

KARSAN 3RD QUARTER 2023 INTERIM ANNUAL REPORT

ONE STEP AHEAD IN THE FUTURE OF MOBILITY



 KARSAN | ELECTRIC  EVOLUTION

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KARSAN OTOMOTİV SANAYİİ VE TİCARET A. Ş.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR 1 JANUARY - 30 SEPTEMBER 2023 PREPARED PURSUANT TO THE COMMUNIQUÉ ON PRINCIPLES REGARDING FINANCIAL REPORTING IN THE CAPITAL MARKET (II-14.1)

I. GENERAL INFORMATION

1..1 CAPITAL AND SHAREHOLDING STRUCTURE

Authorized Stock: 1.500.000.000 TL

Issued Capital: 900.000.000 TL

	30.09.2023	
TITLE OF THE PARTNERSHIP	SHARE AMOUNT (TL)	SHARE RATIO (%)
Kıraça Holding A.Ş.	526.618.813	58.51
Group A Concessionaire	64.028.613	7.11
Group B	462.590.200	51.40
Other	373.381.188	41.49
Group A Concessionaire	1.554.776	0.17
Group B	371.826.412	41.31
SUM	900.000.000	100.00

As of the end of September 2023, our share in the actual circulation as per the records of the Central Registry Agency A.Ş. is 39.45%.

1.2. BOARD OF DIRECTORS, COMMITTEES AND SENIOR MANAGERS

1.2.1 BOARD OF DIRECTORS

The members of the Board of Directors of the Company have been elected to serve for a period of one year at the Ordinary General Assembly held on May 25, 2023 within the framework of the Articles of Association of the Company in accordance with the Turkish Commercial Code and related regulations, and in any case until their successors are elected in their place.

The Members of the Board of Directors as of 30.09.2023:

Board of Directors	Task	Appoinment Date
İnan Kıraç	Chairman of the Board of Directors	25.05.2023
Giancarlo Boschetti	Vice Chairman of the Board of Directors	25.05.2023
Okan Baş	CEO & Executive Member of the BoD	25.05.2023
Nevzat Tüfekçioğlu	Independent Board Member	25.05.2023
Ahmet Nezih Olcay	Independent Board Member	25.05.2023
Müfit Ataseven	Independent Board Member	25.05.2023
Mehmet Altan Sungar	Member of the Board of Directors	25.05.2023
Fatma Füsün Akkal Bozok	Member of the Board of Directors	25.05.2023
Muhsin Mengütürk	Member of the Board of Directors	25.05.2023

Since the Supervisory Board (Management) is voluntary in the new Turkish Commercial Code, the election of the members of the Supervisory Board was not held at the Ordinary General Assembly held on May 25, 2023, and in accordance with the Turkish Commercial Code No. 6102 and the Capital Markets Law No. 6362, BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş. elected as an Independent External Auditor in the meeting of the Board of Directors dated 26.04.2023 and numbered 2023/10 based on the principles determined upon the recommendation of the Committee Responsible for Auditing, is approved as an independent external audit company to serve for a period of 1 year.

1.2.2.COMMITTEES OF THE BOARD OF DIRECTORS

The duties and working principles of the Committees of the Board of Directors have been published on the Public Disclosure Platform and in the "Investor Relations" section of the www.karsan.com.tr address and disclosed to the public.

As of 30.09.2023, the members of the Board of Directors are:

Committee	Committee Members	Position in the Committee	Qualification	Frequency of Gathering
Audit Committee	Nevzat Tüfekçioğlu	President	Independent Member	At least 4 times a year in 3-month period
	Ahmet Nezir Olcay	Member	Independent Member	
Corporate Governance Committee	Müfit Ataseven	President	Independent Member	At least 2 times a year
	Muhsin Mengütürk	Member	Non-Executive Member	
Early Detection of Risk Committee	Evren Uçak (*)	Member	Executive Member	At least 6 times a year in 2-month period
	Nevzat Tüfekçioğlu	President	Independent Member	
	Fatma Füsün Akkal Bozok	Member	Non-Executive Member	
	Mehmet Altan Sungar	Member	Non-Executive Member	

(*) Within the framework of Article 11 of the Corporate Governance Communiqué No. II-17.1 the Investor Relations Department Manager was appointed to the Corporate Governance Committee.

