affiliates operating in foreign countries

Included in the financial statements of subsidiaries and business partnerships operating in foreign countries, prepared in accordance with the Group's accounting policies; Its assets and liabilities were converted into TL using the exchange rate on the balance sheet date, and its revenues and expenses were converted into TL using the average exchange rates. Exchange rate differences arising as a result of closing and average exchange rate usage are tracked under the item of foreign currency conversion differences in equity and are adjusted according to the changes in the purchasing power of the TL in order to comply with TFRS.

Financial reporting in high-inflation economies

With the announcement made by the Public Oversight Accounting and Auditing Standards Authority (KGK) on November 23, 2023, enterprises implementing TFRSs have started to implement inflation accounting in accordance with TAS 29 Financial Reporting Standard in High Inflation Economies as of their financial statements for the annual reporting period ending on or after December 31, 2023. TAS 29 is applied to the financial statements, including consolidated financial statements, of enterprises whose current currency is the currency of a high-inflation economy.

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

In accordance with this standard, financial statements prepared on the basis of the currency of a high-inflation economy are prepared in the purchasing power of this currency on the balance sheet date. For comparison purposes in the financial statements of the previous period, comparative information is expressed in terms of the current unit of measurement at the end of the reporting period. Therefore, the Group has submitted its consolidated financial statements for December 31, 2023 on a purchasing power basis as of December 31, 2024.

Pursuant to the CMB's decision dated December 28, 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards will implement inflation accounting by applying the provisions of TAS 29, starting from their annual financial reports for the accounting periods ended as of December 31, 2023.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

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

2.1 Principles of preparation of consolidated financial statements (Continued)

Financial reporting in high-inflation economies (continued)

The revisions made pursuant to TAS 29 were made using the correction coefficient obtained from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute ("TurkStat"). As of December 31, 2024, the indices and correction coefficients used in the adjustment of the consolidated financial statements are as follows:

Tarih	Index	Correction coefficient	Three-year cumulative inflation rates
December 31, 2024	2,684.55	1.00000	%291
December 31, 2023	1,859.38	1.44379	%268
December 31, 2022	1,128.45	2.37897	%156

The Group's adjustment for financial reporting purposes in high-inflation economies is the main Its elements are as follows:

- The consolidated financial statements for the current period, prepared in TL, are expressed in terms of the purchasing power on the balance sheet date, and the amounts of the previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not currently adjusted because they are expressed in terms of current purchasing power on the balance sheet date. In cases where the inflation-adjusted value of non-monetary items exceeds the recoverable amount or the net realizable value, the provisions of TAS 36 Impairment of Assets and TAS 2 Inventories are applied, respectively.
- Non-monetary assets and liabilities and equity items that were not expressed in terms of current purchasing power on the date of the statement of financial position were adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an effect on the comprehensive income statement of non-monetary items in the statement of financial position, are indexed with the coefficients calculated over the periods in which the income and expense accounts are first reflected in the financial statements.
- The impact of inflation on the Group's net monetary asset position in the current period, consolidated profit or net monetary position gains/(losses) are recorded in the net monetary position gains/(losses) account in the loss statement (Note 26).

2.2 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2024 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

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

2.2 The new standards, amendments and interpretations (Continued)

a) The new standards, amendments and interpretations which are effective as of January 1, 2024 are as follows:

- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

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

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

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

- Amendments to TFRS 10 and TAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to TAS 21 - Lack of exchangeability

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

- TFRS 17 - The new Standard for insurance contracts

The standard is not applicable for the Group.

c) The amendments which are effective immediately upon issuance

- Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

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

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

The following two amendments to IFRS 9 and IFRS 7 and Annual Improvements to IFRS Accounting Standards as well as IFRS 18 and IFRS 19 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS.

- Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments
- Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity
- IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

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

- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

The standard is not applicable for the Group.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

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

2.3 Changes and Errors in Accounting Policies and Estimates

Changes in accounting estimates are applied prospectively in the current period in which the change is made if they relate to only one period, and in the future periods, both in the period in which the change is made and in future significance. The material estimates used during the preparation of the interim condensed consolidated financial statements for the period ended December 31, 2024 are consistent with the estimates applied during the preparation of the consolidated financial statements for the period ended December 31, 2023.

2.4 Significant accounting judgments and estimates

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

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

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

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

2.4 Significant accounting judgments and estimates (Continued)

f) Creditworthiness of debtors, past payment in determining the impairment of trade receivables restructuring performances and in case of restructuring conditions are taken into account. The expected credit loss of trade receivables has been measured and a significant found to have no effect.

g) The cost of defined benefit plans is determined using actuarial valuations which involve making assumptions about discount rates, future salary increases and employee turnover. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

2.5 Summary of key accounting policies

Group accounting

The consolidated financial statements contain the financial statements of the parent company Otokar and its subsidiaries within the scope of the matters in the following paragraph. The financial statements of the companies included in the consolidation have been prepared in accordance with TFRS as of the dates of the interim condensed consolidated financial statements and in accordance with uniform accounting policies and practices.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group combines individual income and expenses, assets and liabilities and cash flows of subsidiaries on a line-by-line basis with similar items in the consolidated financial statements.

The booked values of the shares owned by Otokar and its subsidiaries are mutually exclusive net off with the related equities. Intercompany transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

Disposal of a subsidiary

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

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

2.5 Summary of key accounting policies (Continued)

Group accounting (Continued)

The table below shows subsidiaries, joint ventures, shares owned, and shareholding ratios as of December 31, 2024 and December 31, 2023:

Subsidiaries	2024		2023	
	Owned Total Share (%)	Effective Partnership Rate (%)	Owned Total Share (%)	Effective Partnership Rate (%)
Otokar Europe SAS	100.00	100.00	100.00	100.00
Otokar Land Systems LLC	100.00	100.00	100.00	100.00
Otokar Europe Filiala Bucuresti SRL	100.00	100.00	100.00	100.00
Otokar Central Asia Limited	100.00	100.00	100.00	100.00
Otokar Italia S.R.L	100.00	100.00	-	100.00

Partnerships

Business Partnerships are formed under a contract for the undertaking of an economic activity to be jointly managed by one or more entrepreneurial partners of Otokar and its subsidiaries. Otokar provides this joint control by making use of the shares it owns directly or indirectly.

According to the equity method, the joint venture investment is accounted for with the initial cost of acquisition. After the acquisition date, the investor's share in the profit or loss of the invested enterprise is reflected in the financial statements by increasing or decreasing the book value of the investment. The investor's share of the profit or loss of the invested entity is recognized as the investor's profit or loss. Distributions received from an invested business (dividend, etc.) reduce the book value of the investment. The book value of the invested entity must be adjusted in proportion to the investor's share of the changes in the other comprehensive profit of the enterprise. In the application of the equity method for Business Partnerships, Otokar's direct and indirect voting rights ratio were taken into account.

The table below shows the voting rights and effective partnership ratios of Business Partnerships as of December 31, 2024 and December 31, 2023:

Subsidiaries	2024		2023	
	Owned Total Share (%)	Effective Partnership Rate (%)	Owned Total Share (%)	Effective Partnership Rate (%)
Al Jasoor Heavy Vehicles Industry LLC (*)	49.00	49.00	49.00	49.00

(*) Al Jasoor Heavy Vehicle Industry LLC, a 49% owned subsidiary of the Group, Otokar Land Systems Limited, was established on May 28, 2017 in the United Arab Emirates (UAE) to sell and market the automotive and defense industries.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

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

2.5 Summary of significant accounting policies (Continued)

Revenue recognition

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following main principles:

- (a) Identification of customer contracts,
- (b) Identification of performance obligations,
- (c) Determination of transaction price in the contract,
- (d) Allocation of price to performance obligations,
- (e) Recognition of revenue when the performance obligations are fulfilled.

Group recognized revenue from its customers only when all of the following criteria are met:

- (a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- (b) Group can identify each party's rights regarding the goods or services to be transferred,
- (c) Group can identify the payment terms for the goods or services to be transferred;
- (d) The contract has commercial substance,
- (e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

Service revenue is recognized in the period services given. Service revenue in the context of repair maintenance agreements for more than one year are recognized in equal installments during the agreement periods and amounts belonging to the following periods are booked as deferred revenue.

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized on an accrual basis as financial income.

Interest income is recognised using the effective interest rate until maturity and considering the effective interest rate.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

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

2.5 Summary of significant accounting policies (Continued)

Revenue recognition (Continued)

Revenue from sale of goods

Group recognizes revenue based on the production and sale of armored vehicles, bus and minibus. Revenue is recognized when the control of the goods is transferred to the customer. In addition, Group provides legal warranty commitment to its customers depending on the type of goods and the location of sale between 1-2 years. These legal warranty commitments are mandatory by regulations, have not a separate price apart from the good and are not separately sold. Therefore, they are not treated as a separate good or service apart from the sale of good.

For each performance obligation, the Group determines at the beginning of the contract whether it has fulfilled its performance obligation over time or whether it has fulfilled its performance obligation at a certain point in time. In maintenance package sales, the Group transfers the control of the service over time and thus fulfills its performance obligations over time and measures the progress towards the full fulfillment of this performance obligation and recognizes the revenue over time.

Advances received from customers within the scope of projects are recorded in the financial statements as obligations arising from customer contracts and are recorded as revenue when the related performance obligation is realized.

Revenue from sale of extended warranty

Group sells extended warranty to its customer for the period after the termination of legal warranty provided for all goods. The price of extended warranty is determined separately from the price of the goods and it is a separate performance obligation in the contract. Therefore, Group treats the service that will be provided due to the sale of extended warranty as a separate performance obligation.

Related parties

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity,
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

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

2.5 Summary of significant accounting policies (Continued)

Related Parties (Continued)

- (b) In the existence of any instances stated below, the entities shall be considered as related parties to the Company:
- (i) Entity and Company are member of same group.
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost incurred in bringing each product to its present location and conditions are included in the cost of inventory.

Raw materials and merchandises - cost is determined on a weighted average basis over the costs net of imputed interest.

Finished goods and work-in progress -cost of direct materials and labor and a proportion of manufacturing overheads are (included based on normal operating capacity) using average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale (Note 10).

Property, plant and equipment

All property and equipments are initially recorded at cost and then are carried at restated cost until December 31, 2004 with the index of the related purchase date. Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss.

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

2.5 Summary of significant accounting policies (Continued)

Property, plant and equipment (Continued)

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Depreciation is provided on cost or revalued amount of property, plant and equipment on a straight line basis. Estimated useful lives are as follows:

Land improvements	25-30 years
Buildings	30 years
Machinery and equipment	3-15 years
Vehicles	4-9 years
Furniture and fixtures	5-15 years
Leasehold improvements	5 years

Land is not amortized since it has an unlimited economic life.

Gains and losses on sale of property, plant and equipment are included in investment activity income and expense.

Intangible assets

Intangible assets mainly comprise software rights, information systems, project costs related to new product development and computer software. Intangible assets are initially stated at cost and are restated until December 31, 2004 with the index of the related purchase date. Intangible assets are stated at cost less accumulated depreciation and accumulated impairment loss.

Intangible assets are amortized on a straight-line basis over the estimate of their useful lives, which is up to 5 years. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. Where the carrying amount of an intangible asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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

2.5 Summary of significant accounting policies (Continued)

Research and development expenses

Research expenditures are recognized as an expense when they are incurred.

Intangible assets arising from in-house development activities (or the improvement phase of an intergroup project) are recognized when all of the following conditions are met:

- Existence of the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- Existence of the intention to complete the intangible asset and use or sell it,
- Existence of the ability to use or sell the intangible asset,
- Reliability of how the intangible asset will generate probable future economic benefits,
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and the existence of the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures are recognized as an expense as incurred. Development costs previously recognized as an expense are not capitalized as an asset in a subsequent period. Capitalized development expenses are amortized in expected useful life which is 5 years by straight-line method effective from the start of the production.

Investment, research and development incentives

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systemic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recorded as deferred income.

Investment and research and development incentives are recognized when the Group's incentive requests (applications) are approved by fiscal authorities.

Taxes calculated on corporate income

Income tax is the aggregate amount included in the determination of net profit or loss for the year in respect of current and deferred tax.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in Turkey. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax. A provisional tax accrual is recognized in the financial statements for current taxation. Current tax charge is calculated over operational results considering the effects of disallowable and exemptions.

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

2.5 Summary of significant accounting policies (Continued)

Taxes calculated on corporate income (Continued)

Furthermore, provisional corporate taxes are paid at 25% over profits declared for interim periods in order to be deducted from the final corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred income tax assets is reviewed by the Company at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are presented net in the consolidated financial statements.

Employment termination benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the financial statements, the Company has recognized a liability using the 'Projected Method' based upon factors derived using the Company's experience of personnel terminating and being eligible to receive benefits, discounted by using the current market yield at the balance sheet date on government bonds. All actuarial gains and losses are recognized in the statement of other comprehensive income.

Foreign currency transactions

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of such transactions. Monetary balance sheet items denominated in foreign currencies have been translated at the Central Bank of the Republic of Türkiye exchange rates prevailing at the balance sheet date.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

2.5 Summary of significant accounting policies (Continued)

Provisions (Continued)

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are revised at each balance sheet date and amended in order to reflect management's recent estimations.

Contingent liabilities and assets

Assets and liabilities that originate from past incidents and whose presence is not fully under the entity's control as it can only be confirmed through the realization of one or more indefinite incidents to take place in the future are not included in the financial statements and are considered as contingent liabilities and assets.

Contingent liabilities are not recognized in the financial statements. They are disclosed only, if the probability of outflow of resources embodying economic benefits is not highly probable. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is mostly probable.

Share capital and dividend

Ordinary shares are classified under share capital. Dividend distribution on ordinary shares is recognized as an appropriation of profit in the period in which they are declared.

Warranty expenses

Warranty expenses are recorded as a result of repair and maintenance expenses for products produced and sold, authorized services' labor and material costs for products under the scope of the warranty terms without any charge to the customers, initial maintenance costs and estimated costs based on statistical information for possible future warranty services and returns of products with respect to the products sold during the year.

Financial instruments

Financial assets

The Group classifies its financial assets in the following categories: amortised cost and fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Trade receivables and cash and cash equivalents are classified in this category.

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

2.5 Summary of significant accounting policies (Continued)

Financial assets (Continued)

Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of 'derivative instruments' in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and short-term highly liquid and the risk of value change is not material investments including time deposits generally having original maturities of three months or less.

Bank accounts consist of time and demand deposit accounts and the related interest accrued. The Turkish Lira balances are stated at face values and the foreign currency balances are translated into Turkish Lira at the foreign currency rate issued by the Central Bank of the Republic of Türkiye as at the report date. Time deposit accounts are stated as calculated by adding accrued interest as of balance sheet date on the principle amount.

