

Otokar

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş.

1 JANUARY - 31 MARCH 2024

INTERIM REPORT

(TRANSLATION OF INTERIM REPORT ORIGINALLY ISSUED IN TURKISH)



OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş.
01.01.2024 - 31.03.2024 INTERIM PERIOD

INTERIM REPORT

The consolidated financial statements of our company, containing the first three months of 2024 activities and the results thereof, prepared in incompliance 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 appointed at the Ordinary General Assembly Meeting on 27.03.2024 and served the Board during the reporting period are shown below.

BOARD OF DIRECTORS :

<u>Name & Last name</u>	<u>Title</u>
Yıldırım Ali KOÇ	Chairman
Selin Ayla ÜNVER	Vice Chairman
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

Our Board of Directors started to serve on March 27, 2024 and will be serving until the Ordinary General Assembly Meeting in order to audit 2024 accounts.

Provisions on the Members of the Board of Directors are outlined in Articles 11, 12 and 13 of the Company's Articles of Association and the Turkish Commercial Code provisions.

Following are the committees established under the provisions of the Corporate Governance Communiqué of the Capital Markets Board of Turkey and the information on the board members involved in these committees:

Committee	Chairman	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

Revised working principles of the committees are available on the Company's website.

Partnership and Capital Structure

As of March 31, 2024, our Company's registered capital ceiling is TL 100 million, and the issued capital is TL 120 million.

Following is a list showing shareholders with more than 10% of the Company capital, their shares, and their ratio in our capital:

<u>Shareholder Title</u>	<u>Share Amount (TL)</u>	<u>Share %</u>
Koç Holding A.Ş. (*)	53.613.749	44,68
Ünver Holding A.Ş.	29.774.719	24,81
<u>Other(*)</u>	<u>36.611.532</u>	<u>30,51</u>
Total	120.000.000	100,00

The parent company Koç Holding A.Ş. is controlled by Koç Family and the companies owned by Koç Family. Shareholder, Ünver Holding A.Ş., is controlled by Ünver Family. The balance representing 30.51% of our capital consists of shares with a nominal value of TL 36.611.532, other shareholders and publicly held shares.

(*)The share of Koç Holding increased to 47.38% and the share of Other decreased to 27.81% after the interim period date,

Information related to subsidiaries and participations of the Company subject to consolidation is as follows:

<u>Subsidiaries</u>	<u>Country</u>	<u>Nature of operation</u>	<u>Area of activity</u>
Otokar Europe SAS	France	Sales and Marketing	Automotive
Otokar Land Systems Limited	United Arab Emirates	Sales and Marketing	Automotive and Defense Industry
Otokar Europe Filiala Bucuresti S.R.L.	Romania	Sales and Marketing	Automotive
Otokar Central Asia Limited	Kazakhstan	Sales and Marketing	Automotive and Defense Industry
Otokar Italia S.R.L.	Italy	Sales and Marketing	Automotive
<u>Participation</u>	<u>Country</u>	<u>Nature of operation</u>	<u>Area of activity</u>
Al Jasoor Heavy Vehicle Industry LLC	United Arab Emirates	Sales and Marketing	Automotive and Defense Industry

Dividends Distributed in the Last Three Years and their Ratios:

Otokar distributed cash dividends through its issued capital based on the following ratios:

<u>Period</u>	<u>%</u>
2022	-
2023	600.00

Our shareholders can access the Company's corporate and financial data under the section "Investor Relations" on the website www.otokar.com

AUTOMOTIVE INDUSTRY AND OTOKAR

Otokar manufactures minibuses, midibuses and buses in the field of public transportation, light trucks for the transport and logistics sector, wheeled armored and tracked armored vehicles for the defense industry. Otokar, a global company with 100% Turkish capital, is present in the automotive and defense industries with its products whose intellectual property rights belong to itself.

MARKET – SALES - PRODUCTION

It is possible to summarize the industry-specific developments in the first three months of 2024 in line with the OSD (Automotive Manufacturers Association) data as follows:

- Total vehicle production recorded year on year increase by 3% to 377.070 units in January-March 2024 period, while the automobile production increase by 7% to 238.274 units. The transportation vehicle market increase by 24% with 307.461 units in the first three months of 2024, while automobile market increase by 33% with 233.389 units compared to first three months of 2023.

In the first three months of 2024, vehicle segment-based production showed the following developments year on year;

- Light Commercial Vehicles Segment;
 - 30% decrease in minibus
 - 35% increase in midi-bus
 - 1% decrease in pickup
- Heavy Commercial Vehicles Segment;
 - 57% increase in bus
 - 11% decrease in truck
- The imported light commercial vehicle sales recorded 48% year-on-year increase in the first three months of 2024, while the domestic light commercial vehicle sales increased by 36%.
- The light commercial vehicle (minibus + pickup) imports had 67% market share in this period.