During the period, the Audit Committee conducted its activities in accordance with the regulations of the Capital Markets Board (CMB) legislation, including the appointment of the independent auditor and the disclosure of financial statements to the public and prepared 5 reports.

During the period, the Corporate Governance Committee continued its activities within the framework of CMB legislation regulations and Duties and Working Principles such as the preparation of the Corporate Governance Compliance Report, the supervision of the Activities of the Investor Relations Department, the election of the Independent Board of Directors Candidate Members within the framework of the Nomination Committee function, the activities of the Remuneration Committee within the framework of the Remuneration Committee function and prepared 4 reports.

During the period, the Early Detection of Risk Committee continued its activities within the framework of the regulations of the CMB legislation and the Duties and Working Principles and prepared 4 reports.

The effectiveness of the committees was positively evaluated by the Board of Directors.

1.2.3 SENIOR MANAGERS

Senior Managers as of 30.09.2023:

Senior Management	Task	Appointment Date	Profession
Okan Baş (*)	CEO	2016	Senior Mechanical Engineer
Kenan Kaya (**)	Deputy General Manager	2019	Economist
Ahmet Muzaffer Arpacioğlu (***)	Domestic Market Sales and External Relations Deputy General Manager	2020	Business Manager
Alper Bulucu	Deputy General Manager of Industrial Operations	2020	Mechanical Engineer
Deniz Çetin (****)	Deputy General Manager of Exports	2020	Mechanical Engineer
Ahmet Özgür Doğan	Supply Chain Director	2021	Industrial Engineer
Aslı Ör Arkunkütak	Marketing & Export Operations Director	2017	Business Manager
Barış Hulisioğlu	R&D Director	2017	Mechanical Engineer
Ergün Kuru	Procurement Director	2021	Mechanical Engineer
Hazım Kubilay Dinçer	After Sales and Spare Parts Director	2017	Mechanical Engineer
Mustafa Tükenmez	Quality Director	2022	Mechanical Engineer
Mücahit Korkut	Human Resources Director	2018	Mechanical Engineer

(*) Mr. Okan Baş, is also Chairman of the Board of Directors of Karsan Europe Srl., Chairman of the Board of Directors of Karsan İç ve Dış Ticaret A.Ş., and the Managing Director of Karsan USA LLC.

(**) Mr. Kenan Kaya is also Deputy Chairman of the Board of Directors of Karsan İç ve Dış Ticaret A.Ş., Member of the Board of Directors of Karsan Europe Srl and Member of the Board of Directors of Hervouet Corporate Industry SAS.

(***) Mr. Ahmet Muzaffer Arpacioğlu is the Executive Board Member of Karland Otomotiv Ürünleri Sanayi ve Ticaret Anonim Şirketi A.Ş.

(****) Mr. Deniz Çetin is also Member of the Board of Directors Karsan İç ve Dış Ticaret A.Ş., Member of the Board of Directors of Karsan Europe Srl, Member of the Board of Directors, and Chairman of Hervouet Corporate Industry SAS.

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The sum of the rights, benefits and remuneration provided to the Members of the Board of Directors and Senior Executives for the period of 1 January - 30 September 2023 is included in the footnotes of the financial statements as TL 29,671 thousand, and the footnotes in question are published in the PDP and on the Company's website. At the Ordinary General Assembly held on 25 May 2023, it was decided that each of the members of the Independent Board of Directors will be paid a gross amount of TL 28,350 per month and each of the members of the Board of Directors will be paid a gross amount of TL 23,100 per month, effective from the beginning of the month following the General Assembly.