Trade receivables

Trade receivables and notes and post-dated checks classified within trade receivables which are recognized at original invoice amount are measured at amortized cost using the effective interest rate method. Short term trade receivables without specified interest rate, are measured at invoice amount when the interest accrual effect is immaterial.

Group may enter into factoring agreement for its trade receivables and the amount provided from factoring companies is recorded as financial liability in the consolidated financial statements.

Post dated cheques received with maturity dates exceeding the balance sheet date are classified in trade receivables and are rediscounted using the interest rates determined for government debt securities by considering the interest levels arising in the stock exchanges or other organized markets.

Since the trade receivables accounted for at amortized cost in the consolidated financial statements do not contain a significant financing component, the Group chooses the simplified application for impairment calculations and uses the provision matrix. With this practice, the Group measures the expected credit loss allowance at an amount equal to lifetime expected credit losses. In the calculation of expected credit losses, the Group's forecasts for the future are taken into account along with the past experience of credit losses.

If a portion or the entire amount of a receivable is collected after provided for a provision, the collected amount is deducted from total provision and is recognized as an income in the comprehensive income statement.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

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

2.5 Summary of significant accounting policies (Continued)

Trade payables

Trade payables are recognized initially at fair value of and subsequently measured at amortized cost using the effective interest method.

Borrowings

Short and long term bank loans are stated at the value computed through addition of the principal amount and the interest expenses accrued as of the balance sheet date.

Borrowings are recognized initially at proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the comprehensive income statement over the period of the borrowings. Borrowing costs incurred for reasons other than financing the acquisition of qualifying assets is booked as an expense in the period in which it occurs.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Company mainly consist of foreign exchange forward contracts and related transactions. These derivative transactions, even though providing effective economic hedges under the Company risk management position, do not generally qualify for hedge accounting, therefore treated as 'derivative financial instruments held for trading. Any gains or losses arising from changes in the fair value of such kind of financial instruments are recognized understatement of profit and loss.

Impairments in financial assets

Financial assets are assessed at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. For loans and receivables impairment loss has been incurred the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Except for trade receivables, which is reduced through the use of an allowance account, impairment on all other financial assets are directly written off in the related account. In case trade receivables cannot be collected, the related amount is written off from allowance account. The change in allowance account is accounted in the comprehensive income statement.

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

2.5 Summary of significant accounting policies (Continued)

Recognition and derecognition of financial assets and liabilities

The Group recognizes a financial asset or financial liability in its balance sheet only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of it only when the control on rights under the contract is discharged. The Company derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires.

All regular way financial asset purchase and sales are recognized at the date of the transaction, the date the Group committed to purchase or sell. The mentioned purchases or sales are ones which require the delivery of the financial assets within the time interval identified with the established practices and regulations in the market.

Foreign currency transactions

Monetary balance sheet items denominated in foreign currencies have been translated to Turkish Lira at the Central Bank of the Republic of Türkiye exchange rates prevailing at the balance sheet date. Exchange gains or losses arising on translation of foreign currency denominated assets and liabilities are included in the comprehensive income statement.

Leases

The Group – as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
 - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

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

2.5 Summary of significant accounting policies (Continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Right of use asset

The right of use asset is initially recognized at cost comprising of:

- Amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the Group; and
- An estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

The Group measure the right of use asset:

- After netting-off depreciation and reducing impairment losses from right of use asset,
- adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies the depreciation provisions in TAS 16 'Property, Plant and Equipment' while depreciating the right of use asset.

TAS 36 applies the 'Impairment of Assets' standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- Payments of penalties for terminating the lease if the lease term indicates that the tenant will use an option to terminate the lease.

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

2.5 Summary of significant accounting policies (Continued)

Leases (Continued)

The Group - as a lessee (Continued)

After the actual lease commences, the Group measures the lease liability as follows:

- Increasing the carrying amount to reflect interest on lease liability,
- Reducing the carrying amount to reflect the lease payments made and
- Remeasures the ledger value to reflect re-evaluations and reconstructions, if any. The Group reflects the remeasurement amount of the lease liability as an adjustment to the right-of-use asset in its financial statements.

Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment. If there is a significant change in the conditions, the evaluation made is reviewed by the management. As a result of the evaluations made in the current period, there is no lease obligation or asset usage right arising from the inclusion of the extension and early termination options in the lease term.

Variable lease payments

Lease payments arising from a portion of the Group's lease agreements consist of variable lease payments. These variable lease payments, which are not covered by the TFRS 16 standard, are recorded as rent expense in the income statement in the relevant period.

As the Lessor

The Group does not have any significant activity as the lessor.

Earnings per share

Basic earnings per share are calculated by dividing the net profit by the weighted average number of ordinary shares outstanding during the year.

The companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and share capital inflation adjustments. For the purpose of the earnings per share calculation such Bonus Share issues are regarded as stock dividends. Accordingly, the weighted average number of shares used in earnings per share calculation is derived by giving retroactive effect to the issue of such shares.

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

2.5 Summary of significant accounting policies (Continued)

Subsequent events

Subsequent events comprise all events occurred between the date of authorization of the financial statements for issuance and the balance sheet date.

The Group updates its financial statements and respective disclosures that relate to conditions that existed at the end of the reporting period to regarding any new information that they receive after the reporting period which require amendment. Non-adjusting events are solely disclosed if they are of such importance.

Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that carrying value of assets except financial assets and deferred tax assets is impaired or not. When an indicator of impairment exists, the Company estimates the recoverable values of such assets. When individual recoverable value of assets cannot be measured, recoverable value of cash generating unit of that asset is measured.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of net selling price or value in use. Net selling price is determined by deducting any expenses to be incurred for the sale of an asset from the fair value of the asset. Value in use is calculated as the discounted value of the estimated future cash flows the entity expects to receive from the asset.

When recoverable amount of an asset (or a cash generating unit) is lower than its carrying value, the asset's carrying value is reduced to its recoverable amount. An impairment loss is recognized immediately in the comprehensive income statement.

An impairment loss recognized in prior periods for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount cannot be higher than the previously recognized impairment and is recognized as income in the financial statements.

Borrowing costs

Borrowing costs comprise interest expense, foreign exchange losses arising from financing activities and other costs related with financing.

Borrowing costs directly attributable to the acquisition of qualifying assets are capitalised as part of the cost of the respective assets. Capitalization is ceased when the -operations to bring the qualifying asset ready for sale or use- are completed. Qualifying assets are those assets whose construction or production takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs that are not in this scope are recognised directly in the income statement.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

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

2.6 Going Concern

The Group has prepared its consolidated financial statements according to the going concern principle.

2.7 Comparative Information and Restatement of Prior Period Financial Statements

The consolidated financial statements of the Group are prepared comparatively with the prior period in order to enable the determination of the financial position and performance trends. Comparative figures are reclassified, where necessary, to conform to the presentation in the current period consolidated financial statements and significant changes are explained. In addition, as disclosed in Note 3 Business Combinations, the final accounting for the acquisition of Italia S.R.L is presented in the financial statements as at December 31, 2023. The Group has applied consistent accounting policies in the consolidated financial statements for the periods presented and there are no significant changes in accounting policies and estimates in the current period.

NOTE 3 – BUSINESS COMBINATIONS

A Group subsidiary, Otokar Europe SAS, has purchased all shares of MAURI Bus System S.R.L. (in Italy), a dealership of the company until September 12, 2023. The closing transactions of the Share Transfer Agreement signed on September 12, 2023, have been completed as of September 2023. The transaction price paid for the full acquisition of the shares is 2,355 thousand Euros. The initial payment of 1,344 thousand Euros was completed on the transfer date. The remaining payment of 1,011 thousand Euros will be paid in installments over 4 years.

As a result of this transaction, the company's title was changed to "Otokar Italia S.R.L." as of October 12, 2023, and the registration procedures related to changes in the company's title and board structure have been realized in the relevant country's registries.

As of December 31, 2024, it is accounted for in the consolidated financial statements within the framework of the provisions of TFRS 3 "Business Combinations Standards".

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

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NOTE 3 – BUSINESS COMBINATIONS (Continued)

Cash and cash equivalents	101,401
Financial investments	9,085
Trade and Other Receivables	180,459
Inventories	93,143
Other Current Assets	40,607
Property, Plant, and Equipment	4,726
Intangible Non-Current Assets (*)	61,025
Trade and Other Payables	(279,613)
Bank Loans	(44,370)
Short and Long-Term Provisions	(36,110)
Deferred Tax Liability	(16,932)
Other Liabilities	(25,328)
Value of total identifiable net assets (100%)	88,093
Goodwill	19,963
Total purchase price	108,056

(*) Intangible assets consist of customer relations and their depreciation lives vary between 1-7 years.

The details of the cash outflow arising from the acquisition are as follows:

Total purchase price – cash	(108,056)
Cash and cash equivalents - acquired	101,401
Cash outflow from the acquisition (net)	(6,655)

NOTE 4 - SEGMENT REPORTING

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

Since Chief Executive Decision Makers (composed of key management, board members, general manager and assistant general managers) do not monitor cost of sales, operating expenses and financial expenses, the products are only monitored based on revenue (Note 20). Thus, segment reporting is not performed.

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NOTE 5 - CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023
Banks		
- Time deposits	923,876	8,543,695
- Demand deposits	546,887	1,233,699
Other	85	149
Cash and cash equivalents in the cash flow statement	1,470,848	9,777,543
Interest accrual	534	91,871
	1,471,382	9,869,414

As of December 31, 2024, the total amount of time deposit accounts is TL 923,876 thousand, and the equivalent amount of TL 520,946 thousand is in foreign currency, and the effective interest rate is 1.35% per year and the maturity is 2 days. The effective interest rate of the remaining TL 403,379 thousand is 47.00% per year and the maturity is 2 days.

(As of December 31, 2023, the total amount of time deposit accounts is TL 8,543,695 thousand, the amount corresponding to TL 537,127 thousand is in foreign currency, the effective interest rate is 0.01% per year and the maturity is 1 day. The effective interest rate of the remaining amount of TL 8,006,568 thousand is 44.93% per year and the maturity is 30 days.)

As of December 31, 2024, the Group has blocked deposits of TL 63 thousand (December 31, 2023: TL 4,424 thousand).

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NOTE 6 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As of December 31, 2024, and December 31, 2023, the details of carrying value and consolidation rate subject to equity accounting of joint venture is as follows:

Joint ventures	2024		2023	
	(%)	Tutar	(%)	Tutar
Al Jasoor	49	73,098	49	123,237
		73,098		123,237

The summary of the financial statements of Al Jasoor as of December 31, 2024 and December 31, 2023 is as follows:

	2024	2023
Beginning of the period January 1st	123,237	573,461
Shares of profit/(loss)	(34,409)	(4,445)
Dividends paid	-	(329,203)
Foreign currency exchange differences	(15,730)	(116,576)
December 31	73,098	123,237

The financial information regarding Al Jasoor Heavy Vehicle Industry LLC, which is valued using the equity method as of December 31, 2024 and December 31, 2023, is as follows:

	December 31, 2024	December 31, 2023
Total assets	214,366	801,949
Total liabilities	(65,186)	(550,444)
Net assets	149,180	251,505
Ownership of the Group	49%	49%
Net asset share of the Group	73,098	123,237

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

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NOTE 7 - BORROWINGS

Short term borrowings

December 31, 2024	Maturity	Annual effective interest rate (%)	TRY equivalent
Bank loans			
EUR borrowings	January 10, 2025 – June 11, 2025	6.57	2,438,898
USD borrowings	February 25, 2025 May 22, 2025 –	5.54	289,208
TRY borrowings	December 25, 2025	30.02	4,081,123
			6,809,229

Short-term lease liabilities

EUR lease liabilities	-	2.00	14,362
TRY lease liabilities	-	30.00	50,210
			64,572

Total short-term borrowings

6,873,801

Short-term portion of long-term borrowings (*)

December 31, 2024	Maturity	Annual effective interest rate (%)	TRY equivalent
Bank loans			
TRY borrowings	February 2, 2025 - May 11, 2025	41.90	841,313
			841,313

Issued debt securities (**)

Short-term portion of issued bonds		40.50	1,596,571
			1,596,571

Short-term portion of long-term borrowings

2,437,884

(*) Fixed interest rate.

(**) The Group issued bonds amounting to TL 500,000,000 on March 3, 2023, with a maturity of 740 days, an annual fixed interest rate of 33%, and semi-annual coupon payments, maturing on March 12, 2025, to be sold to qualified investors without a public offering in Turkey.

The Group issued bonds amounting to TL 500,000,000 on June 9, 2023, with a maturity of 752 days, an annual fixed interest rate of 41.5%, and semi-annual coupon payments, maturing on June 30, 2025, to be sold to qualified investors without a public offering in Turkey.

The Group issued bonds amounting to TL 500,000,000 on October 18, 2023, with a maturity of 752 days, an annual fixed interest rate of 47.0%, and semi-annual coupon payments, maturing on October 20, 2025, to be sold to qualified investors without a public offering in Turkey.

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NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

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NOTE 7 – BORROWINGS (Continued)

Long term borrowings (*)

December 31, 2024	Maturity	Annual effective interest rate (%)	TRY equivalent
Bank loans			
TRY Borrowings	January 29, 2026	46.32	9,450,000
EUR Borrowings	November 5, 2026	5.54	2,402,582
			11,852,582
Borrowings from lease liabilities			
EUR Borrowings	-	2.00	4,136
TRY Borrowings	-	30.00	96,861
			100,997
Total long-term financial liabilities			11,953,579

(*) Fixed interest rate.

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NOTE 7 – BORROWINGS (Continued)

Short term borrowings

December 31, 2023	Maturity	Annual effective interest rate (%)	TRY equivalent
Bank loans			
EUR borrowings	December 13, 2024	6.75	4,308,275
USD borrowings	February 19, 2024 – November 1, 2024	5.58	326,191
TRY borrowings	January 5, 2024 – December 17, 2024	39.47	14,046,987
			18,681,453
Borrowings from lease liabilities			
EUR borrowings	-	2.00	58,278
TRY borrowings	-	30.00	26,340
			84,618
Total short-term financial borrowings			18,766,071
Short-term portion of long-term borrowings (*)			
December 31, 2023	Maturity	Annual effective interest rate (%)	TRY equivalent
Bank Loans			
TRY borrowings	January 11, 2024 - November 18, 2024	20.45	1,080,625
			1,080,625
Issued debt instruments (**)			
Short-term portion of issued bonds		40.50	112,812
			112,812
Short-term portion of total long-term borrowings			1,193,437

(*) Fixed interest rate.