PRODUCTION AND SALES

Our Company's production and sales figures by product type are presented below in comparison to the figures of the previous year:

	<u>2024 3M</u>		<u>2023 3M</u>		<u>Change (Units)</u>		<u>Change %</u>	
	<u>Production</u>	<u>Sales</u>	<u>Production</u>	<u>Sales</u>	<u>Production</u>	<u>Sales</u>	<u>Production</u>	<u>Sales</u>
Mini Bus	2	16	59	59	(57)	(43)	(97)	(73)
Small Bus	570	442	317	342	253	100	80	29
Bus	457	319	244	343	213	(24)	87	(7)
Armored Vehicles	-	1	4	3	(4)	(2)	(100)	(67)
Truck	221	214	247	286	(26)	(72)	(11)	(25)
TOTAL	1.250	992	871	1.033	379	(41)	44	(4)

According to our consolidated financial statements prepared in line with the relevant legislation,

Our Company's first three months of 2024 revenue increase by 12% compared to same period of last year.

The distribution of our revenues in terms of domestic and international sales, and in comparison to the previous year, is as follows:

	<u>2024</u>	<u>2023</u>	<u>Change %</u>
	<u>(January-March)</u> <u>(Thousand TL)</u>	<u>(January-March)</u> <u>(Thousand TL)</u>	
Domestic Sales	2.242.845	1.974.856	14
Export Sales	2.653.072	2.405.127	10
TOTAL	4.895.917	4.379.983	12

Our export total sales amounted to USD 81.928 thousand in the first three months of 2024 (USD 73.159 thousand in the first three months of 2023) accounting for 54% of the total turnover. (2023 3M: 55%)

In the first three months of 2024, our capacity utilization was 52%. (2023 3M: 36%)

Otokar owes its growth to the products of its own design and intellectual property rights, developed through engineering and research development capabilities. Defining its strategies as growing in the defense industry, increasing the share of exports in its turnover expanding on the backdrop of new models, Otokar carries on activities to reach these targets.

INVESTMENTS

The "Otokar R&D Center" investments that started several years ago following a major decision to accelerate research and development with the aim of attaining the rapid growth targeted in vehicles with owned intellectual property rights continued in 2024.

Our company made an investment of approximately USD 17.3 million with capitalizing the R&D expenditures as of the end of March 2024.

ADMINISTRATIVE ACTIVITIES

The names and positions of the Senior Executives of our Company in 2023 are listed below:

<u>Name & Last name</u>	<u>Title</u>
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

The number of end-of-period personnel employed within the Group is as follows:

End of the period	31.03.2024	31.12.2023
Office Employee	994	980
Field Employee	2.581	2.600
Toplam	3.575	3.580

No disputes and workers' movements were observed during the period.

Our Company 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, and which came into force as of September 1, 2023.

Our Company has agreed to comply with the Principles of Corporate Governance issued by the Capital Markets Board, and to undertake the necessary amendments in line with changing conditions. 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", and pertaining to rating the compliance of corporations listed on the BIST, with the Principles of Corporate Governance. The "Corporate Governance Rating Report" can be found at www.otokar.com.tr/en

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

Otokar has been listed in the BIST Sustainability Index, which includes companies with the highest corporate sustainability performance since 2014, with their work in the field of sustainability. Otokar shares with its stakeholders the information, performance results and related targets of the activities it carries out in the fields of environmental, social and corporate governance through its Sustainability Index.

2022 Otokar Sustainability Report is available on the corporate website <https://www.otokar.com.tr/en>

FINANCIAL RESULTS

The company presents to the public its 2024 first three months 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 financial tables, notes, and ratios showing the results of our activities in the first three months of 2024 are also presented for your information.

The consolidated revenues of our company as of March 31, 2024 totaled TL 4.895.917 thousand while gross profit totaled TL 613.448 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 632.356 thousand before tax, and a net period loss of TL 417.319 thousand in the first three months of 2024.

FINANCIAL RATIOS

As of March 31, 2024 our Company presents to the public consolidated condensed financial statements on our company website (www.otokar.com.tr/en) and KAP (Public Disclosure Platform). Our Company's financial and profitability ratios are presented below in comparison to the figures of the previous year:

	31.03.2024	31.12.2023
Liquidity Ratios		
1- Current Ratio (Current Assets / Short Term Liabilities)	1,29	1,15
2- Liquidity Ratio ((Current Assets-Inventories) / (Short Term Liabilities))	0,69	0,80
Financial Leverage Ratios		
1- Total Debt to Total Assets Ratio ((Short Term Liabilities+Long Term Liabilities / Total Assets))	0,75	0,74
2- Equity / Total Debt Equity (Equity / (Short Term Liabilities+Long Term Liabilities))	0,33	0,34
	31.03.2024	31.03.2023
Profitability Ratios		
1- Sales Profitability Ratios (Pre-Tax Profit / Net Sales)	(0,13)	(0,05)
2- Return on Assets (Pre-Tax Profit / Total Assests)	(0,02)	(0,01)
3- Return on Equity (Net Profit / Equity)	(0,05)	(0,07)

İstanbul, 10 March 2024