1.3. PERSONNEL AND LABOUR MOVEMENTS

	30 September 2023			30 September 2022		
	White Collar Sum	Blue Collar Sum	Sum	White Collar Sum	Blue Collar Sum	Sum
Karsan Otomotiv	435	2004	2,439	423	990	1,413
Karsan Europe	3	0	3	3	0	3
Karsan İç ve Dış Ticaret A.Ş.	0	0	0	0	0	0
Hervouet Corporate Industry SAS (HCI)	9	6	15	11	6	17
Karsan North America LLC	0	0	0	0	0	0
Sum	447	2,010	2,457	437	996	1,433

As of 30.09.2023, the total number of staff in the Group is 2,457 people. Of these, 447 are white collar and 2,010 are blue collar.

1.4. COMPANY'S DIRECT OR INDIRECT SUBSIDIARIES

Company Name	Field of Activity	Shareholding of the Company			
		30.09.2023		30.09.2022	
		Direct and Indirect Partnership	Effective Partnership Rate	Direct and Indirect Partnership	Effective Partnership Rate
Karsan Otomotiv Sanayi Mamulleri Pazarlama A.Ş.	Distributor	6.43%	6.43%	6.43%	6.43%
Karsan USA LLC (*)	Sales, Marketing	100%	100%	100%	100%
Karsan Europe SRL	Sales, Marketing	100%	100%	100%	100%
MaaS Global OY	Transportation Solutions	4.568%	4.568%	4.568%	4.568%
Industria Italiana Autobus S.P.A	Bus production, distribution and marketing	28.59%	28.59%	28.59%	28.59%
Karsan İç ve Dış Ticaret A.Ş.	Domestic and international vehicle and spare parts sales and marketing	100%	100%	100%	100%
Karsan North America LLC (**)	Sales, Marketing	100%	100%	100%	100%
Hervouet Corporate Industry SAS (HCI)	Automotive and Spare Parts Marketing	50%	50%	50%	50%
Hervouet Corporate Lease SAS	Leasing	50%	50%	50%	50%

(*) Karsan has established a company with the title Karsan USA LLC, which does not require a capital transfer at the establishment stage, wholly owned by Karsan, in New York, USA, in order to participate in tenders to be organized by local authorities in the USA. There has been no transfer of capital to the Company and has no impact on the Group's financial position.

(**) The Company founded a company in 2021, based in USA, with the trade name Karsan North America LLC that is wholly owned by the Karsan Otomotiv and does not require a capital transfer during foundation process, in order to participate in tenders to be held by local authorities in USA. There was no capital transfer to the Company and as the Company is inactive has not been included in the consolidated financial statements.

1.5. COMPANY'S SHARE INFORMATION

Karsan Otomotiv Sanayii ve Ticaret A.Ş. started to be traded on Borsa Istanbul on February 21, 2000. As of September 30, 2023, the indices and share information that Karsan Otomotiv Sanayii ve Ticaret A.Ş. is included in are as follows:

Issuer Name: KARSAN OTOMOTİV SANAYİİ VE TİCARET A. Ş.

Stock Exchange On Which It is Traded: BORSA İSTANBUL (BIST)

Market That the Company is Included: YILDIZ PAZAR

Indices That the Company is Included: BIST YILDIZ / BIST 100-30 / BIST PARTICIPATION 100 / BIST PARTICIPATION 30 / BIST SUSTAINABILITY/ BIST METAL PRODUCTS, MACHINERY/ BIST ALL SHARES/ BIST INDUSTRIAL / BIST BURSA / BIST PARTICIPATION 50 / BIST 100 / BIST SUSTAINABILITY PARTICIPATION

/ BIST PARTICIPATION ALL SHARES

BIST Code: KARSN

Bloomberg Code: KARSN.TI

Reuters Code: KARSN.IS

2. COMPANY'S ACTIVITIES AND IMPORTANT DEVELOPMENTS RELATED TO THE ACTIVITIES

2.1 PRODUCTION UNITS

The company carries out its production in three factories located in Bursa.