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NOTE 7 – BORROWINGS (Continued)

Long-term borrowings (*)

December 31, 2023	Maturity	Annual effective interest rate (%)	TRY equivalent
Bank Loans			
TRY borrowings	November 4, 2024 - August 5, 2025	14.00	1,034,368
			1,034,368
Borrowings from lease liabilities			
EUR borrowings	-	2.00	91,151
TRY borrowings	-	30.00	41,200
			132,351
Total long-term borrowings			1,166,719
Issued debt instruments (**)			
Long-term portion of issued bonds	March 12, 2025 - June 30, 2025	40.50	2,165,683
			2,165,683
Total long-term financial liabilities			3,332,402

(*) Fixed interest rate.

As of December 31, 2024, the Group does not have any collateral for the loans it has used (December 31, 2023: None)

The Group has no financial commitments arising from its borrowings.

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NOTE 7 – BORROWINGS (Continued)

	2024	2023
January 1	23,291,909	17,955,115
Monetary gain/(loss)	(7,773,691)	(9,791,178)
Borrowings received during the period	25,013,841	48,439,353
Cash outflows related to debt payments from leasing agreements	(96,370)	(77,855)
Changes in lease obligations under TFRS 16	111,663	152,884
Principal payments (-)	(19,995,539)	(36,087,197)
Change in interest accruals	114,227	1,444,972
Change in exchange rates	599,224	1,255,816
December 31	21,265,264	23,291,910

	December 31, 2024		December 31, 2023	
	Book Value	Fair Value	Book Value	Fair Value
Bank Loans				
Fixed interest rate	19,503,124	27,306,481	20,796,446	22,964,645
	19,503,124	27,306,481	20,796,446	22,964,645

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS

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

	Contract amount	Current period Contract maturity	Fair value Liabilities
December 31, 2024			
Forward transactions	70,209	January 2, 2025– January 23, 2025	(7,664)
Short-term derivative financial instruments	70,209		(7,664)
Total derivative financial instruments	70,209		(7,664)

	Contract amount	Current period Contract maturity	Fair value Liabilities
December 31, 2023			
Forward transactions	4,601,633	January 4, 2024 - November 4, 2024	(37,326)
Short-term derivative financial instruments	4,601,633		(37,326)
Total derivative financial instruments	4,601,633		(37,326)

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Trade receivables

	December 31, 2024	December 31, 2023
Trade receivables, net	10,508,708	7,899,742
Notes receivables, net	-	5,255
	10,508,708	7,904,997
Less: provision for doubtful receivables	(276,651)	(330,914)
Short-term trade receivables	10,232,057	7,574,083
Trade receivables from related parties (Note 28)	4,172,158	4,785,777
Short-term trade receivables	14,404,215	12,359,860
Long-term trade receivables, net	750,428	710,477
Long-term trade receivables	750,428	710,477

As of December 31, 2024, the average maturity of short-term trade receivables (excluding promissory notes) is between 60-90 days (December 31, 2023: 60-90 days).

As of December 31, 2024 and December 31, 2023, the fair value of trade receivables converges to the book value due to the short-term average collection period of the Group's receivables.

Guarantees received for trade receivables

The Group's receivables mainly arise from sales to midibus and bus dealers and sales of defense vehicles. As of December 31, 2024, a total of 2,284,965 thousand TL (December 31, 2023: 1,004,955 thousand TL) receivables remaining after the provision for doubtful receivables from the receivables originating from the Group's dealers were secured with a total of 2,284,965 thousand TL (December 31, 2023: 1,004,955 thousand TL) with collateral and mortgage. With respect to the collection of its remaining receivables, the Group manages its credit risk through the methods described in the Credit Risk section of Note 29 of the consolidated financial statement.

Legal proceedings have been initiated for trade receivables balances that are 1-5 years past due.

The movements of the provision for doubtful trade receivables in the periods ending on December 31, 2024 and 2023 are as follows:

	2024	2023
January 1	330,914	318,438
Monetary gain/ (loss)	(118,181)	(46,571)
Collections	(59)	-
Currency translation differences	(46)	12,103
Exchange differences	64,023	46,944
December 31	276,651	330,914

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade payables

	December 31, 2024	December 31, 2023
Trade payables, net	6,358,612	5,114,208
Short-term other trade payables	6,358,612	5,114,208
Trade payables to related parties (Note 27)	463,554	803,683
Short-term trade payables	6,822,166	5,917,891

As of December 31, 2024, the average maturity of commercial debts is between 45-60 days (December 31, 2023: between 45-60 days).

As of December 31, 2024 and December 31, 2023, the fair value of commercial liabilities converges to the book value due to the short-term average collection period of the Group’s debts.

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables

	December 31, 2024	December 31, 2023
Due from personnel	1,824	2,056
Deposits and guarantees given	3,066	4,087
	4,890	6,143

Other long-term receivables

	December 31, 2024	December 31, 2023
Deposits and guarantees given	14,747	12,909
	14,747	12,909

Short term other receivables

	December 31, 2024	December 31, 2023
Other miscellaneous payables	34,119	50,959
	34,119	50,959

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NOTE 11 - INVENTORIES

	December 31, 2024	December 31, 2023
Raw material	5,270,599	5,678,783
Goods in transit	3,751,564	1,633,896
Finished goods	3,645,765	2,199,332
Merchandise goods	1,347,788	1,286,211
Semi-finished goods	371,233	237,294
Impairment for inventories (*)	(721,273)	(307,738)
	13,665,676	10,727,778

(*) TRY 39,471 thousand of impairment is related to finished goods (December 31, 2023: TRY 12,525 thousand), TRY 8,041 thousand related to finished goods (December 31, 2023: TRY 11,610 thousand), TRY 473,379 thousand is related to raw materials (December 31, 2023: TRY 283,603 thousand), TRY 200,382 thousand is related to advances given (December 31, 2023: None). The impairment has been accounted for under cost of sales.

The movements of impairment for inventories in 2024 and 2023 are as follows:

	2024	2023
January 1	(307,738)	(136,176)
Current year provisions	(413,535)	(171,562)
December 31	(721,273)	(307,738)

NOTE 12 - FINANCIAL INVESTMENTS

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

Financial investments include Otokar Central Asia Limited capital participation amounting to TL 884 thousand and investments in Private Equity Investment Fund amounting to TL 73,439 thousand.

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment and related accumulated depreciation for the year ended December 31, 2024.

	January 1, 2024	Additions	Currency translation differences	Disposals	Acquisitions	Transfers	December 31, 2024
Cost							
Land	692,878	-	-	-	-	-	692,878
Land improvements	224,932	21,241	-	-	-	28,670	274,843
Buildings	2,087,750	7,385	-	-	-	226,233	2,321,368
Machinery and equipment	2,909,680	338,995	2,321	(9,701)	-	30,593	3,271,888
Motor vehicles	237,154	29,339	-	(48,214)	-	-	218,279
Furniture and fixtures	1,739,930	369,274	2,426	(4,135)	-	86,004	2,193,499
Leasehold improvements	32,986	7,589	-	(7,992)	-	184,886	217,469
Construction in progress	164,898	549,566	-	-	-	(556,386)	158,078
	8,090,208	1,323,389	4,747	(70,042)	-	-	9,348,302
Accumulated depreciation							
Land improvements	(123,389)	(7,774)	-	-	-	-	(131,163)
Buildings	(1,075,534)	(57,946)	-	-	-	-	(1,133,480)
Machinery and equipment	(1,835,909)	(192,121)	(1,964)	9,701	-	-	(2,020,293)
Motor vehicles	(145,957)	(16,706)	-	37,305	-	-	(125,358)
Furniture and fixtures	(560,848)	(157,755)	(1,696)	3,198	-	-	(717,101)
Leasehold improvements	(21,680)	(7,544)	-	7,957	-	-	(21,267)
	(3,763,317)	(439,846)	(3,660)	58,161	-	-	(4,148,662)
Net book value	4,326,891					-	5,199,640

As of December 31, 2024, there are no mortgages on tangible assets (December 31, 2023: No mortgages)

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of property, plant and equipment and related accumulated depreciation for the year ended December 31, 2023.

	January 1, 2023	Additions	Currency translation differences	Disposals	Acquisiti- ons	Transfers	December 31, 2023
Cost							
Land	675,205	17,673	-	-	-	-	692,878
Land improvements	222,582	2,350	-	-	-	-	224,932
Buildings	1,764,161	40,969	-	(1,216)	-	283,836	2,087,750
Machinery and equipment	2,653,210	257,464	8,817	(60,928)	4,165	46,952	2,909,680
Motor vehicles	217,012	20,142	-	-	-	-	237,154
Furniture and fixtures	1,227,376	418,059	7,267	(7,321)	7,180	87,369	1,739,930
Leasehold improvements	26,795	6,191	-	-	-	-	32,986
Construction in progress	111,518	471,537	-	-	-	(418,157)	164,898
	6,897,859	1,234,385	16,084	(69,465)	11,345	-	8,090,208
Accumulated depreciation							
Land improvements	(115,948)	(7,441)	-	-	-	-	(123,389)
Buildings	(1,031,448)	(44,665)	-	579	-	-	(1,075,534)
Machinery and equipment	(1,736,608)	(150,768)	(6,038)	60,414	(2,909)	-	(1,835,909)
Motor vehicles	(130,461)	(15,496)	-	-	-	-	(145,957)
Furniture and fixtures	(440,306)	(122,882)	(91)	6,576	(4,145)	-	(560,848)
Leasehold improvements	(18,701)	(2,979)	-	-	-	-	(21,680)
	(3,473,472)	(344,231)	(6,129)	67,569	(7,054)	-	(3,763,317)
Net book value	3,424,387						4,326,891

The distribution of depreciation and amortization expenses of tangible and intangible assets for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Research and development expenses	903,884	844,917
Cost of goods sold	288,820	214,680
Right of use assets	143,405	84,050
Development projects in process	85,162	77,891
Depreciation on inventories	68,084	36,411
General administrative expenses	52,100	46,032
Selling and marketing expenses	20,514	10,869
Currency translation differences	3,661	7,176
	1,565,630	1,322,026

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Right-of-use assets

In 2024, while TRY 68,252 thousand new inflows to right-of-use assets; TRY 143,405 thousand depreciation expense was incurred.

The balances of the right-of-use assets as of December 31, 2024 and 2023 and the accumulated depreciation amounts for the relevant period are as follows:

As of December 31, 2024	Buildings	Motor vehicles	Furniture and fixtures	Total
Cost	159,053	239,566	7,016	405,635
Accumulated depreciation	(132,627)	(204,662)	(4,321)	(341,610)
	26,426	34,904	2,695	64,025
As of December 31, 2023	Buildings	Motor vehicles	Furniture and fixtures	Total
Cost	158,248	238,354	6,894	403,496
Accumulated depreciation	(99,668)	(153,801)	(3,179)	(256,648)
	58,580	84,553	3,715	146,848

NOTE 14 – INTANGIBLE ASSETS

Movements of intangible assets and related accumulated amortisation for the periods ended December 31, 2024 and 2023 are as follows:

	January 1, 2024	Addition	Currency Translation Differences	Disposals	Transfers	December 31, 2024
Cost						
Other intangible assets	426,337	17,765	27	-	25,490	469,619
Development costs	9,239,418	18,192	-	-	426,323	9,683,933
Developments projects in progress	2,329,281	2,086,216	-	-	(451,813)	3,963,684
Customer relations	61,025	-	-	-	-	61,025
	12,056,061	2,122,173	27	-	-	14,178,261
Accumulated amortization						
Other intangible assets	(319,668)	(43,664)	(1)	-	-	(363,333)
Development costs	(6,133,717)	(888,997)	-	-	-	(7,022,714)
Customer relations	(18,893)	(1,496)	-	-	-	(20,389)
	(6,472,278)	(934,157)	(1)	-	-	(7,406,436)
Net book value	5,583,783					6,771,825

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NOTE 14 – INTANGIBLE ASSETS (Continued)

Movements of intangible assets and related accumulated amortisation for the periods ended December 31, 2024 and 2023 are as follows:

	January 1, 2023	Additions	Foreign currency conversion differences	Disposals	Acquisitions	Transfers	December 31, 2023
Cost							
Other intangible assets	398,852	25,662	-	-	309	1,514	426,337
Development costs	8,202,063	-	-	-	-	1,037,355	9,239,418
Developments projects in progress	2,755,195	612,955	-	-	-	(1,038,869)	2,329,281
Customer relations	-	61,025	-	-	-	-	61,025
	11,356,110	699,642	-	-	309	-	12,056,061
Accumulated amortization							
Other intangible assets	(276,959)	(42,699)	-	-	(10)	-	(319,668)
Development costs	(5,307,693)	(826,024)	-	-	-	-	(6,133,717)
Customer relations	-	(18,893)	-	-	-	-	(18,893)
	(5,584,652)	(887,616)	-	-	(10)	-	(6,472,278)
Net book value	5,771,458						5,583,783

NOTE 15 - GOVERNMENT GRANTS AND INCENTIVES

	December 31, 2024	December 31, 2023
Short-term	4,520	6,011
Long-term	20,650	28,822
	25,170	34,833

Government incentives have been originated from deferral of research and development incentive premiums provided to support research and development expenditures of the Group's various projects by the Scientific & Technological Research Council of Turkey (TUBITAK). The related balance will be recognized as income in line with the amortization of the respective R&D costs.

