



On 6 February 2023 our country suffered one of the worst natural disasters in its history. Our grief is immense.

We are all profoundly sorrowed by the loss of so many lives in this catastrophe. May God have mercy on those who perished. To the survivors we offer our wishes for a speedy recovery and to our nation we extend our condolences.

Joining hands together in a spirit of unity and solidarity we will get through even these difficult times as we bind our nation's wounds.

The Koç Group will continue to marshal every possible means available to it to support and facilitate recovery efforts and to create an even better and brighter future for our country.

Contents

Presentation

- 3 Our Founder
- 4 Koç Holding and the Koç Group at a Glance

General Assembly

- 8 Ordinary General Assembly Meeting Agenda
- 9 Independent Auditor's Report on the Annual Report
- 10 Honorary Chair's Message
- 12 Chair's Statement
- 14 Board of Directors Report
- 20 Independent Auditor's Report on the Financial Statements (Opinion)
- 21 Consolidated Balance Sheet
- 21 Consolidated Income Statement
- 22 2022 Board of Directors
- 24 Dividend Policy
- 24 Dividend Proposal
- 25 Dividend Distribution Table
- 26 2023 Board of Directors Candidates
- 27 Remuneration Policy

The Koç Group

- 28 CEO's Letter
- 30 Executive Management
- 32 History
- 34 2022 Awards and Achievements
- 36 Shareholder and Investor Relations
- 37 Human Resources
- 41 Sustainability
- 58 Compliance Program
- 60 Digital Transformation Program
- 63 Intellectual Property
- 64 Research and Development (R&D)

Sectors and Companies

- 68 Energy
- 84 Automotive
- 108 Consumer Durables
- 120 Finance
- 130 Other Lines of Business

Social Investments

- 148 Corporate Brand Projects and Sponsorships
- 149 Vehbi Koç Foundation

Corporate Governance

- 155 Legal Disclosures
- 161 Declaration of Compliance with Principles of Corporate Governance
- 163 Declaration of Compliance with Sustainability Principles
- 164 Explanations Regarding Corporate Governance
- 168 2022 Board of Directors Structure
- 169 Organization Chart
- 170 Board of Directors
- 174 Executive Management
- 177 Risk Management
- 179 Internal Control Systems and Audit
- 180 Statement of Responsibility for Financial Statements
- 180 Statement of Responsibility for Annual Report

Consolidated Financial Statements and Independent Auditors' Report

- 182 Consolidated Financial Statements and Independent Auditors' Report
- 298 Koç Holding A.Ş. Balance Sheet and Income Statement Issued According to the Statutory Records

Other Information

- 302 Informative Document Regarding the Ordinary General Assembly Meeting
- 308 Statements of Independence
- 312 Corporate Governance Compliance Report and Information Form
- 327 Sustainability Principles Compliance Report
- 336 Identity

Our Founder



I live and prosper with my country.

As long as democracy exists and thrives, so do we.

We shall do our utmost to strengthen our economy.

As our economy prospers, so will democracy and our standing in the world.

Vehbi Koç

Koç Holding and the Koç Group at a Glance

Turkey's Leader, Global Player

~9%

Revenues / GDP¹

~7%

Exports / Turkey's Exports¹

~19%

Total Market Capitalization on
Borsa İstanbul 100 Index²

Turkey's Largest Industrial Group

4 of Turkey's 10 Largest Industrial Enterprises³

1. Tüpraş
2. Ford Otosan
8. Arçelik
10. Tofaş

Turkey's Largest Network

Biggest Employer

~115,000 employees

Largest Distribution Network

~ 800 bank branches

~11,000 dealers and after-sales service points

Largest Customer Database

Including >12.5 million customers

Turkey's Highest R&D Investments

~7% of Turkey's Private Sector R&D Expenditure⁴

Turkey's Largest Intellectual Property Rights Portfolio

- > 7,000 trademarks
- > 2,500 patent families
- > 4,700 patents
- > 1,000 industrial designs
- > 4,700 internet domain names

Turkey's Largest Exporters

3 of Turkey's 10 Largest Exporters⁵

1. Ford Otosan
3. Tüpraş
6. Arçelik

~30%

International revenues / Total revenues

>150

Number of exporting countries

~90

Production facilities and marketing / sales companies abroad

The Koç Group, whose objective is to increase the value created for all its stakeholders, continues its journey that started nearly a century ago, within the framework of its long-term value creation target and global growth vision.