- **Hasanağa Organized Industrial Zone Factory (Center)**

Hasanağa Organized Industrial Zone Factory (Center), where Karsan and Menarinibus branded vehicles (paint, assembly) and Oyak Renault Megane Sedan model (Body, Paint, Assembly) are produced, has a total area of 200 thousand m², 90 thousand m² of which is a closed area.








- **Hasanağa Organized Industrial Zone Factory (Branch)**

Hasanağa Organized Industrial Zone Factory (Branch), where the bodies of Karsan and Menarinibus branded vehicles are produced, has a total area of 16 thousand m², 10 thousand m² of which is a closed area.

- **Bursa Organized Industrial Zone Factory (Branch)**



Bursa Organized Industrial Zone (OSB) Factory, where tractor cabins, cataphoresis and spare parts are produced, has a total area of 29 thousand m², 20 thousand m² of which is a closed area.

2.2. PRODUCTS

KARSAN BRANDED VEHICLES	MODEL	SEGMENT
	JEST	Minibus
	e-JEST	Electric Minibus
	ATAK	Bus (8m - city)
	e- ATAK	Electric Bus (8m - city)
	Autonomous e-ATAK	Electric Autonomous Bus (8m - city)
	e-ATA	Electric Bus (10 - 12 - 18 m - city)
	e-ATA Hydrogen	Electric Hydrogen Fueled Bus (12 m)

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RENAULT BRANDED VEHICLES	MODEL	SEGMENT
	Megane Sedan	Passenger Car
MENARİNBUS BRANDED VEHICLES	MODEL	SEGMENT
	Citymood	Diesel and CNG Bus (10m - 12m - 18m)

2.3 DEVELOPMENT IN PRODUCTION AND SALES

The comparative production quantities of our company with the previous period in terms of product types are shown below.

Finished Product Type	January- September 2023 (Units)	January- September 2022 (Units)
Karsan Diesel	311	276
Karsan Electric	168	181
Menaribus	22	65
Renault Megane	24,869	167
SUM	25,370	689

In terms of product types, the sales volumes and revenues of our company compared to the previous period are shown below.

Finished Product Type	January- September 2023 (Units)	January- September 2022 (Units)
Karsan Diesel	328	283
Karsan Electric	179	138
Menaribus	22	65
Renault Megane	24,863	167
SUM	25,392	653

Finished Product Type	January-September 2023 Sales Revenue (thousand TL)	January-September 2022 Sales Revenue (thousand TL)
Karsan Diesel	439,878	256,766
Karsan Electric	1,517,545	709,410
Menarinibus	102,513	199,282
Contract and Industrial Manufacturing	1,361,203	330,037
Other(**)	416,951	238,341
SUM	3,838,091	1,733,836

(**) Other consists of sales of spare parts and materials, part printing revenue.

2.4. CAPACITY UTILIZATION RATE

	January- September 2023	January- September 2022(*)
Capacity Utilization Rate (%)	55,03%	4,6%

(*) In January-September 2022, the capacity is 19,930 units of vehicles per year.

The current capacity of our company is 61,189 units of vehicles per year. As of the 9-month period of 2023, a total of 25,370 vehicles were produced, with a capacity utilization rate being 55.3%.

2.5. INFORMATION ABOUT THE SECTOR IN WHICH BUSINESS OPERATES, LOCATION OF THE BUSINESS IN THE SECTOR

It is possible to summarize the developments in the sector and Karsan Otomotiv in January-September 2023 as follows in line with the OSD data. Total vehicle production in the period of January-September 2023 was realized as 1,074,155 units with an increase of 11.7% compared to the same period of 2022, while automobile production was realized as 687,817 units with an increase of 20.5%.

- Compared to the previous year, the minibus production increased by 14% with 41,467 units and the Midibus increased by 56.6% with 3,553 units within the production of Light Commercial Vehicles in Turkey in which our company has been involved
- In the commercial vehicle group of the Turkish market, total light commercial vehicle sales amounted to 190,685 with a growth of 57.1% compared to the previous year. While domestic light commercial vehicle sales in this group were 92,434 units by an increase of 28.2%, the sales of imported light commercial vehicles were 98,251 units by an increase of 99.6%. The share of imports in the light commercial vehicle market was realized as 51.5% in January-September 2023.

