

Otokar

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş.

1 JANUARY - 31 MARCH 2023

INTERIM REPORT

(TRANSLATION OF INTERIM REPORT ORIGINALLY ISSUED IN TURKISH)



OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş.
01.01.2023 - 31.03.2023 INTERIM PERIOD

INTERIM REPORT

The consolidated financial statements of our Company reflecting the first three months of 2023 activities and their results, prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") introduced by the Public Oversight, Accounting and Auditing Standards Authority ("POA") of Turkey and their annexes and interpretations pursuant to the provisions of the Capital Markets Board ("CMB") Communiqué II-14.1 on the Principles of Financial Reporting in Capital Markets ("Communiqué"), are presented to our shareholders and the public.

The members of the Board of Directors appointed at the Ordinary General Assembly Meeting on 13.03.2023 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-General Manager
Ali İhsan İLKBAHAR	Independent Member
Ali İhsan KAMANLI	Independent Member
Kenan GÜVEN	Independent Member

Our Board of Directors started to serve on March 13, 2023 and would be serving until the Ordinary General Assembly Meeting in order to audit 2023 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	Kenan GÜVEN	Ali İhsan KAMANLI
Risk Management Committee	Kenan GÜVEN	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, 2023, our Company's registered capital ceiling is TL 100 million, and the issued capital is TL 24 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.	10.722.750	44,68
Ünver Holding A.Ş.	5.954.944	24,81
<u>Other</u>	<u>7.322.306</u>	<u>30,51</u>
Total	24.000.000	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 7.322.306, other shareholders and publicly held shares.

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 SRL	Romania	Sales and Marketing	Automotive
Otokar Central Asia Limited	Kazakhstan	Sales and Marketing	Automotive and Defense Industry
<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

Otokar Central Asia Limited is established in November 5, 2019 in Astana International Finance Center (AIFC) which is a region with special status that accepts the principles of British Law in Nur-Sultan, Kazakhstan, in order to organize export activities and increase export sales of Otokar A.Ş. in the region.

Also, the Company's participation Al Jasoor Heavy Vehicle Industry LLC (Al Jasoor) which owns 49% of Otokar Land Systems LLC was established on May 28, 2017 in the United Arab Emirates, for the purpose of automotive sales and marketing. Otokar Land Systems Limited is followed under the section "Investments accounted with equity method" in the financial statements.

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>
2020	1.666,66
2021	2.083,33
2022	-

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 operates in the automotive industry's commercial vehicles segment. Its product range consists of minibuses, midibuses and bus-like vehicles that are preferred for public transportation services and shuttle transportation for the commercial market. On the other hand, it comprises various types of tactical wheeled/tracked military vehicles, and their variants for the defense industry services. In addition, the Company manufactures light trucks under the brand of Atlas for the transportation and logistics industry.

MARKET – SALES - PRODUCTION

It is possible to summarize the industry-specific developments in the first three months of 2023 in line with the OSD (Automotive Manufacturers Association) data as follows:

- Total vehicle production recorded year on year increase by 21% to 366.597 units in January-March 2023 period, while the automobile production increase by 34% to 222.051 units. The transportation vehicle market increase by 55% with 247.904 units in the first three months of 2023, while automobile market decrease by 50% with 175.421 units compared to first three months of 2023.

In the first three months of 2023, vehicle segment-based production showed the following developments year on year;

- Light Commercial Vehicles Segment;
 - 9% increase in minibus
 - 72% increase in midi-bus
 - 4% increase in pickup
- Heavy Commercial Vehicles Segment;
 - 52% increase in bus
 - 12% increase in truck
- The imported light commercial vehicle sales recorded 99% year-on-year decrease in the first three months of 2023, while the domestic light commercial vehicle sales increased by 54%.

- The light commercial vehicle (minibus + pickup) imports had 46% 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>2023 3M</u>		<u>2022 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	59	59	-	-	59	59	-	-
Small Bus	317	342	264	269	53	73	20	27
Bus	244	343	116	142	128	201	110	142
Armored Vehicles	4	3	32	39	(28)	(36)	(88)	(92)
Truck	247	286	275	226	(28)	60	(10)	27
TOTAL	871	1.033	687	676	184	357	27	53

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

Our Company's first three months of 2023 revenue increase by 96% 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>2023</u>	<u>2022</u>	<u>Change %</u>
	<u>(January-March)</u> <u>(Thousand TL)</u>	<u>(January-March)</u> <u>(Thousand TL)</u>	
Domestic Sales	1.156.531	462.903	150
Export Sales	1.379.560	831.095	66
TOTAL	2.536.091	1.293.998	96

Our export total sales amounted to USD 73.159 thousand in the first three months of 2023 (USD 59.238 thousand in the first three months of 2022) accounting for 54% of the total turnover. (2022 3M: 64%)

In the first three months of 2023, our capacity utilization was 36%. (2022 3M: 29%)

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 2023.

Our company made an investment of approximately USD 12.3 million with capitalizing the R&D expenditures as of the end of March 2023.

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>
Ahmet Serdar GÖRGÜÇ	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	31.03.2023	31.03.2022
Office Employee	868	776
Field Employee	1.994	1.760
Toplam	2.862	2.942

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 12, 2022, and which came into force as of September 1, 2021.

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 95.53 (9.55) in 2022 to 95.60 (9.56) 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.

2021 Otokar Sustainability Report is available on the corporate website <https://www.otokar.com.tr/en>

FINANCIAL RESULTS

Our Company presents to the public its 2023 first three months consolidated financial statements, which have been prepared in accordance with the Turkish Financial Reporting Standards (TFRS) that were implemented by the Public Oversight Accounting and Auditing Standards Authority (POA) pursuant to Capital Markets Board's (CMB) "Communiqué on the Principles of Financial Reporting in Capital Markets", numbered II-14.1. Appendices and comments related to these standards were also considered in preparing consolidated condensed financial statements.

The financial tables, notes, and ratios showing the results of our activities in the first three months of 2023 are also presented for your information.

The consolidated revenues of our company as of March 31, 2023 totaled TL 2.536.091 thousand while gross profit totaled TL 382.902 thousand.

Pursuant to CMB regulations and according to consolidated financial statements prepared in accordance with Turkish Financial Reporting Standards, the Company has posted a loss of TL 383.673 thousand before tax, and a net loss of TL 514.813 thousand in the first three months of 2023.

FINANCIAL RATIOS

As of March 31, 2023 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:

	31.03.2023	31.12.2022
Liquidity Ratios		
1- Current Ratio (Current Assets / Short Term Liabilities)	0,99	1,06
2- Liquidity Ratio ((Current Assets-Inventories) / (Short Term Liabilities))	0,64	0,67
Financial Leverage Ratios		
1- Total Debt to Total Assets Ratio ((Short Term Liabilities+Long Term Liabilities / Total Assets))	0,91	0,85
2- Equity / Total Debt Equity (Equity / (Short Term Liabilities+Long Term Liabilities))	0,10	0,17
	31.03.2022	31.03.2022
Profitability Ratios		
1- Sales Profitability Ratios (Pre-Tax Profit / Net Sales)	(0,15)	0,16
2- Return on Assets (Pre-Tax Profit / Total Assests)	(0,02)	0,03
3- Return on Equity (Net Profit / Equity)	(0,34)	0,17

İstanbul, 27 April 2023

Hüseyin ODABAŞ
Assistant General Manager
Finance

Ahmet Serdar GÖRGÜÇ
General Manager