(1) Based on Turkish Statistical Institute's 2022 data

(2) Based on Borsa İstanbul's data as of 31 December 2022

(3) İstanbul Chamber of Industry 2022 report

(4) Based on Turkish Statistical Institute's 2021 R&D data by sector and financial source.

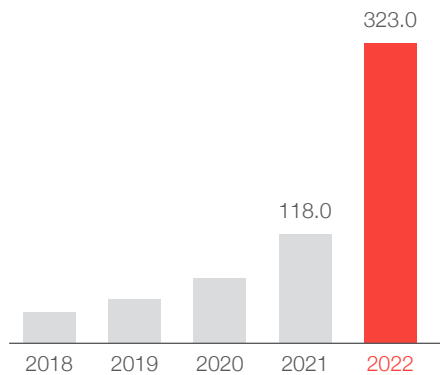
(5) Turkish Exporters' Assembly 2022 report

All numbers refer to combined figures.

Sustainable and Strong Performance

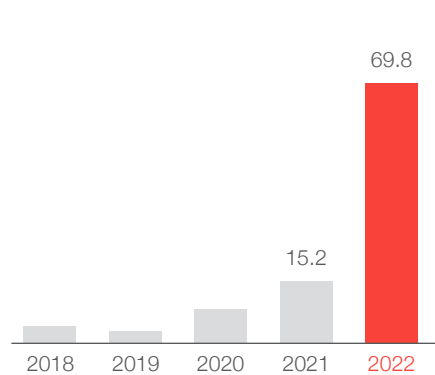
Net Asset Value¹ (TL billion)

TL 323 billion²



Net Profit³ (Consolidated-TL billion)

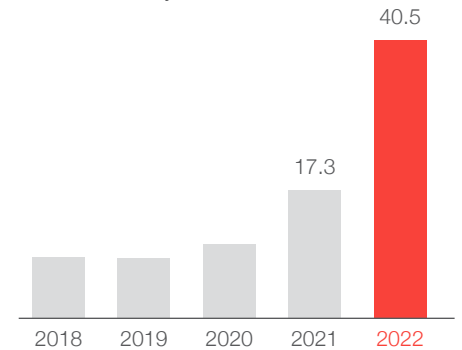
TL 69.8 billion



Investments (Combined-TL billion)

TL 86 billion

Total of last five years



Financial Indicators (Consolidated-TL billion)	2021	2022	Change
Revenues	346.7	901.9	160%
Operating Profit	34.7	149.3	331%
Profit Before Tax	29.1	134.1	360%
Net Profit ³	15.2	69.8	359%
Total assets	1,020.6	1,582.6	55%
Total equity	121.1	247.2	104%
Equity attributed to equity holders of the parent	63.6	149.4	135%

(1) Indicates the sum of shares that belong to Koç Holding from the market capitalization of listed companies, the intrinsic value of unlisted companies and Koç Holding's net cash and other assets. Listed companies have approximately 90% share within net asset value.

(2) Includes securities portfolio of Koç Holding (Yapı Kredi Bank's AT1)

(3) Net profit attributable to the equity holders of the parent.

Non-financial Indicators

ESG Commitments

- Reduction in Scope 1 and 2 GHG emissions (baseline year: 2017):
 - 27% in 2030, 49% in 2040, carbon neutral in 2050 (11% reduction as of 2022)
- Ending the consumption of single-use plastics by March 2023
- Commitment to keep the % of women on board at least at 30% at all times

International Platforms

- Task Force on Climate-Related Financial Disclosures (TCFD)
- WEF Stakeholder Capitalism Metrics
- UN Global Compact CEO Water Mandate
- WEF CEO Action Group for the European Green Deal
- WEF Center for Nature and Climate
- One of the Action Coalition Leaders on Technology and Innovation at the UN Generation Equality Forum