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NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions

	December 31, 2024	December 31, 2023
Provision for warranty expenses	841,510	997,681
Provision for collective labor agreement	-	513,976
Employee benefits short-term provisions (Note 17)	140,252	157,570
Purchases costs provisions	63,722	48,536
Litigation provisions	38,347	28,398
Other cost allowance	582,492	639,659
	1,666,323	2,385,820

Provision for warranty expenses

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

The movements of the provision for warranty expenses during the periods ending on December 31, 2024 and 2023 are as follows:

	2024	2023
January 1	997,681	823,076
Monetary gain/ (loss)	(319,838)	(447,502)
Additional provisions	1,050,808	1,298,181
Disposals/payments (-)	(887,141)	(676,074)
December 31	841,510	997,681

Commitments and contingencies

As of December 31, 2024 and 2023 the tables which represent the position of guarantees, pledges and mortgages are as follows:

	December 31, 2024	December 31, 2023
a. Total amount of guarantees, pledges and mortgages given the name of legal entity	28,159,814	8,259,471
b. Total amount of guarantees, pledges and mortgages given in favour of the parties which are included in the scope of full consolidation	301,840	383,326
c. Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-
d. Total amount of other guarantees, pledges and mortgages	-	-
	28,461,654	8,642,797

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

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

	December 31, 2024		December 31, 2023	
	Original currency	TRY equivalent	Original currency	TRY equivalent
TRY	8,168,275	8,168,275	2,731,159	2,731,159
USD	75,778	2,669,160	59,927	2,547,055
EUR	57,257	2,103,795	58,292	2,741,447
RON	2,086,962	15,321,225	52,885	497,164
GEL	11,817	148,524	-	-
AED	-	-	5,200	59,839
CZK	34,690	50,675	34,690	66,133
		28,461,654		8,642,797

a) Guarantees given as of December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Bank letters of guarantee	28,461,654	8,642,797
	28,461,654	8,642,797

b) Guarantees received as of December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Bank letters of guarantee	4,561,676	2,668,097
Guarantee notes	1,837	9,273
Mortgages received	-	29
	4,563,513	2,677,399

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NOTE 17 - EMPLOYEE BENEFITS

	December 31, 2024	December 31, 2023
Provision for employment termination benefits	420,692	483,673
Provision for unused vacation	140,252	157,570
	560,944	641,243

Employment termination benefits

The amount payable consists of one month's salary limited to a maximum of TRY 41,828.42 in full for each year of service as of December 31, 2024 (December 31, 2023: TRY 23,489.83 in full).

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

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the real rate free of expected effects of inflation. The termination indemnity ceiling is revised semi-annually and the ceiling amounting to TRY 46,655.43 in full (January 1, 2024: TRY 35,058.58 in full), which is effective from January 1, 2025, has been taken into consideration in calculation of retirement benefit provision in the consulate.

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

	December 31, 2024	December 31, 2023
Net discount rate (%)	3.41	2.90
Turnover rate to estimate the probability of retirement (%)	97.81	98.00

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

	2024	2023
January 1	483,673	747,181
Monetary gain/ (loss)	(190,388)	(275,012)
Interest expense and charge for the period	132,300	48,942
Remeasurement differences	197,151	169,580
Acquisition	-	11,732
Payments	(202,044)	(218,750)
As of December 31	420,692	483,673

As of December 31, 2024, the important factors used in the calculation of the provision for severance pay of the sensitivity analyzes of the assumptions are as follows:

Sensitivity level	Interest rate		Inflation rate	
	0,25% increase	0,25% decrease	0,25% increase	0,25% decrease
Change in employment termination benefit	14,319	(15,008)	(15,498)	14,826

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NOTE 17 - EMPLOYEE BENEFITS (Continued)

Provision for unused vacation

The movements of provision for unused vacation are as follows:

	2024	2023
January 1	157,570	117,254
Monetary gain/ (loss)	(65,171)	(67,593)
Charge for the period, net (Note 21)	47,853	107,909
December 31	140,252	157,570

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

a) Prepaid expenses

Short-term prepaid expenses	December 31, 2024	December 31, 2023
Prepaid expenses	340,433	243,520
	340,433	243,520

Long-term prepaid expenses	December 31, 2024	December 31, 2023
Advances given	16,775	31,369
Prepaid expenses	6,024	6,908
	22,799	38,277

b) Other non-current assets

Short-term non-current assets	December 31, 2024	December 31, 2023
Value added tax receivables	328,832	1,517,599
Other	89,506	69,040
	418,338	1,586,639

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

c) Liabilities from customer contracts

Liabilities from customer contracts - short term	December 31, 2024	December 31, 2023
Advances received	4,351,732	647,135
Deferred maintenance revenues	322,306	467,762
	4,674,038	1,114,897

Liabilities from customer contracts - long term	December 31, 2024	December 31, 2023
Deferred maintenance revenues	504,508	881,333
	504,508	881,333

d) Employee benefits obligation

	December 31, 2024	December 31, 2023
Payables to employees	323,807	247,035
Social security payables	151,201	201,289
Taxes and funds payable	193,290	143,923
	668,298	592,247

e) Other current liabilities

	December 31, 2024	December 31, 2023
Taxes and funds payable	55,299	75,412
Deferred special consumption tax	5,051	9,035
Social security payables	22,878	2,762
Other	6,973	4,507
	90,201	91,716

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NOTE 19 - EQUITY

Share capital

As of December 31, 2024 and 2023, the principal shareholders and their respective shareholding percentages are as follows:

	December 31, 2024		December 31, 2023	
	TRY	(%)	TRY	(%)
Koç Holding A.Ş.	56,850	47.38	53,614	44.68
Ünver Holding A.Ş.	29,775	24.81	29,775	24.81
Other	33,375	27.81	36,611	30.51
	120,000	100.00	120,000	100.00
Inflation adjustment on equity items	1,778,712		1,778,712	

Accumulated profits in the statutory books can be distributed, with the exception of the provision regarding statutory reserves mentioned below. Legal reserves according to the Turkish Commercial Code are divided into two as first and second group legal reserves. Legal reserves of the first group are allocated as 5% of the statutory net income until reaching 20% of the Group's paid-up capital according to the Turkish Commercial Code. Second group legal reserves, on the other hand, are 10% of the distributed profit exceeding 5% of the paid-up capital. According to the Turkish Commercial Code, legal reserves can only be used to offset losses as long as they do not exceed 50% of the paid-up capital, they cannot be used in any other way. Public companies make their dividend distributions according to the Profit Share Communiqué No II-19.1 of the CMB, which came into effect as of February 1, 2014.

Companies distribute their profits according to the profit distribution policies to be determined by their general assemblies and in compliance with the relevant legislation by the decision of the general assembly. Within the scope of the mentioned communiqué, no minimum distribution rate has been determined. Companies pay dividends in the manner determined in their articles of association or profit distribution policies. In addition, dividends can be paid in equal or different amounts of installments and may distribute cash dividend advances on the profit in the consolidated financial statements.

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NOTE 19 – EQUITY (Continued)

Unless the reserve funds required to be set aside in accordance with the Turkish Commercial Code and the dividend determined for the shareholders in the articles of association or profit distribution policy are set aside; It cannot be decided to allocate other reserve funds, transfer the profit to the following year, or distribute shares from the profits to the holders of dividend shares, members of the board of directors, partnership employees and persons other than shareholders, and no share of the profits can be distributed to these persons unless the dividend determined for the shareholders is paid in cash.

As of December 31, 2024 and 2023, the restated amounts and the equity restatement differences of the aforementioned nominal values are as follows :

December 31, 2024

	Historical value	Inflation adjustments on equity items	Indexed value
Share capital	120,000	1,778,712	1,898,712
Legal reserves	183,398	1,285,207	1,468,605
	303,398	3,063,919	3,367,317

December 31, 2023

	Historical value	Inflation adjustments on equity items	Indexed value
Share capital	120,000	1,778,712	1,898,712
Legal reserves	183,398	1,195,616	1,379,014
	303,398	2,974,328	3,277,726

Historical value of legal and extraordinary reserves in the statutory financial statements are as follows:

	December 31, 2024	December 31, 2023
Legal reserves	1,468,605	1,379,014
Retained earnings	9,340,934	7,492,641
	10,809,539	8,871,655

As of the years ending on December 31, 2024, the dividend amount distributed per share is 5,400 cents (Earnings per share is 6,000 cents as of the date of the Board of Directors' decision).

As of December 31, 2024, all of the Company's capital has been paid up and it consists of 120,000,000,000 shares each with a nominal value of 0.1 cent.

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NOTE 20 - REVENUE AND COST OF SALES

Net sales

	January 1, - December 31, 2024	January 1, - December 31, 2023
Domestic sales	12,244,565	10,753,067
Export sales	21,916,695	28,753,670
Gross Sales	34,161,260	39,506,737
Less: sales discount and returns	(275,480)	(179,552)
Net sales	33,885,780	39,327,185

Sales of the Group for the years ended December 31, 2024 and 2023 in terms of the products are as follows:

	January 1, - December 31, 2024	January 1, - December 31, 2023
Commercial vehicle	23,301,114	24,659,796
Military vehicle	5,538,013	9,025,744
Other sales (*)	5,046,653	5,641,645
	33,885,780	39,327,185

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

Cost of sales

	January 1, - December 31, 2024	January 1, - December 31, 2023
Cost of finished goods sold	(26,256,800)	(26,529,770)
Cost of merchandise goods sold	(2,109,980)	(3,691,660)
	(28,366,780)	(30,221,430)

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

	January 1, - December 31, 2024	January 1, - December 31, 2023
Sales and marketing expenses	(4,561,283)	(5,275,231)
General administrative expenses	(2,081,536)	(1,690,724)
Research and development expenses	(1,163,432)	(1,068,268)
	(7,806,251)	(8,034,223)

NOTE 22 - EXPENSES BY NATURE

	January 1, - December 31, 2024	January 1, - December 31, 2023
Cost of raw material and consumption goods	(22,063,390)	(23,139,970)
Personnel expenses	(5,798,503)	(4,769,173)
Cost of merchandises sold	(1,391,587)	(2,869,638)
Depreciation and amortization expense	(1,385,287)	(1,162,282)
Sales, incentives and premiums	(1,129,194)	(1,464,435)
Administrative expenses	(1,111,485)	(973,380)
Warranty expenses	(1,060,059)	(1,243,671)
Operational expenses	(940,124)	(937,564)
Transportation, distribution and storage expenses	(475,441)	(826,941)
Advertising, promotion and promotion costs	(396,613)	(307,224)
Other expenses	(421,348)	(561,375)
	(36,173,031)	(38,255,653)

The breakdown of personnel expenses for the years 2024 and 2023 is as follows:

	January 1, - December 31, 2024	January 1, - December 31, 2023
Based on the account it's booked:		
Cost of sales and inventories on hand	(3,619,720)	(3,012,271)
Capitalized development expenditures	(1,316,159)	(1,059,838)
General administrative expenses	(1,071,839)	(780,824)
Sales and marketing expenses	(1,034,401)	(931,372)
Research and development expenses	(72,543)	(44,705)
	(7,114,662)	(5,829,010)

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NOTE 22 - EXPENSES BY NATURE (Continued)

	January 1, - December 31, 2024	January 1, - December 31, 2023
By nature:		
Wages and salaries	(5,253,758)	(4,306,198)
Other social benefits	(904,762)	(791,034)
Social security premiums	(727,845)	(476,530)
Provision for employment termination benefits	(134,607)	(105,967)
Provision for vacation pay liability	(47,853)	(107,909)
Other	(45,837)	(41,372)
	(7,114,662)	(5,829,010)

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

The Group's explanation regarding the fees for the services rendered by the independent audit firms, which is based on the POA's letter dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

	January 1, - December 31, 2024	January 1, - December 31, 2023
Independent audit fee for the reporting period	6,063	4,313
Fee for other assurance services	80	87
Fees for services other than independent auditing	689	1,675
	6,832	6,075

The fees above have been determined by including the legal audit and other related service fees of all subsidiaries, and the foreign currency fees of foreign subsidiaries have been converted into TRY using the annual average rates of the relevant years. It is regulated according to changes in the purchasing power of TL in order to comply with TFRS.

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NOTE 23 - OTHER OPERATING INCOME AND EXPENSES

	January 1, - December 31, 2024	January 1, - December 31, 2023
Other operating income		
Foreign exchange gains on operating activities	5,711,408	5,054,425
Revenue from charge of due date receivables	929,103	964,787
Gain on forward transactions	318,446	287,034
Incentive income	3,313	3,878
Other income	140,773	224,511
	7,103,043	6,534,635
Other operating expenses		
Foreign exchange loss on operating activities	(4,989,276)	(3,606,997)
Loss on forward transactions	(492,542)	(345,925)
Doubtful provision	(35,581)	(46,945)
Other expenses	(697)	(8,313)
	(5,518,096)	(4,008,180)

NOTE 24 - FINANCIAL INCOME

	January 1, - December 31, 2024	January 1, - December 31, 2023
Interest income from time deposits	855,498	1,430,246
Foreign exchange gains on deposits	159,282	437,090
Foreign exchange gains on bank borrowings	202,429	168,780
	1,217,209	2,036,116

NOTE 25 - FINANCIAL EXPENSES

	January 1, - December 31, 2024	January 1, - December 31, 2023
Interest expense on bank borrowings	(7,075,052)	(5,294,009)
Foreign exchange losses on bank borrowings	(801,651)	(1,774,272)
Foreign exchange losses on deposits	(108,692)	(171,776)
Other	-	(36,063)
	(7,985,395)	(7,276,120)

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NOTE 26 - TAX ASSETS AND LIABILITIES

The general corporate tax rate in Turkey is 25% (31.12.2023: 25%). Article 15 of Law No. 7351 published in the Official Gazette No. 31727 and dated January 22, 2022. Article 32 of the Corporate Tax Law No. 5520. The article has been amended, and the corporate tax rate has started to be applied with a discount of 1 point to the earnings of the exporting institutions exclusively from exports and the earnings of the institutions that have an industrial registration certificate and are actually engaged in production activities. Article 21 of Law No. 7456 published in the Official Gazette No. 32249 and dated July 15, 2023. With the article, the corporate tax discount rate to be applied to the earnings of institutions exclusively from exports has been increased to 5 points.

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

This law came into effect on April 1, 2008. Accordingly, corporate taxpayers can take into account 100% of the expenditures they have made since 2008 within the framework of research and development activities aiming at new technology and knowledge search when determining corporate income.

The company, which has an R&D center certificate, has an R&D deduction of TL 1,762,988 (As of December 31, 2023: TL 1,252,131) incurred in 2024, and it can benefit from an R&D deduction of 100% without withholding tax from its tax base due to research and development expenses

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NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

As of December 31, 2024 and 2023, income tax payables are presented net of prepaid taxes in the balance sheet as follows:

	December 31, 2024	December 31, 2023
Income tax payable	-	30,419
Prepaid taxes (-)	-	-
	-	30,419

The breakdown of total tax expense for the years ended December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Current tax charge	(34,021)	(324,093)
Deferred tax income/expense reflected in profit or loss		
Charged to profit for the period	(82,242)	1,060,343
	(116,263)	736,250

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

	December 31, 2024	December 31, 2023
Profit before tax	(2,988,166)	2,105,071
Income tax charge at effective tax rate	747,042	(526,268)
Disallowable expenses	(172,554)	(271,935)
Discounts and exceptions	167,601	495,162
Tax effect on gain on investments accounted for using the equity method	(8,602)	(1,112)
Monetary gain/ (loss) and other	(849,750)	1,040,403
Total	(116,263)	736,250

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NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

In Turkey, the corporate tax rate is 25% as of December 31, 2024 (December 31, 2023: 25%). The corporate tax rate is applied to the net corporate income, which is determined by adding non-deductible expenses as per tax laws to the commercial profit, and deducting the exemptions and deductions specified in the tax laws.