As Karsan, it manages the entire automotive value chain from R&D to production, from marketing to sales and after-sales activities. Karsan has developed and produced environmentally friendly e-Jest and e-Atak models under its own brand. Karsan achieved a series of consecutive launches, introducing the e-JEST in 2018, Karsan e-ATAK in 2019, Autonomous e-ATAK which is the driverless model in 2021, as well as the 10m, 12m, and 18m models of the Karsan e-ATA family in the same year and e-ATA HYDROGEN of 12 meters with hydrogen fuel technology, in 2022, and it has become as the first and only company in Europe to offer a fully electric product lineup ranging from 6 meters to 18 meters in length. Karsan, which also produces 10-12-18 meter buses for Menarinibus, also produces Megane Sedan cars for the Renault brand as of 2022.

In addition to vehicle production, Karsan also provides industrial services in its factory located in the Organized Industrial Zone.

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With a vision of “staying ahead in the future of mobility”, Karsan continues to be the choice of European cities in the field of public transportation, by reinforcing its leading role in the transformation of electric vehicles in Europe. Karsan’s e-JEST model has become the Europe's best-selling electric minibus in 2020, 2021 and 2022, and maintained its leadership position during the first 9-month period of 2023*. Karsan e-ATAK, which was the leader of the electric midibus market in 2021, became the segment leader in Europe in 2022 and maintained its first place for two consecutive years. Karsan e-ATAK maintains this leadership position during the first 9-month period of 2023.** Nearly 800 Karsan electric vehicles are traveling around the world in 22 different countries, mainly in France, Romania, Portugal, Spain, Luxembourg and Italy. Following the North American market, which started its sales in 2022 after Europe, it also accelerated its works for the right-hand drive Japanese market and signed a distributorship agreement. Karsan electric vehicles account for nearly 90% of Turkey's electric minibus and bus exports in the last 3 years.

(*)According to European Minibus Market Report covering 3.5-8 metric ton-class published by Wim Chatrou-CME Solutions

(**)According to Wim Chatrou-CME Solutions report

2.6. RESEARCH AND DEVELOPMENT ACTIVITIES

With the Material Event Disclosure dated July 24, 2019, our Company announced on the Public Disclosure Platform (PDP) that the R&D Center application submitted to the General Directorate of R&D Incentives of the Ministry of Industry and Technology, with the aim of benefiting from incentives and exemptions provided by Law No. 5746 on Supporting Research, Development, and Design Activities, has been evaluated and approved.

Our electric minibus, midibus and bus projects, e-ATA hydrogen which is the new fuel technology, distribution vehicle project, autonomous midibus project, research and development activities related to bus tenders are carried out by our Company's R&D Centre.

2.7. UTILIZATION OF INVESTMENTS AND INCENTIVES

The “Investment Incentive Certificate” application submitted by our company for the planned investment in product diversification was approved by the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Industry and Technology on October 6, 2021. amount of investment linked to the incentive certificate is TL 240,767,880.

The support elements provided for the investment evaluated within the scope of “Regional Incentive Practices” in the 4th Region are as follows:

- Premium Employer Share
- Tax Deduction
- Customs Duty Exemption
- VAT Exception
- Interest Support

2.8. AMENDMENTS TO THE ARTICLES OF ASSOCIATION DURING THE PERIOD

There are no changes in the articles of association during the 9-month period of 2023.

2.9. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

In accordance with the decision of the Capital Markets Board (CMB) dated 10.01.2019, numbered 2/49, and the Corporate Governance Communiqué numbered CMB II-17.1, the format for companies obligated to prepare the Corporate Governance Compliance Report has been established, and our company has prepared the Corporate Governance Compliance Report (URF) for the period of 01.01.2022 – 31.12.2022, following the specified format.

Said notification can be accessed via the link <https://www.kap.org.tr/tr/Bildirim/1121405>. It publishes the necessary updates regarding the URF and KYBF on the Public Disclosure Platform.

