

## RATING NOTIFICATION

<b>Rating Agency</b>	: JCR AVRASYA DERECELENDİRME A.Ş.
<b>Rated Company</b>	: Otokar Otomotiv ve Savunma Sanayi A.Ş.
<b>Address</b>	: Maslak Mahallesi Taşyoncası Sokak No:1/F F2 Blok Kat:2 34485 Sarıyer, İstanbul- Türkiye
<b>Phone &amp; Fax No</b>	: 0212 352 56 73 – 0212 352 56 75
<b>Date</b>	: 30/05/2024
<b>Subject</b>	: Article 26 of the CMB Serial VIII, No. 51 Communiqué on Principles

### Capital Markets Board of Türkiye (SPK)- To the Accounting Standards Department Central Securities Depository of the Turkish Capital Markets (MKK)– Public Disclosure Platform

JCR Eurasia Rating has evaluated “**Otokar Otomotiv ve Savunma Sanayi A.Ş.**”.

- Strong revenue and EBITDA growth with rising sales figures in FY2023
- High level of export share in the turnover
- Considerable liquid asset level easing liquidity management in a certain extent
- Competitive advantages through strong R&D center and new product-brand creation power
- Diversified external financing sources through bond issuance in FY2023
- Strong presence in Turkish defense industry and commercial vehicle industry with reputable brands and proven successful track record in various countries
- High level of compliance regarding corporate governance implementations
- Being a subsidiary of one of the Türkiye’s leading investment holding companies; Koç Holding
- Maintaining high financial leverage despite the improvement in FY2023
- Notably low interest coverage metrics
- Noteworthy financing expenses exerting pressure on net profitability
- Significant increase in net debt as of 1Q2024
- High inventory level increasing external financing need and exposure to price fluctuations to a degree
- Long cash conversion cycle
- Defense industry specific operational risk related with trade barriers of countries
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

The Long-Term National Issuer Credit Rating rating of “**Otokar Otomotiv ve Savunma Sanayi A.Ş.**” has been revised from ‘**AA (tr)**’ to ‘**A+ (tr)**’ considering the above mentioned issues. All notes of the Company are determined as follows.

<b>Long-Term National Issuer Credit Rating</b>	:	<b>A+ (tr)</b> / (Stable Outlook)
<b>Long-Term National Issuer Credit Rating</b>	:	<b>J1 (tr)</b> / (Stable Outlook)
<b>Long Term International Foreign Currency Issuer Credit Rating</b>	:	<b>BB</b> / (Stable Outlook)
<b>Long Term International Local Currency Issuer Credit Rating</b>	:	<b>BB</b> / (Stable Outlook)
<b>Long-Term National Issuer Specific Rating</b>	:	-
<b>Short-Term National Issuer Specific Rating</b>	:	-

**NOTE:** JCR AVRASYA DERECELENDİRME A.Ş. ratings are objective and independent opinions regarding the creditworthiness of a security and/or issuer and should not be considered as a recommendation to buy, hold, sell or lend any security. Unless otherwise stated, rating reports are valid for 1 year from the date of publication. The validity date of interim reviews cannot exceed the validity date of the original report.

Regards,  
**JCR AVRASYA DERECELENDİRME A.Ş.**

**Şevket GÜLEÇ**  
Executive Vice President

**Prof. Dr. Feyzullah YETGİN**  
General Manager