As of December 31, 2024, and 2023, the distribution of the net deferred tax liability calculated using temporary differences subject to deferred tax and effective tax rates is summarized below:

	Cumulative temporary differences		Deferred tax assets/(liability)	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Property, plant and equipment and intangible assets	3,515,009	(92,000)	(875,752)	21,820
R&D incentive	1,762,988	-	440,747	-
Deferred maintenance income	(849,661)	(1,256,684)	189,433	293,457
Provision for warranty expenses	(841,510)	(997,681)	210,378	249,491
Inventories	(648,771)	(306,122)	162,193	76,531
Other provisions	(620,838)	(820,010)	155,210	205,002
Severance pay liability	(420,692)	(474,277)	105,173	118,570
Investment incentives (*)	196,617	-	196,617	-
Deferred financial income	(161,218)	(419,777)	56,982	104,945
Provision for unused vacation	(140,252)	(157,571)	35,063	39,392
Deferred financial expense	(33,356)	(36,869)	(8,339)	(9,217)
Deductible current period loss (**)	-	-	395,000	-
Other	(130,592)	120,368	28,155	23,823
Deferred tax assets, net			1,090,860	1,123,814

(*) The application of Investment Incentive Certificate made by the Group to T.C. Ministry of Industry and Technology, General Directorate of Incentive Implementation and Foreign Capital has been approved and an Investment Incentive Certificate numbered 512845 with a total amount of TRY 1,335,630 thousand was issued for the modernization investment envisaged to be made in the next 4 years.

(**) The total amount of the Group's deductible tax losses for which deferred tax assets can be calculated is TL 1,975,010 and all of them belong to 2024.

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NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

Tax advantages obtained within the scope of investment incentive system:

(*) Earnings from the Group's investments subject to incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment starts to be operated partially or completely until the investment contribution amount is reached. In this context, as of December 31, 2024, the tax advantage amounting to TL 196,617 (December 31, 2023: None) that the Group will benefit from in the foreseeable future is reflected in the consolidated financial statements as deferred tax asset. As a result of the recognition of the aforementioned tax advantage as of December 31, 2024. For the period January 1 - December 31, 2024, deferred tax income amounting to TL 196,617 has been recognised in the consolidated statement of profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deferred tax assets can be utilised. Where it is probable that taxable income will be available, deferred tax assets are recognised on deductible temporary differences, tax losses and tax benefits arising from investment incentives with indefinite useful lives that allow for the payment of reduced corporate income tax. In this context, the Group bases the recognition of deferred tax assets arising from investment incentives in the consolidated financial statements on long-term plans and assesses the recoverability of deferred tax assets related to such investment incentives at each balance sheet date based on business models including taxable profit forecasts. These deferred tax assets are expected to be recovered within 5 years from the balance sheet date.

As of December 31, 2024, in the sensitivity analysis performed, when the inputs in the basic macroeconomic and sectoral assumptions that make up the business plans are increased / decreased by 10%, there is no change in the recovery periods of deferred tax assets related to investment incentives, which are foreseen as 5 years.

The movement of deferred tax asset for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
January 1	1,123,814	21,076
Deferred tax income/(expense) reflected in profit or loss and other comprehensive income statement		
Charged to profit for the period	(82,242)	1,060,343
Charged to other comprehensive income	49,288	42,395
As of December 31	1,090,860	1,123,814

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NOTE 27 - EARNINGS PER SHARE

Earnings per share are determined by dividing net profit by the weighted average number of shares available in the corresponding year.

Companies can increase their capital by distributing shares to existing shareholders in proportion to their shares from the accumulated profits. When calculating earnings per share, this issue of bonus shares is counted as issued shares. Therefore, the average of the weighted number of shares used in the calculation of earnings per share is obtained by retrospectively applying the issuance of shares free of charge.

Fundamental profit per share is calculated by dividing the net profit of shareholders by the weighted average number of ordinary shares issued.

	December 31, 2024	December 31, 2023
Net profit/(loss) for the period	(3,104,429)	2,841,321
Weighted average number of issued shares	12,000,000,000	12,000,000,000
Earnings per share (Kr)	(25,870)	35,275

NOTE 28 - RELATED PARTY DISCLOSURES

The balance of receivables from related parties and payables to related parties as of the end of the period, as well as the summary of transactions with related parties during the accounting period, are presented below:

i) As of December 31, 2024 and December 31, 2023, the receivables and payables from related parties are as follows:

Due from related parties	December 31, 2024	December 31, 2023
Ram Dış Ticaret A.Ş. (1) (*)	4,141,200	4,357,471
Al Jasoor Heavy Vehicles Industry LLC (3) (**)	-	400,685
Other (1)	30,958	27,621
	4,172,158	4,785,777

(*) Some of the overseas sales are carried out through Ram Dış Ticaret A.Ş. with export registration, and the balance consists of trade receivables arising from these transactions.

(**) Trade receivables arising from sales to Al Jasoor Heavy Vehicle Industry LLC, a joint venture of the Group.

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NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

Due to related parties	December 31, 2024	December 31, 2023
Ram Dış Ticaret A.Ş. (1)	155,220	468,841
Zer Merkezi Hizmetler A.Ş. (1)	81,260	86,347
Koç Holding A.Ş. (2)	71,124	93,806
Wat Motor Sanayi ve Ticari A.Ş. (1)	42,063	-
Koç Digital Çözümler A.Ş. (1)	21,611	28,640
Ark İnşaat (1)	19,593	8,237
Opet Fuchs Madeni Yağ A.Ş. (1)	17,530	7,307
Ford Otosan A.Ş.(2)	8,342	3,806
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	7,493	12,258
Setur Servis Turistik A.Ş. (1)	5,918	24,240
Al Jasoor Heavy Vehicles Industry LLC (3)	5,154	-
Koç Sistem Bilgi ve İletişim Hiz. A.Ş. (1)	4,475	23,987
Düzyer A.Ş. (1)	4,288	-
Akpa Dayanıklı Tük.Paz. A.Ş.(1)	3,636	4,473
Ingage Dijital (1)	2,951	897
Opet Petrolcülük A.Ş. (1)	2,588	3,035
Divan Turizm İşletmeleri A.Ş. (1)	2,274	13,931
Other (1)	8,034	23,878
	463,554	803,683

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

Advances received from related parties	December 31, 2024	December 31, 2023
Ram Dış Ticaret A.Ş. (1)	677,891	81,931
Al Jasoor Heavy Vehicles Industry LLC (3) (**)	-	35,236
	677,891	117,167

(**) It consists of an advance received in relation to the sales to be made to Al Jasoor Heavy Vehicle Industry LLC, a Joint Venture of the Group.

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

Sales of products and services	January 1 - December 31, 2024	January 1 - December 31, 2023
Ram Dış Ticaret A.Ş. (1) (*)	6,453,038	8,796,634
Al Jasoor Heavy Vehicles Industry LLC (3)	205,502	1,516,014
Other (1)	4,135	4,191
	6,662,675	10,316,839

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

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NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

Fixed asset purchases	January 1 - December 31, 2024	January 1 - December 31, 2023
Koç Sistem Bilgi ve İletişim Hiz. A.Ş. (1)	95,721	105,398
Ark İnşaat (1)	39,197	-
Zer Merkezi Hizmetler A.Ş. (1)	23,924	12,697
Other (1)	2,892	12,748
	161,734	130,843
Inventory purchases	January 1 - December 31, 2024	January 1 - December 31, 2023
Zer Merkezi Hizmetler A.Ş. (1)	714,649	628,854
Ram Dış Ticaret A.Ş. (1)	207,971	180,879
Wat Motor Sanayi ve Ticari A.Ş. (1)	138,462	1,751
Opet Fuchs Madeni Yağ A.Ş. (1)	58,970	53,521
Opet Petrolcülük A.Ş. (1)	38,324	51,364
Akpa Dayanıklı Tük. Paz. A.Ş. (1)	29,015	39,234
Ford Otosan A.Ş. (2)	22,725	26,990
Düzey A.Ş. (1)	7,087	62
Koçtaş Yapı Marketleri A.Ş.(2)	4,643	7,269
Other (1)	6,154	10,402
	1,228,000	1,000,326

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

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NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

Service purchases	January 1 - December 31, 2024	January 1 - December 31, 2023
Ram Sigorta Aracılık Hiz. A.Ş. (1) (**)	159,348	113,509
Ram Dış Ticaret A.Ş. (1)	147,924	464,374
Setur Servis Turistik A.Ş. (1)	144,956	173,471
Koç Holding A.Ş. (2) (*)	103,451	145,296
Eltek Elektrik Enerji İth. İhr. Top. Tic. A.Ş. (1)	100,080	142,779
Koç Sistem Bilgi ve İlt. Hiz. A.Ş. (1)	86,073	104,933
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	71,641	61,312
Token Finansal Teknolojileri A.Ş.	29,233	15,589
KoçDigital Çözümler A.Ş. (2)	25,873	28,828
Divan Turizm İşletmeleri A.Ş. (1)	22,604	29,336
Ingage Dijital (1)	16,236	11,734
Koç Topluluğu Spor Kulübü Derneği İktisadi	11,837	4,772
Temel Ticaret A.Ş.	8,961	3,767
Ark İnşaat A.Ş. (1)	-	68,610
Other (1)	23,615	32,358
	951,832	1,400,668

(*) It includes the service fee invoiced to the Group as a result of the distribution of expenses incurred in relation to the companies for which services are provided by Koç Holding A.Ş., including personnel and senior management expenses, within the framework of the “11- Intra-Group Services” regulation of the General Communiqué No.lu Series 1 on the Distribution of Implicit Earnings Through Transfer Pricing, in return for the services provided by the main shareholder Koç Holding A.Ş. to its companies in matters such as finance, law, planning, tax, and senior management.

(**) It includes the amount of premiums paid and accrued in the accounting periods ending December 31, 2024 and December 31, 2023, within the scope of policies signed between non-related insurance companies through Ram Insurance Brokerage Services Inc., which operates as an insurance agency.

Banks deposits	December 31, 2024	December 31, 2023
Yapı ve Kredi Bankası A.Ş. (1)		
- Time deposits	57,112	850,696
- Demand deposits	2,738	4,562
	59,850	855,258
Loans	December 31, 2024	December 31, 2023
Yapı ve Kredi Bankası A.Ş. (1)	512,912	642,370
	512,912	642,370

(1) Related parties of the group parent partner

(2) Group shareholder

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NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

Other income and expenses from principal activities related to related parties as of the periods ending December 31, 2024 and 2023:

	January 1 - December 31, 2024	January 1 - December 31, 2023
Trade receivables and payables		
foreign exchange gains		
Ram Dış Ticaret A.Ş. (1)	4,399,778	948,956
Other (1)	1,904	3,059
	4,401,682	952,015
	January 1 - December 31, 2024	January 1 - December 31, 2023
Trade receivables and payables		
foreign exchange expenses		
Ram Dış Ticaret A.Ş. (1)	4,375,864	176,922
Other (1)	10,953	11,384
	4,386,817	188,306
	January 1 - December 31, 2024	January 1 - December 31, 2023
Interest income		
Yapı ve Kredi Bankası A.Ş. (1)	28,040	89,486
	28,040	89,486
	January 1 - December 31, 2024	January 1 - December 31, 2023
Interest expense		
Yapı ve Kredi Bankası A.Ş. (1)	145,337	282,633
	145,337	282,633
	January 1 - December 31, 2024	January 1 - December 31, 2023
Foreign exchange gains		
Yapı ve Kredi Bankası A.Ş. (1)	35,821	105,137
	35,821	105,137

(1) Related parties of the group parent partner

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NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

	January 1 - December 31, 2024	January 1 - December 31, 2023
Foreign exchange expenses		
Yapı ve Kredi Bankası A.Ş. (1)	22,144	24,770
	22,144	24,770

(1) Related parties of the group parent partner

Benefits for senior executives

The total benefits provided by the Group to its senior executives in the year ended December 31, 2024 is 375,842 thousand TL, and 220,573 thousand TL of this amount is related to payments made due to termination of employment.(December 31, 2023: The total benefits provided by the Group to its senior executives is 207,897 thousand TL, of which 32,890 thousand TL is related to payments made due to termination of employment.) Senior executives consist of board members, general manager, and deputy general managers.

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

The Group is exposed to various financial risks due to its operations, including the effects of changes in debt and capital market prices, exchange rates, and interest rates. These risks are market risk (including currency risk and interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability and volatility of financial markets and aims to minimize the potential negative effects on the Group's financial performance.

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk from any individual counterparty (excluding related parties) and by receiving guarantees from customers when considered necessary. Credit risk of the Group mainly arises from trade receivables. The Group manages this risk that may arise from its dealers or from other customers by restricting the credit limits determined for the dealers according to the amount of guarantees received, by receiving advance payments or by receiving the pledge of ownership of the vehicles sold. Credit limits are regularly monitored by the Group and the customers' credit quality are regularly evaluated by considering the customer's financial position, past experiences and other factors. All foreign sales are made after receiving confirmed letters of credit. Military vehicle sales are made to domestic or foreign governmental institutions or to companies acting as agents to these institutions; accordingly, the Group does not anticipate any collection risk related to military vehicle sales. Trade receivables are evaluated by management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables (Note 8).