2.10 SUSTAINABILITY ACTIVITIES

Our company has published the Sustainability Report for 2021, prepared in accordance with the GRI Standards. The report is published on the Company's website (www.karsan.com.tr).

In addition, our company answered the Climate Change survey of the Carbon Disclosure Project (CDP) for the first time in 2021, took the management level with a score B in the first year it participated and caught the global average in its sector. The CDP result report is available on the Company's website (www.karsan.com.tr).

Karsan made a CDP application in July 2022, and our CDP score was scored as C, taking place in the global average.

Our Sustainability score was announced as "B" in the Sustainability Index conducted by Fortuna 500.

With the activities carried out by Karsan in 2021, Borsa İstanbul Sustainability Index (BIST) data were updated in September 2022. We increased our score by scoring 62.14 points as compared to the previous year. Data entries for 2022 were completed in September, 2023.

Our internal carbon pricing project has been completed. With this system, we aim to project 723 tons of carbon reduction investment.

The company continues its sustainability activities by preparing the Sustainability Report for 2022.

3. FINANCIAL SITUATION

3.1. SUMMARY OF FINANCIAL STATEMENTS

Financial Statements have been prepared in a consolidated manner in accordance with CMB Serial II.14.1, and the consolidated financial statements dated 30 September 2023 have undergone a limited independent audit.

Summary Balance Sheet (thousand TL)

Assets	30 September 2023	30 September 2022
Current Assets	4,055,643	2,904,239
Fixed Assets	4,006,480	2,809,714
Total Assets	8,062,123	5,713,953
Resources	30 September 2023	30 September 2022
Short-Term Liabilities	4,575,778	3,101,364
Long-Term Liabilities	1,137,573	836,875
Equities	2,348,772	1,775,714
Total Resources	8,062,123	5,713,953

Summary Income Statement	January-September 2023	January- September 2022
Revenue	3,685,352	1,733,836
Revenue of Financial Sector Activities	152,739	0
Total Revenue	3,838,091	1,733,836
Gross Profit (*)	1,134,460	414,904
Real Operating Profit/Loss	1,192,797	338,385
Period Profit/Loss	2,432	36,208

(*) Gross profit from financial sector activities is included in the revenue.

The company's total assets increased from TL 5,713,953 thousand in the 3rd quarter of 2022 to TL 8,062,123 thousand as of 30 September 2023. The revenue amount, which was TL 1,733,836 thousand for the first nine months of 2022, was TL 3,838,091 thousand for the first nine months of 2023, whereas the core operating profit, which was TL 338,385 thousand for the first nine months of 2022, was TL 1,192,797 thousand for the first nine months of 2023.

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3.2. KEY INDICATORS AND RATIOS

Key Indicators	30 September 2023	30 September 2022
Gross Profit Margin	0.30	0.24
Core Operating Profit Margin	0.31	0.20
Net Profit Margin	0.00	0.02
Liquidity Ratios		
	30 September 2023	30 September 2022
Current Rate	0.89	0.94
Liquidity Ratio	0.64	0.63
Cash Ratio	0.05	0.01
Financial Structure Ratios		
	30 September 2023	30 September 2022
Total Liabilities/Equity	2.43	2.22
Short-Term Liabilities/Total Assets	0.57	0.54
Long-Term Liabilities/Total Assets	0.14	0.15
Tangible Assets /(Equity + Long Term Liabilities)	0.81	0.72
Profitability Ratios		
	30 September 2023	30 September 2022
Net Profit for the Period/Total Assets	0.00	0.01
Net Profit / Equity	0.00	0.02

3.3. CAPITAL MARKET INSTRUMENTS ISSUED

In 2023, our company made coupon payments for the bonds that were in circulation. These payments were made within the approved issuance limit of 400 million Turkish Lira, as authorized by the decision of the Capital Markets Board dated May 7, 2020, with reference number 28/594. Additionally, Kiraça Holding A.Ş., the controlling shareholder, acted as a guarantor for all the payment obligations related to these bonds. On July 21, 2023, a bond with the ISIN code TRSKRSN72311, having a maturity of 1.093 days, quarterly coupon payments, a floating interest rate, and the principal payment made at maturity, with a nominal value of TL 42.8 million, was redeemed. The necessary explanations regarding bond issuance and bond coupon payments are published on the Public Disclosure Platform and on the Company's website (www.karsan.com.tr) in accordance with the CMB legislation.

