

Otokar

OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş.

1 JANUARY - 30 SEPTEMBER 2023

INTERIM REPORT

(TRANSLATION OF INTERIM REPORT ORIGINALLY ISSUED IN TURKISH)



OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş.
01.01.2023 - 30.09.2023 INTERIM PERIOD

INTERIM REPORT

The consolidated financial statements of our Company reflecting the first nine 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 September 30, 2023, our Company's registered capital ceiling is TL 100 million, and the issued capital is TL 120 million.

Although the registered capital ceiling of our company is 100,000,000 TL, in the CMB's Registered Capital System, " The registered capital ceiling may be exceeded only once within the scope of each ceiling, by adding all kinds of internal resources and dividends to the capital and as a result of mergers, divisions and similar transactions requiring a general assembly decision. "Pursuant to the provision, our Company's issued capital of 24,000,000 TL was increased by 96,000,000 TL, an increase of 400%, to 120,000,000 TL, all of which was covered by internal resources.

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.

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

(*) Otokar Europe SAS, a group subsidiary, acquired MAURI Bus System S.R.L. (Italy) and purchased all the shares of the company on 12 September 2023. The closing procedures of the Share Transfer Agreement signed on September 12,

2023 were carried out as of September 30, 2023. As a result of this transaction, as of October 12, 2023, the company's title changed to "Otokar Italia S.R.L." and the registration procedures regarding the change of the company's title and board of directors' structure were carried out in the relevant country registries.

In September 2023, as a result of the acquisition and adding Otokar Italia S.R.L. subsidiary to the Group's global operations, it is aimed to continue to grow the operations in the Benelux region.

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 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 nine months of 2023 in line with the OSD (Automotive Manufacturers Association) data as follows:

- Total vehicle production recorded year on year increase by 12% to 1.074.155 units in January-September 2023 period, while the automobile production increase by 21% to 687.817 units. The transportation vehicle market increase by 63% with 894.663 units in the first nine months of 2023, while automobile market increase by 67% with 666.890 units compared to first nine months of 2023.

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

- Light Commercial Vehicles Segment;
 - 14% increase in minibus
 - 57% increase in midi-bus
 - 6% decrease in pickup

- Heavy Commercial Vehicles Segment;
38% increase in bus
21% increase in truck
- The imported light commercial vehicle sales recorded 99% year-on-year increase in the first nine months of 2023, while the domestic light commercial vehicle sales increased by 28%.
- The light commercial vehicle (minibus + pickup) imports had 52% 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 9M</u>		<u>2022 9M</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	190	186	-	-	190	186	-	-
Small Bus	1.352	1.343	956	947	396	396	41	42
Bus	1.138	1.261	610	578	528	683	87	118
Armored Vehicles	108	86	61	66	47	20	77	30
Truck	678	767	523	546	155	221	30	40
TOTAL	3.466	3.643	2.150	2.137	1.316	1.506	61	70

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

Our Company's first nine months of 2023 revenue increase by 152% 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-September)</u> <u>(Thousand TL)</u>	<u>(January-September)</u> <u>(Thousand TL)</u>	
Domestic Sales	4.311.671	1.901.607	127
Export Sales	8.620.934	3.220.856	168
TOTAL	12.932.605	5.122.463	152

Our export total sales amounted to USD 368.209 thousand in the first nine months of 2023 (USD 200.626 thousand in the first nine months of 2022) accounting for 67% of the total turnover. (2022 9M: 63%)

In the first nine months of 2023, our capacity utilization was 48%. (2022 9M: 30%)

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 46.3 million with capitalizing the R&D expenditures as of the end of September 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	30.09.2023	31.12.2022
Office Employee	946	861
Field Employee	2.311	2.081
Toplam	3.257	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 nine 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 nine months of 2023 are also presented for your information.

The consolidated revenues of our company as of September 30, 2023 totaled TL 12.932.605 thousand while gross profit totaled TL 3.905.876 thousand.

Pursuant to CMB regulations and according to consolidated financial statements prepared in accordance with Turkish Financial Reporting Standards, the Company has posted a profit of TL 450.544 thousand before tax, and a net profit of TL 508.444 thousand in the first nine months of 2023.

FINANCIAL RATIOS

As of September 30, 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:

	30.09.2023	31.12.2022
Liquidity Ratios		
1- Current Ratio (Current Assets / Short Term Liabilities)	1,01	1,06
2- Liquidity Ratio ((Current Assets-Inventories) / (Short Term Liabilities))	0,61	0,67
Financial Leverage Ratios		
1- Total Debt to Total Assets Ratio ((Short Term Liabilities+Long Term Liabilities / Total Assets))	0,88	0,85
2- Equity / Total Debt Equity (Equity / (Short Term Liabilities+Long Term Liabilities))	0,13	0,17
	30.09.2023	30.09.2022
Profitability Ratios		
1- Sales Profitability Ratios (Pre-Tax Profit / Net Sales)	0,03	0,14
2- Return on Assets (Pre-Tax Profit / Total Assests)	0,02	0,06
3- Return on Equity (Net Profit / Equity)	0,20	0,35

İstanbul, 23 October 2023

Hüseyin ODABAŞ
Assistant General Manager
Finance

Ahmet Serdar GÖRGÜÇ
General Manager