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

December 31, 2024	Trade receivables	Other receivables	Bank deposit
Maximum credit risk exposure as of reporting date			
(A+B+C+D+E) (1)	15,154,642	19,637	1,471,297
- Maximum risk secured by guarantee (2)	2,701,379		
A. Net book value of financial assets neither overdue nor impaired	15,156,778	19,637	1,471,297
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-
C. Net book value of assets overdue but not impaired	-	-	-
D. Net book value of impaired assets	(2,136)	-	-
- Overdue (gross book value)	274,516	-	-
- Impairment (-) (Note 9)	(276,652)	-	-
- Net value under guarantee	(2,136)	-	-
- Not overdue (gross book value)	-	-	-
- Impairment (-)	-	-	-
- Net value under guarantee	-	-	-
E. Off- balance sheet items having credit risk	-	-	-
December 31, 2023	Trade receivables	Other receivables	Bank deposit
Maximum credit risk exposure as of reporting date			
(A+B+C+D+E) (1)	13,070,336	19,051	9,777,394
- Maximum risk secured by guarantee (2)	1,616,746	-	-
A. Net book value of financial assets neither overdue nor impaired	12,738,145	19,051	9,777,394
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-
C. Net book value of assets overdue but not impaired	-	-	-
D. Net book value of impaired assets	638	-	-
- Overdue (gross book value)	331,553	-	-
- Impairment (-) (Note 8)	(330,915)	-	-
- Net value under guarantee	638	-	-
- Not overdue (gross book value)	-	-	-
- Impairment (-)	-	-	-
- Net value under guarantee	-	-	-
E. Off- balance sheet items having credit risk	-	-	-

- (1) Guarantees received and factors increasing the loan reliability are not considered when determining this amount.
(2) Guarantees consist of guarantee notes, guarantee checks, mortgages and car pledges received from customers.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund existing and prospective debt requirements are managed by maintaining the availability of adequate committed funding lines from high quality lenders.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

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

As of December 31, 2024 and 2023, maturities of gross trade payables and financial liabilities are as follows:

December 31, 2024

Maturity per agreements	Book value	Total cash outflow per agreements (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 years (III)	Over 5 years (IV)
Non-derivative financial liabilities						
Bank loans	19,503,124	22,127,773	3,025,669	6,418,281	12,683,823	-
Trade payables	6,822,166	6,855,522	6,855,522	-	-	-
Expected maturity	Book value	Total expected cash outflow	Less than 3 month	Between 3-12 month	Between 1-5 years	Over 5 years
Non-derivative financial liabilities						
Other payables	34,119	34,119	34,119	-	-	-
Other short-term liabilities	90,201	90,201	90,201	-	-	-
Expected (or maturity per agreement)	Book value	Total expected cash outflow	Less than 3 month	Between 3-12 month	Between 1-5 years	Over 5 years
Derivative financial liabilities (net)						
Derivative cash inflows	1,286,002	1,286,002	1,286,002	-	-	-
Derivative cash outflows	(1,293,666)	(1,293,666)	(1,293,666)	-	-	-

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

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

December 31, 2023

Maturity per agreements	Book value	Total cash outflow per agreements (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 years (III)	Over 5 years (IV)
Non-derivative financial liabilities						
Bank loans	20,796,446	27,698,574	9,199,711	12,835,430	5,654,433	-
Trade payables	5,917,891	5,954,760	5,954,760	-	-	-
Expected maturity	Book value	Total expected cash outflow	Less than 3 month	Between 3-12 month	Between 1-5 years	Over 5 years
Non-derivative financial liabilities						
Other payables	50,959	50,959	50,959	-	-	-
Other short-term liabilities	91,721	91,721	91,721	-	-	-
Expected (or maturity per agreement)	Book value	Total expected cash outflow	Less than 3 month	Between 3-12 month	Between 1-5 years	Over 5 years
Derivative financial liabilities (net)						
Derivative cash inflows	3,303,229	3,303,229	3,303,229	-	-	-
Derivative cash outflows	(3,340,556)	(3,340,556)	(3,340,556)	-	-	-

Market risk

a) Foreign currency risk and related sensitivity analysis

The Group is exposed to the foreign exchange risk through the rate changes at the translation of foreign currency denominated liabilities to local currency. These risks are monitored and limited by analyzing the foreign currency position. Currency risk is monitored and limited by analyzing the foreign currency position. The Group follows a policy of diversifying its foreign currency position in order to manage the foreign currency risk that may arise due to future operations and recognized assets and liabilities.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

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

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

December 31, 2024		TRY equivalent (functional currency)	USD	EUR	GBP
1.	Trade receivables	8,137,902	124,224	102,396	-
2a.	Monetary financial assets (including cash, bank accounts)	605,932	1,664	14,895	-
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	64	2	-	-
4.	Current assets (1+2+3)	8,743,898	125,890	117,291	-
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	126	-	3	-
8.	Non-current assets (5+6+7)	126	-	3	-
9.	Total assets (4+8)	8,744,024	125,890	117,294	-
10.	Trade payables	(2,539,545)	(36,542)	(33,967)	(99)
11.	Financial liabilities	(2,707,823)	(8,211)	(65,825)	-
12a.	Monetary other liabilities	(1,200,156)	(7,066)	(25,890)	-
12b.	Non-monetary other liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	(6,447,524)	(51,819)	(125,682)	(99)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(2,402,582)	-	(65,389)	-
16a.	Monetary other liabilities	-	-	-	-
16b.	Non-monetary other liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	(2,402,582)	-	(65,389)	-
18.	Total liabilities (13+17)	(8,850,106)	(51,819)	(191,071)	(99)
	Net balance sheet position (9+18)	(106,082)	74,072	(73,777)	(99)
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	(7,664)	(36,650)	35,000	-
19a.	Hedged total assets amount	1,286,002	-	35,000	-
19b.	Hedged total liabilities amount	(1,293,666)	(36,650)	-	-
20.	Net foreign currency asset/(liability) position (9+18+19)	(113,746)	37,422	(38,777)	(99)
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(106,272)	74,069	(73,780)	(99)
22.	Total fair value of financial instruments used for foreign currency hedging	7,664	7,664	-	-
23.	Export	21,818,403	123,560	431,804	31,011
24.	Import	9,891,635	92,477	155,575	2,582

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

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

December 31, 2023	TRY equivalent (functional currency)	USD	EUR	GBP
1. Trade receivables	10,976,180	122,801	122,408	-
2a. Monetary financial assets (including cash, bank accounts)	834,650	7,082	11,347	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	11,810,830	129,883	133,755	-
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	141	-	3	-
8. Non-current assets (5+6+7)	141	-	3	-
9. Total assets (4+8)	11,810,971	129,883	133,758	-
10. Trade payables	(3,143,554)	(42,568)	(28,314)	(50)
11. Financial liabilities	(4,634,467)	(7,675)	(91,607)	-
12a. Monetary other liabilities	(536,714)	(5,940)	(6,044)	-
12b. Non-monetary other liabilities	-	-	-	-
13. Current liabilities (10+11+12)	(8,314,735)	(56,183)	(125,965)	(50)
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16a. Monetary other liabilities	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	-	-	-	-
18. Total liabilities (13+17)	(8,314,735)	(56,183)	(125,965)	(50)
Net balance sheet position (9+18)	3,496,236	73,700	7,793	(50)
19. Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	(3,180,406)	(67,000)	(7,075)	-
19a. Hedged total assets amount	-	-	-	-
19b. Hedged total liabilities amount	(3,180,406)	(67,000)	(7,075)	-
20. Net foreign currency asset/(liability) position (9+18+19)	315,830	6,700	718	(50)
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	3,496,095	73,700	7,790	(50)
22. Total fair value of financial instruments used for foreign currency hedging	37,326	6,591	19,262	-
23. Export	28,885,447	230,602	382,958	-
24. Import	12,470,741	73,037	201,816	749

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NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

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

The following table demonstrates the sensitivity to a possible change of 10% in the USD, Euro and GBP exchange rates, with all other variables held constant, on the Group’s income before tax as of December 31, 2024 and 2023:

December 31, 2024	Profit before tax Appreciation of foreign currency	Profit before tax Depreciation of foreign currency
<i>In case 10% appreciation of USD against TRY:</i>		
1- USD net asset/liability	131,812	(131,812)
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	131,812	(131,812)
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	142,750	(142,750)
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	142,750	(142,750)
<i>In case 10% appreciation of GBP against TRY</i>		
7- GBP net asset/liability	(436)	436
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(436)	436
Total (3+6+9)	(11,374)	11,374

December 31, 2023	Profit before tax Appreciation of foreign currency	Profit before tax Depreciation of foreign currency
<i>In case 10% appreciation of USD against TRY:</i>		
1- USD net asset/liability	28,477	(28,477)
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	28,477	(28,477)
<i>In case 10% appreciation of EUR against TRY:</i>		
4- EUR net asset/liability	3,377	(3,377)
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	3,377	(3,377)
<i>In case 10% appreciation of GBP against TRY</i>		
7- GBP net asset/liability	(270)	270
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(270)	270
Total (3+6+9)	31,584	(31,584)

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

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

b) Interest position table and related sensitivity analysis

Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are not substantially subject to changes in market interest rates.

The Group's interest rate risk arises from short-term borrowings and time deposits. The Group has obtained fixed rate bearing borrowings and time deposits. However the borrowings and time deposits that the Group is going to obtain in future will be affected from future interest rates.

As of December 31, 2024 and 2023, the financial liabilities of the Group are consisted of fixed rate bank borrowings.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with other companies in the industry, the Company monitors capital on the basis of the gearing factor. This factor is calculated as net financial liability divided by total capital. Net financial liability is calculated as total borrowings (including borrowings as shown in balance sheet) less cash and cash equivalents.

	December 31, 2024	December 31, 2023
Total financial liability (Note 7)	21,265,264	23,291,910
Less: Cash and cash equivalents (Note 5)	(1,471,382)	(9,869,414)
Net financial liability	19,793,882	13,422,496
Total equity	8,188,236	11,987,984
Financial debt/shareholders' equity factor	242%	112%

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

NOTE 30 - FINANCIAL INSTRUMENTS

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2),
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group’s assets that are measured at fair value at December 31, 2024 and 2023:

December 31, 2024

Liabilities	Level 1	Level 2	Level 3	Total
Derivative financial instruments	-	(7,664)	-	(7,664)
	-	(7,664)	-	(7,664)

December 31, 2023

Assets	Level 1	Level 2	Level 3	Total
Derivative financial instruments	-	(37,326)	-	(37,326)
	-	(37,326)	-	(37,326)

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

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

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

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

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

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED YEARS ENDED FINANCIAL STATEMENTS AT DECEMBER 31, 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024, unless otherwise indicated.)

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

Non-monetary items	December 31, 2024
Statement of financial position items	
Inventories	2,525,101
Property, plant and equipment	1,755,667
Intangible assets	3,227,081
Paid in capital	(572,667)
Restricted reserves	(442,070)
Other comprehensive expenses not to be reclassified to profit or loss	345,563
Retained earnings	(3,737,924)
Other	164,896
Statement of profit or loss items	
Revenue	(2,981,304)
Cost of sales	3,828,638
Research and development expenses	165,214
Marketing, selling and distribution expenses	471,480
General administrative expenses	143,518
Other operating income/expenses	(1,145,532)
Income from investing activities	4,283
Financial income/expense	770,056
Net monetary gain/(loss)	4,522,000

NOTE 32 - SUBSEQUENT EVENTS

None.

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OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

INFORMATION DOCUMENT CONCERNING THE GENERAL ASSEMBLY TO CONVENE ON 24.03.2025 TO REVIEW 2024 ACTIVITIES

INVITATION TO THE ORDINARY GENERAL ASSEMBLY ON 24.03.2025

The Ordinary General Assembly of Otokar Otomotiv ve Savunma Sanayi A.Ş. will convene to review the activities of the company in 2024 and to discuss the agenda detailed below at 3:30 p.m. on Monday, 24.03.2025 at the Divan İstanbul Hotel, Asker Ocağı Cad. No: 1, Elmadağ, Şişli, İstanbul (Phone: 0 212 315 55 00).

The Annual Report, which includes Financial Statements related to the 2024 fiscal year, draft amendment to the Articles of Association, Independent Audit Report prepared by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., Dividend Distribution Proposal, Corporate Governance and Sustainability Principles Compliance Reports, and the detailed Information Note that includes these agenda items and the required disclosures for compliance with the Capital Markets Board Regulations will be made available for the shareholders to view within the legal period of three weeks, excluding the announcement and meeting dates, before the Annual General Meeting at the company headquarters, on the corporate website www.otokar.com.tr, and the Public Disclosure Platform and the Electronic Annual General Meeting System of Central Registry Agency.

Shareholders who will not be able to attend the Annual General Meeting in person, without prejudice to the rights and obligations of shareholders who will participate electronically, must submit their powers of attorney – bearing their notarized signatures – to the company according to the form available or provide a copy of the power of attorney through Yapı Kredi Yatırım Menkul Değerler A.Ş. (Yapı Kredi Plaza / Levent - İstanbul), relevant departments of the company or the corporate website at www.otokar.com.tr, by also fulfilling the conditions stipulated in “Communiqué on Voting by Proxy and Proxy Solicitation”, No. II-30.1, published in the Official Gazette No. 28816 on 24.12.2013. The Proxy who is assigned electronically via the Electronic General Meeting System is not required to submit a printed power of attorney document. **The powers of attorney that do not conform with the conditions stipulated by the Communiqué and the form annexed to the invitation will definitely not be accepted due to our legal obligations.**

Shareholders intending to vote via the Electronic General Meeting System are requested to obtain information from the Central Registry Agency, our company’s website at www.otokar.com.tr or from the company headquarters (Phone:0 216 489 29 50) to ensure that they comply with the provisions of the applicable regulations and communiqués.

Pursuant to article 415 clause 4 of the New Turkish Commercial Code No. 6102 and article 30 clause 1 of the Capital Markets Law, the right to participate and vote in the Annual General Assembly Meeting is not dependent on the condition to deposit the shares. Accordingly, shareholders who wish to attend the General Assembly Meeting are not required to block their shares.

In accordance with Law No. 6698 on Protection of Personal Data, detailed information on processing your personal data by our company is provided in the Personal Data Protection and Processing Policy of Otokar Otomotiv ve Savunma Sanayi A.Ş., which is available on www.otokar.com.tr.

At the Ordinary General Assembly Meeting, the voters will use open voting system by a show of hands, without prejudice to the provisions of electronic voting regarding the voting of each item on the agenda.

All shareholders, stakeholders, and members of the media are invited to attend the General Assembly Meeting.

Pursuant to the Capital Markets Law, shareholders holding registered shares that are traded on the stock exchange will not receive a separate registered invitation letter for the meeting.

Submitted to the esteemed shareholders with due respect.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

INFORMATION DOCUMENT CONCERNING THE GENERAL ASSEMBLY TO CONVENE ON 24.03.2025 TO REVIEW 2024 ACTIVITIES

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş. YÖNETİM KURULU

Headquarters Address: Taşdelen Mahallesi Sırrı Çelik Bulvarı No. 5 34788 Çekmeköy - İstanbul

Trade Registry and Number: İstanbul - 83467

Mersis No: 0649001827200034

2. ADDITIONAL DISCLOSURES PER CMB REGULATIONS

Pursuant to Capital Market Board's (CMB) Corporate Governance Communiqué II-17.1, the additional required disclosures regarding the agenda topics are provided in the relevant item below and other mandatory general disclosures in this section:

2.1. Shareholding Structure and Voting Rights

There are no distinctions in terms of privileged share groups at Otokar.