3.4. CREDIT RATING

In the Credit Rating Report dated September 22, 2023 prepared by JCR Avrasya Derecelendirme A.Ş. (JCR), our Company's long and short term national ratings were affirmed as 'BBB+ (tr) / Stable' and 'J2 (tr) / Stable', respectively, at investible level. The international ratings of our company are limited to the country grade. There is no conflict of interest between JCR and our Company.

4. ASSESSMENT OF BOARD OF DIRECTORS ON CORPORATE RISK MANAGEMENT, INTERNAL AUDIT AND INTERNAL CONTROL SYSTEM

Karsan conducts its activities in a transparent, accountable, fair and responsible manner. The Board of Directors establishes internal control systems, including risk management, information systems and processes that may minimize the effects of risks that may affect the Company's stakeholders, especially shareholders, by taking into account the opinion of the relevant Board of Directors committees. The Board of Directors at Karsan Otomotiv plays a crucial role in managing and representing the company. Through strategic decision-making, the board ensures that the company maintains a balance between risk, growth, and return at the most suitable level.

The responsibility for risk management and reporting of Karsan Otomotiv is carried out under the leadership of the Legal and Internal Audit Department in coordination with the other departments. The risk management and reporting activities are carried out in coordination with all other departments under the leadership of the Corporate Risk Management and Internal Audit Department. With the workshops organized periodically, the risks are questioned and evaluated in detail. The Corporate Risk Management and Internal Audit Department reports to Karsan CEO through the Audit Committee and Early Detection of Risk Committee appointed by the Board of Directors. The Audit Committee provided 5 reports during the first nine months of 2023. The risks identified through the activities conducted within the approved plan by the Early Detection of Risk Committee are evaluated, considering the institution's risk appetite, with the objective of establishing an effective internal control system configuration, and action plans are developed based on risk-oriented Internal Audit activities, aiming to provide effective mitigation measures for the identified risks.

The Early Detection of Risk Committee makes recommendations on the early detection, evaluation, calculation of the effects and probabilities of all kinds of strategic, financial, operational, etc. risks that may affect the Company, managing and reporting these risks in accordance with the Company's corporate risk-taking profile, implementing the necessary measures related to the identified risks, taking them into account in decision-making mechanisms, and establishing and integrating an effective internal control system during the first nine-months period of 2023, the Early Detection of Risk Committee, comprised of members selected from the Board of Directors, provided us with 4 reports.

5. EVENTS AFTER BALANCE SHEET DATE

On 04.10.2023, our company announced the bookbuilding notification dated October 4-5, 2023 in the PDP for the issue of commercial papers with a nominal value of 150,000,000 TL, 364-days maturity and quarterly coupon payments, to be issued to the qualified investors.

On 06.10.2023, our company announced the special event disclosure regarding the Completion of the Issue of the Commercial Paper in an amount of 350 Million TL in the PDP.

On 12.10.2023, our company announced the Real Estate Valuation Report prepared by Vakıf Gayrimenkul Değerleme A.Ş. in the PDP.

On 16.10.2023, our company announced the special event disclosure for the Senior Management Change in the PDP.

On 17.10.2023, our company revised and announced in the PDP the Company General Information form with the regulation for the change of senior management.

On 03.11.2023, our company announced the Expansion of our Distributorship Agreement for the USA in the PDP.

6. OTHER MATTERS-INFORMATION TO SHAREHOLDERS

You can access the investor presentation, which includes our company's expectations for 2023 and the future periods, from the links below.

<https://www.karsan.com/en/investor-relations/investor-presentations-list>

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DISCOUNT

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