The voting rights of the shareholders at the time this document is made public are provided in the table below:

Shareholder	Share (TL)	Share (%)	Voting Rights	Voting Rights (%)
Koç Holding A.Ş.	56,850,123	47.38	5,685,012,277	47.38
Ünver Holding A.Ş.	29,774,719	24.81	2,977,471,915	24.81
Free Float	33,375,158	27.81	3,337,515,808	27.81
Total	120,000,000	100.00	12,000,000,000	100.00

The main shareholder Koç Holding A.Ş. is controlled by Koç Family and companies that Koç Family owns. The shareholder Ünver Holding A.Ş. is controlled by Ünver Family.

2.2. Changes in the Management and Operations of the Company that may Materially Affect the Activities of the Company and the Subsidiaries

Information on changes in the management or operations that have occurred in the previous accounting period of our company and subsidiaries or that may materially affect the activities planned for the upcoming accounting periods, and the reasons for such changes, are provided below:

In terms of the strategic goals of Otokar Otomotiv ve Savunma Sanayi A.Ş., there were no changes in the management or operations in 2024 that could materially affect the activities of the company or its subsidiaries. No material changes are planned in management and operations for upcoming accounting periods. Material disclosures made by our company according to applicable legislation can be found at www.kap.org.tr.

2.3. Information on Shareholders' Requests for Inclusion of a Topic in the Agenda

Information on shareholders' written requests submitted to the Investor Relations Department for inclusion of a topic in the agenda, rejected requests and the reasons thereof in the event that the Board of Directors did not accept such requests are provided below:

No such requests were received for the Ordinary General Assembly where the 2024 activities will be discussed.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

INFORMATION DOCUMENT CONCERNING THE GENERAL ASSEMBLY TO CONVENE ON 24.03.2025 TO REVIEW 2024 ACTIVITIES

3. REMARKS ON THE AGENDA TOPICS OF THE ORDINARY GENERAL ASSEMBLY ON 24.03.2025

1. Opening and election of the chairman to preside over the meeting.

The election of the Chairman to preside over the Ordinary General Assembly will be carried out in accordance with the provisions of the Turkish Commercial Code No. 6102 ("TCC") and the Regulation on the Procedures and Principles Applicable to Ordinary General Assemblies of Joint Stock Companies and the Representatives of the Ministry of Customs and Commerce to Attend Ordinary General Assembly (the "Regulation" or the "General Assembly Regulation"), and article 7 of the General Assembly Internal Directive. The Chairman of the General Assembly will appoint at least one Secretary to record the minutes of the meeting in accordance with the General Assembly Internal Directive. The Chairman may also select sufficient number of vote collectors.

2. Presentation of the 2024 Annual Report, prepared by the Board of Directors, for discussion and approval.

Information on the 2024 Annual Report, made available for shareholders to review at the company's Headquarters, on the Electronic General Assembly portal of the Central Registry Agency and on our company's website at www.otokar.com.tr for three weeks preceding the Ordinary General Assembly, in accordance with the TCC, the Regulation and the regulations concerning the Capital Markets Law will be provided, and the 2024 Annual Report will be presented for discussion by and approval of the shareholders.

3. Presentation of the Summary Independent Audit Report for the 2024 fiscal year.

Information concerning the Independent Auditor's Report, prepared pursuant to the regulations of the Capital Markets Board and the TCC and made available three weeks prior to the General Assembly meeting at the company's Headquarters, on the Electronic General Assembly portal of the Central Registry Agency and on our company's website at www.otokar.com.tr, will be presented to the General Assembly.

4. Presentation, discussion and approval of the company's Financial Statements for the 2024 fiscal year.

Information on our financial statements and statutory financial statements issued in accordance with the Tax Procedure Law that were made available for shareholders to review at the company's Headquarters, on the Electronic General Assembly portal of the Central Registry Agency and on our company's website at www.otokar.com.tr for three weeks preceding the Ordinary General Assembly pursuant to the TCC, the Regulation and the regulations concerning the Capital Markets Law will be presented for discussion and approval of the shareholders.

5. Release of each member of the Board of Directors individually for the affairs of the company in 2024.

Release of the members of the Board of Directors individually with respect to the activities, transactions and accounts in 2024 according to the provisions of the TCC and the Regulation will be submitted to the General Assembly for approval.

6. As required by the Capital Markets Board regulations, approval of the amendment to the company's Dividend Policy to apply for 2025 and the ensuing years.

The draft amendment to the Company's Dividend Policy, provided in **ATTACHMENT/1**, will be submitted to the General Assembly for approval. It will also be available for shareholders to review at the company's Headquarters, on the Electronic General Assembly portal of the Central Registry Agency, and under the Investor Relations section of the corporate website at www.otokar.com.tr for three weeks preceding the Ordinary General Assembly. The draft amendment to the Dividend Policy and its justification were accepted at the Board of Directors' meeting no. 2025/06 dated 26.02.2025, and publicly disclosed via KAP the same day.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

INFORMATION DOCUMENT CONCERNING THE GENERAL ASSEMBLY TO CONVENE ON 24.03.2025 TO REVIEW 2024 ACTIVITIES

7. Approval, approval with modifications or refusal of the Board of Directors' proposal pertaining to when and how the profit of 2024 will be distributed in accordance with the company's dividend policy.

According to the financial statements for the accounting period of 01.01.2024-31.12.2024, prepared by the company in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Law and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi, the corporation has reported a Consolidated Net Loss for the Period amounting to TL 3,104,429,032. The table showing our dividend distribution proposal, which was prepared by taking into account our Dividend Policy, long-term strategies, investment and financing policies, and the profitability and cash position in line with the Communiqué on Dividends II-19.1 and the Profit Distribution Guidelines announced in accordance with this Communiqué is provided in **ATTACHMENT/2**.

8. Provided that the necessary approvals are secured from the Capital Markets Board and the Ministry of Commerce, approval, approval with modifications or refusal of the Board of Directors' proposal to amend the Articles of Association: Article 7 - "Capital" to increase the registered capital ceiling and to extend its validity and Article 5 - "Head Office and Branch Offices of the Company" to update the registered address.

The Board of Directors' resolution no. 2025/01 dated 28.01.2025 regarding the proposed amendment to the Articles of Association to increase the registered capital ceiling to TL 3,000,000,000 TL, to extend the validity period of the registered capital ceiling to the years 2025-2029, and to update the company's headquarters address, along with the draft amendment to the Articles of Association in **ATTACHMENT/3** will be submitted to the General Assembly for approval. The approvals for the proposed amendments to the Articles of Association were received from the CMB on 03.02.2025 and from the Ministry of Trade on 13.02.2025.

9. Determining the number of members of the Board of Directors and their terms of office, election in accordance with the resolved number, and election of the independent members of the Board of Directors.

New members will be elected to replace the existing members of the Board of Directors whose term has ended in accordance with the principles regarding the election of Board members or as set forth in the company's Articles of Association pursuant to CMB regulations, the TCC and the Regulation. In addition, independent member(s) will be elected to the Board to ensure compliance with the CMB's Corporate Governance Communiqué II-17.1.

Pursuant to article 11 of the Articles of Association, the company is managed by a Board of Directors composed of minimum five (5) members who are elected for a maximum term of 3 years by the General Assembly as per the provisions of the Turkish Commercial Code. The General Assembly may resolve to renew the Board of Directors even if its term has not yet ended.

Three of the nominees for the Board of Directors, which is proposed to consist of nine members, are required to meet the criteria for independency as defined in CMB's mandatory Corporate Governance Principles.

Upon the proposal of the Corporate Governance Committee, which has evaluated the candidates presented to it, Mr. Ali İhsan İlkbahar, Ms. Fatma Füsün Akkal Bozok ve Mr. Kamil Ömer Bozer have been nominated by the Board of Directors as Independent Members in the Board of Directors. The company has applied to the CMB for approval, and unless a negative opinion is expressed, the nominated Independent Board Members will be presented to the General Assembly for approval.

The résumés of the nominees for the Board of Directors and the declarations of independence of the independent members are provided in **ATTACHMENT/4**.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

INFORMATION DOCUMENT CONCERNING THE GENERAL ASSEMBLY TO CONVENE ON 24.03.2025 TO REVIEW 2024 ACTIVITIES

10. Presentation of the Remuneration Policy for Senior Executives and Members of the Board of Directors, and payments made thereof pursuant to the Corporate Governance Principles to the shareholders for approval.

Pursuant to CMB's mandatory Corporate Governance Principle 4.6.2, principles applicable for remuneration of the members of the Board of Directors and the senior management must be in writing and presented to the shareholders under a separate agenda topic, and the shareholders must be given the opportunity to express their views. The revised remuneration policy prepared for this purpose is provided in **ATTACHMENT/5**. Otokar Otomotiv ve Savunma Sanayi A.Ş. has disclosed information about the benefits provided to the Board Members and Senior Executives in 2024 in note 28 to the financial statements for the 2024 fiscal year.

11. Resolution of the annual gross salaries to be paid to the members of the Board of Directors.

The amount of the annual gross salaries to be paid to the members of the Board of Directors during the 2025 fiscal year in accordance with the Remuneration Policy, presented to the approval of the shareholders in the agenda item 10, will be determined by the shareholders.

12. Approval of the appointment of the independent audit firm selected by the Board of Directors pursuant to the provisions of the Turkish Commercial Code and the Capital Markets Board and the Public Oversight, Accounting and Auditing Standards Authority regulations.

Pursuant to the provisions of the Turkish Commercial Code and the Capital Markets Board and the Public Oversight, Accounting and Auditing Standards Authority (POA) regulations, the Board of Directors, in its resolution dated 14.02.2025, has decided upon consultation with the Audit Committee, to appoint Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi to audit the financial statements of the company for the 2025 accounting period; and provided that it is authorized by POA to conduct independent sustainability auditing, to perform other tasks, including but not limited to mandatory sustainability assurance audits on the disclosures to be issued in accordance with the Turkish Sustainability Reporting Standards issued by POA. This appointment will be presented to the General Assembly for approval.

13. Providing information to the shareholders regarding the donations made by the company in 2024 in accordance with the Donation and Sponsorship Policy and determination of an upper limit for donations to be made in 2025.

Otokar Otomotiv ve Savunma Sanayi A.Ş.'s Donation and Sponsorship Policy, approved by the Board of Directors on March 3, 2021 and disclosed to the public, was submitted to and confirmed by the shareholders at the General Assembly Meeting on March 17, 2021 as per Corporate Governance Principle 1.3.10, which states "Donation and aid policy is created and submitted to the General Assembly for approval."

According to article 6 of the Capital Market Board's Communiqué on Dividends II-19.1, the limit of donations should be determined at the Ordinary General Assembly in cases when it is not addressed in the Articles of Association. Donations and payments made should be presented to the shareholders at the Ordinary General Assembly. The donations made to foundations and associations in 2024 per the company's Donation and Sponsorship Policy amounted to TL 20,646,579 (corresponding to TL 21,563,475 based on the purchasing power on December 31, 2024). Of this nominal amount, TL 11,817,694 was donated to Koç University, TL 5,704,000 to Vehbi Koç Foundation, and TL 1,711,836 to Sakarya Chamber of Commerce and Industry (SATSO) Motor Vehicle Technology Vocational and Technical Anatolian High School for the Electric Vehicles Workshop that Otokar established, and the remainder to various other institutions and organizations. These other donations are each lower than TL 500,000 and are not materially significant for the investors. The upper limit for donations in 2025 will be determined by the General Assembly.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

INFORMATION DOCUMENT CONCERNING THE GENERAL ASSEMBLY TO CONVENE ON 24.03.2025 TO REVIEW 2024 ACTIVITIES

14. Pursuant to Capital Markets Board regulations, informing the shareholders about the income or benefits obtained in 2024 through guarantees, pledges, liens, and sureties extended by the company and its subsidiaries to third parties.

Pursuant to Article 12 of the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board, the topic of income or benefits obtained through guarantees, pledges, liens and sureties given by the company and its subsidiaries to third parties should be included as a separate agenda item of the Ordinary Annual General Assembly Meeting. This is mentioned in note 16 to the Financial Statements dated 31.12.2024.

15. Pursuant to Articles 395 and 396 of the Turkish Commercial Code and CMB regulations, authorization of the shareholders with management control, the members of the Board of Directors, the senior executives and their spouses and relatives related by blood or affinity up to the second degree; and presentation to the shareholders, of the transactions carried out thereof in 2024 according to the Corporate Governance Communiqué of the Capital Markets Board.

According to the first paragraph of article 395, "Ban on Execution of Transactions with the company and on Borrowing from the company", and article 396, "Ban on Competition" of the TCC, the relevant transactions by members of the Board of Directors can only be possible with the approval of the General Assembly.

Pursuant to CMB's mandatory Corporate Governance Principle 1.3.6, in the event that the shareholders with management control, members of the Board of Directors, senior executives with administrative authority, and their spouses and blood relatives up to the second degree engage in transactions that may result in a significant conflict of interest due to their affiliations or related partnerships, and/or perform a transaction on their own or others' behalf in an area that has the same commercial business as the parent company or its subsidiaries and affiliates, the said transactions will be presented to the General Assembly under a separate agenda topic and recorded in the minutes of the Ordinary General Assembly.

In order to fulfill the requirements of these regulations, the aforementioned permission will be presented to the shareholders for approval at the General Assembly. Additionally, the shareholders will be advised about the transactions of this nature during the year, and that some of the shareholders, members of the Board of Directors, executives with administrative responsibilities and their spouses, blood relatives up to the second degree, can be engaged in other activities including those with similar activities to the company's, and that they may serve as a Board member or executive at Koç Group or Ünver Group companies. In 2024, there was no materially significant transaction requiring disclosure within the scope of the principle 1.3.6 of the Corporate Governance Communiqué.

16. Wishes and opinions.

ATTACHMENTS:

ATTACHMENT/1 Draft amendment to the Dividend Policy (See page 36)

ATTACHMENT/2 The Board of Directors' Dividend Proposal for the Profit of 2024 and Dividend Proposal Table (See page 37)

ATTACHMENT/3 Draft Amendment to the Articles of Amendment and the Related Board of Directors' Resolution
(See pages 38-39)

ATTACHMENT/4 Résumés of the Candidates for the Board of Directors and the Declarations of Independence of the Independent Member Candidates (see pages 40-43)

ATTACHMENT/5 Remuneration Policy for Senior Management and the Members of the Board of Directors (See page 44)

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CORPORATE GOVERNANCE COMPLIANCE REPORT (URF)

I. CORPORATE GOVERNANCE COMPLIANCE REPORT (URF)

	Yes	Partial	No	Exempt	N/A	Explanation
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures, which may affect the exercise of shareholder rights, are available to investors on the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	No such transaction has been reported.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				Donations made by the company are provided in a separate item on the General Assembly agenda and the details of the donations with the highest amounts are included in the General Assembly information document. The remaining amount, not detailed in the information document, consists of various donations, each lower than TL 500,000 made to various institutions and organizations and that are not of material significance for investors. Donations lower than this amount are not followed by the investors and the company has plans to continue disclosing this materiality limit in the coming years.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	Otokar Otomotiv ve Savunma Sanayi A.Ş. does not have any cross-ownership associated with a controlling relationship.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CORPORATE GOVERNANCE COMPLIANCE REPORT (URF)

	Yes	Partial	No	Exempt	N/A	Explanation
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights for shareholders holding less than one twentieth of the capital have not been defined in the articles of association, and the rights have been defined within the frame of general provisions in the legislation. The investors have not expressed any interest in this matter while the company follows the best practices and does not foresee any changes in the near future.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Dividend have been paid out.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CORPORATE GOVERNANCE COMPLIANCE REPORT (URF)

	Yes	Partial	No	Exempt	N/A	Explanation
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CORPORATE GOVERNANCE COMPLIANCE REPORT (URF)

	Yes	Partial	No	Exempt	N/A	Explanation
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CORPORATE GOVERNANCE COMPLIANCE REPORT (URF)

	Yes	Partial	No	Exempt	N/A	Explanation
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	Even though expressing an opinion in writing is possible, Board members who were unable to attend the meetings have not communicated such a request.
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/ written internal rules defining the meeting procedures of the board.	X					

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CORPORATE GOVERNANCE COMPLIANCE REPORT (URF)

	Yes	Partial	No	Exempt	N/A	Explanation
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Considering that Board members contribute significantly to the Board with their business experience and industry knowledge, they are not restricted in terms of assuming other duties outside the company. The résumé of each Board member and their external duties are provided in the annual report. Given the effective functioning of the Board, no changes to the current practice are anticipated in the near future since no negative consequence has been observed in terms of corporate governance.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Committees are formed by considering the knowledge and experience of the Board members in compliance with the applicable regulations and some Board members serve on multiple committees. Board members serving on more than one committee facilitate communication and increase the opportunities for cooperation between committees handling related subjects. Considering the efficient work of the Board members with their wealth of knowledge and experience, the current committee structure is deemed effective and no changes are anticipated in the near future.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CORPORATE GOVERNANCE COMPLIANCE REPORT (URF)

	Yes	Partial	No	Exempt	N/A	Explanation
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	Such a consultancy service has not been procured.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL BENEFITS EXTENDED TO BOARD MEMBERS AND SENIOR EXECUTIVES						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Remunerations provided to the Board members and executives with administrative responsibilities are provided in the notes to the financial statements and disclosed to the public as a total figure. Given that this matter is important due to the privacy of personal data, practices in the market are followed with plans to act in line with the wide-spread preferences.

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CORPORATE GOVERNANCE COMPLIANCE REPORT (URF)

II. CORPORATE GOVERNANCE INFORMATION FORM (KYBF)

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organized by the company during the year

In 2024, 11 online and 4 in-person investor meetings and 52 teleconferences took place.

1.2. Right to Obtain and Examine Information

The number of special audit request(s)

-

The number of special audit requests that were accepted at the General Shareholders' Meeting

-

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)

<https://www.kap.org.tr/tr/Bildirim/1253218>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

Yes, available.

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

There is no such transaction.

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)

There is no such transaction.

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)

Material disclosure regarding common and continuous transactions can be found at: <https://www.kap.org.tr/tr/Bildirim/1253153>

The name of the section on the corporate website that demonstrates the donation policy of the company

The Donation and Sponsorship Policy is available on the corporate website under Investor Relations/Corporate Governance.

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved

<https://www.kap.org.tr/tr/Bildirim/1123805>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

Article 15-a

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

General Assembly Meeting was open to the public, including stakeholders and the media without speaking rights.

1.4. Voting Rights

Whether the shares of the company have differential voting rights

No

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares

-

The percentage of ownership of the largest shareholder

47.38%

1.5. Minority Rights

Whether the shares of the company have differential voting rights

No

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares

-

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy

Investor Relations/Corporate Governance/Dividend Policy

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend

Dividend have been paid out.

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends

-

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ

CORPORATE GOVERNANCE COMPLIANCE REPORT (URF)

General Assembly Meetings	
General Meeting Date	27.03.2024
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	-
Shareholder participation rate to the General Shareholders' Meeting	75.71%
Percentage of shares directly present at the GSM	0.04%
Percentage of shares represented by proxy	75.67%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Investor Relations – General Assembly Meetings
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Investor Relations – General Assembly Meetings
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/1263258
2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares	Investor Relations- Corporate Information – Shareholder Structure
List of languages for which the website is available	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	General Assembly and Corporate Governance Practices Sections
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance Practices Section
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance Practices Section
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Legal Disclosures Section
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Legal Disclosures Section
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Legal Disclosures Section
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Legal Disclosures Section
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Sustainability and Human Resources

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3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	https://www.otokar.com.tr/yatirim-iliskileri/kurumsal-yonetim/tazminat-uygulama-esaslari
The number of definitive convictions the company was subject to in relation to breach of employee rights	7
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Internal Audit Department and Ethics Board
The contact detail of the company alert mechanism	https://www.otokar.com.tr/iletisim/iletisim-formu

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Internal regulations do not have links open to the public.
Corporate bodies where employees are actually represented	<p>Otokar employees engage with the management through various means and express their views. Employee representatives serve on Occupational Health and Safety, Discipline and Annual Leave Committees. The teams also hold routine check-in meetings at the beginning and end of shifts on all lines to exchange information.</p> <p>All employees are able to communicate their ideas on development areas via the electronic suggestion system. The annual Employee Loyalty Survey is conducted with open-ended questions to obtain the opinions of each employee anonymously.</p> <p>Furthermore, there are practices that enable the employees to instantly communicate their requests and suggestions regarding OHS and Employee Experience via the mobile application.</p> <p>In addition to all these communication channels, insights are obtained from the employees through structured methodology such as pulse-keeping surveys, field visits, workshops, and focus groups throughout the year, and the planned actions are implemented.</p>

3.3 Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	There are succession plans in place for all key executive positions. The succession plans are finalized upon the General Manager's approval.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	<p>Otokar has been a signatory of Women's Empowerment Principles (WEPs), a joint initiative of UN Women and (UN Global Compact) since 2017.</p> <p>The required qualifications are specified in each job posting. The Code of Ethics and the Human Rights Policy both emphasize equal opportunity in recruitment.</p> <p>https://www.otokar.com.tr/getmedia/75e24879-2d82-46e4-8070-46f2a20f18d2/yk21-22-uyum-politikalar-ek-etik-%C4%B1keler-17092021</p> <p>https://www.otokar.com.tr/getmedia/a415c390-c32d-4fa3-9880-d9bc6d27e7bb/otokar-%C4%B1nsan-haklari-politikasi_07052021</p>
Whether the company provides an employee stock ownership programme	No stock option is offered for employees
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	<p>Anti-discrimination</p> <p>Otokar upholds a zero tolerance policy against discrimination as the fundamental principle in all recruitment, promotion, appointment and training processes. Otokar expects all its employees to act with the same sensitivity toward each other. Otokar ensures that all employees are provided equal rights and opportunities. No form of discrimination or disrespect based on race, gender, skin color, nationality, religion, age, disability, sexual orientation and political opinion will be allowed.</p> <p>https://www.otokar.com.tr/getmedia/a415c390-c32d-4fa3-9880-d9bc6d27e7bb/otokar-%C4%B1nsan-haklari-politikasi_07052021</p>
The number of definitive convictions the company is subject to in relation to health and safety measures	1

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3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Code of Ethics and Compliance Policies
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Sustainability/Corporate Social Responsibility https://www.otokar.com.tr/surdurulebilirlik/kurumsal-sosyal-sorumluluk
Any measures combating any kind of corruption including embezzlement and bribery	Principles on these topics are covered in the Anti-bribery and Anti-corruption Policy

4. BOARD OF DIRECTORS – I

4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	31.12.2024
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation was made among the board members.
Number of reports presented by internal auditors to the audit committee or any relevant committee	Internal audit department presents aggregate information to the audit committee regarding the operations within the year.
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Corporate Governance/Internal Control System and Internal Audit
Name of the Chairman	Yıldırım Ali Koç
Name of the CEO	İbrahim Aykut Özüner (General Manager Ahmet Serdar Görgüç retired on March 31, 2024 but continued to serve as a member on the Board of Directors. İbrahim Aykut Özüner was appointed as the new General Manager of Otokar effective April 1, 2024.)
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Investor Relations/Corporate Governance/ Board Diversity Policy
The number and ratio of female directors within the Board of Directors	2 (22%)

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date To Board	Link to PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience on Audit, Accounting and/or Finance
Yıldırım Ali Koç	Non-executive	Not independent	26.03.2015				
Selin Ayla Ünver	Non-executive	Not independent	22.10.2018				
Levent Çakıroğlu	Non-executive	Not independent	26.03.2015				
Haydar Yenigün	Non-executive	Not independent	21.03.2022				
İsmail Cenk Çimen	Non-executive	Not independent	18.03.2019				
Ahmet Serdar Görgüç	Non-executive	Not independent	20.04.2006				
Ali İhsan İlkbahar	Non-executive	Independent	16.03.2020	https://www.kap.org.tr/tr/Bildirim/1288242	Considered	No	Yes
Fatma Füsün Akkal Bozok	Non-executive	Independent	27.03.2024	https://www.kap.org.tr/tr/Bildirim/1288242	Considered	No	Yes
Kamil Ömer Bozer	Non-executive	Independent	27.03.2024	https://www.kap.org.tr/tr/Bildirim/1288242	Considered	No	Yes

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4. BOARD OF DIRECTORS – II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	3
Director average attendance rate at board meetings	89%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	One week before the meeting
The name of the section on the corporate website that demonstrates information about the board charter	Although there is an internal company regulation on the subject (Otokar Board of Directors Working Principles), it is not a publicly available document.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no such practice.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Members of the Board of Directors and Members of the Committees section
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/1283890

Composition of Board Committees - I

Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee	-	Kamil Ömer Bozer	Chair	Board Member
Audit Committee	-	Fatma Füsün Akkal Bozok	Member	Board Member
Corporate Governance Committee	-	Ali İhsan İkbahar	Chair	Board Member
Corporate Governance Committee	-	Levent Çakıroğlu	Member	Board Member
Corporate Governance Committee	-	Hüseyin Odabaş	Member	Not Board Member
Risk Management Committee	-	Fatma Füsün Akkal Bozok	Chair	Board Member
Risk Management Committee	-	Haydar Yeniğün	Member	Board Member

4. BOARD OF DIRECTORS – III

4.5. Board Committees - II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Practices – Committees under the Board
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Practices – Committees under the Board
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	There is no nomination committee. Corporate governance committee is tasked with its duties.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Practices – Committees under the Board
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	There is no remuneration committee. Corporate governance committee is tasked with its duties.

4.6. Financial Benefits Extended to Board Members and Senior Executives

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report) Board of Directors' Annual Report	Board of Directors' Annual Report
Specify the section of website where remuneration policy for executive and non-executive directors are presented	Investor Relations – Corporate Governance
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	General Assembly Section – Remuneration Policy

Composition of Board Committees-II

Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	-	100%	100%	8	8
Corporate Governance Committee	-	67%	33%	6	6
Risk Management Committee	-	100%	50%	6	6

GLOSSARY

ACEA: The European Automobile Manufacturers' Association

AIFC: Astana International Financial Center

AQAP: Allied Quality Assurance Publications

A.Ş.: Joint Stock Company

BIST: Istanbul Stock Exchange (Borsa Istanbul)

BSI: British Standards Institution

CAD: Computer-aided Design

CBI: Confederation of British Industry

CGCR: The Corporate Governance Compliance Report

CGIN: Corporate Governance Information Note

CMB: Capital Markets Board

CPI: Consumer Price Inflation

ECA: European Club Association

EDIH: European Digital Innovation Hub

ESG: Environmental, Social and Corporate Governance

EU: European Union

GHG: Greenhouse Gases

GPS: Global Positioning System

GRI: Global Reporting Initiative

IASC: International Accounting Standards Committee

ILO: International Labour Organization

IoT: Internet of Things

IPCC: Intergovernmental Panel on Climate Change

ISO: International Standardization Organization

ITL: Income Tax Law

İETT: Istanbul Electric Tram and Tunnel Enterprises

İSO: İstanbul Chamber of Industry

İŞKUR: Turkish Employment Agency

KGK: Public Oversight, Accounting, and Auditing Standards Authority (Kamu Gözetimi Muhasebe ve Denetim Standartları Kurumu)

KPIs: Key Performance Indicators

LSEG: London Stock Exchange Group

NATO: North Atlantic Treaty Organization

NGO: Non-governmental Organization

NPS: Net Promoter Score

OHS: Occupational Health and Safety

OHSAS: Occupational Health and Safety Management Systems

R&D: Research & Development

SATSO: Sakarya Chamber of Commerce and Industry

SASB: Sustainability Accounting Standards Board

SDG: Sustainable Development Goals

SPP: Solar Power Plant

SSI: The Defence and Aerospace Industry Exporters' Association

STEM: Science, Technology, Engineering, Mathematics

TAİK: Türkiye-U.S. Business Council

TASTI: Application-Tailored Synthetic Image Generation

TCMB: Central Bank of the Republic of Türkiye

TFCD: Task Force on Climate Related Financial Disclosures

TFRS: Turkish Financial Reporting Standards

TİM: Türkiye Exporters Assembly

TİSK: Turkish Confederation of Employer Associations

TMS: Turkish Accounting and Auditing Standards

TSRS: Turkish Sustainability Reporting Standards

TTK: Turkish Commercial Code (Türk Ticaret Kanunu)

TURKSTAT: Turkish Statistical Institute

TÜBİTAK: The Scientific and Technological Research Council of Türkiye

TÜSİAD: Turkish Industry and Business Association

UAE: United Arab Emirates

UFRS: International Financial Reporting Standards

UN: United Nations

URAK: National Competition Research Committee

USA: United States of America

VMI: Vendor Managed Inventory

WEPS: Women's Empowerment Principles

Otokar Otomotiv ve Savunma Sanayi A.Ş.

Headquarters

Taşdelen Mahallesi

Sırrı Çelik Bulvarı No. 5

34788 Çekmeköy - İstanbul - Türkiye

Phone: 0216 489 29 50

Fax: 0216 489 29 67

Factory

Atatürk Caddesi No. 6

54580 Arifiye - Sakarya - Türkiye

Phone: 0264 229 22 44

Fax: 0264 229 22 42

www.otokar.com.tr