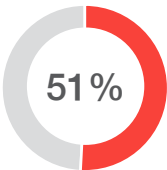
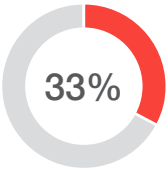
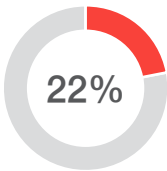
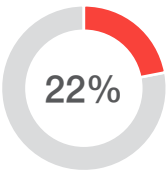
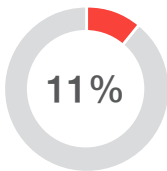
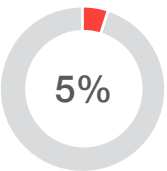
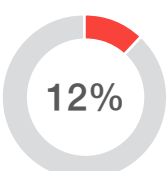
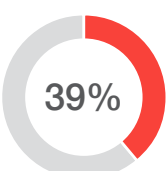
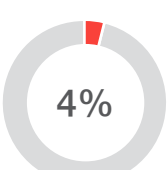
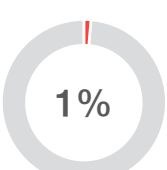
- UN Women's Empowerment Principles (UN WEPs)
- UN Women Unstereotype Alliance
- UN Global Compact (UNGC)

Sustainability Indices

- BIST Sustainability Index
- MSCI ESG Rating
- FTSE4Good
- Sustainalytics ESG Rating
- V.E (Moody's ESG Solutions)



Koç Holding and the Koç Group at a Glance

Sectors	Share in Combined Revenues	Share in Combined Operating Profit ¹
Energy		
Automotive		
Consumer Durables		
Finance		
Other Lines of Business		

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

Companies ² / Sectors	International Partners	Domestic Market Positions
Tüpraş / Refinery		Leader
Aygaz / LPG Distribution		Leader
Opet / Fuel Distribution		3 rd
Entek / Electricity Generation		
Ford Otosan / Automotive	Ford Motor Company ³	3 rd
Tofaş / Automotive	Stellantis ⁴	Leader
Otokoç Otomotiv / Automotive Retailing and Car Rental		Leader
TürkTraktör / Tractor	CNH Industrial	Leader
Otokar / Commercial Vehicles and Defense Industry		Leader
Arçelik / White Goods and Consumer Electronics		Leader
Arçelik-LG Klima / Air Conditioners	LG Electronics	Leader
Bilkom / Information and Communication Product Distribution		
Yapı Kredi / Banking		3 rd 5
Koçfinans / Consumer Finance		
Tat Gıda / Food	Kagome, Sumitomo	Leader ⁶
Koçtaş / DIY Retailing	Kingfisher	Leader
Setur / Tourism		
Setur Marinas / Marina Operations		Leader
Divan / Tourism		
Zer / Centralized Purchasing Services		
KoçSistem / Information Technologies		

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

(2) Tüpraş, Aygaz, Ford Otosan, Tofaş, TürkTraktör, Otokar, Arçelik, Yapı Kredi Bank and Tat Gıda are listed companies.

(3) Ford Motor Company wholly owns Ford Deutschland GmbH, which has a 41.04% share in Ford Otosan.

(4) With the merger of FCA and Peugeot S.A. (PSA) in January 2021, a new company named Stellantis was established and this new company owns 100% of FCA Italy SpA, which has a 37.86% share in Tofaş.

(5) Based on total assets and among private banks

(6) Based on average revenue share in tomato products, ketchup and canned pickles categories.

Ordinary General Assembly Meeting Agenda

1. Opening and election of the Chair of the Meeting
2. Presentation, discussion and approval of the Annual Report of the Company prepared by the Board of Directors for the year 2022
3. Presentation of the summary of the Independent Audit Report for the year 2022
4. Presentation, discussion and approval of the Financial Statements for the year 2022
5. Release of each member of the Board of Directors from their liability for the Company's activities for the year 2022
6. Approval, approval with amendment, or rejection of the Board of Directors' proposal on the distribution of profits for the year 2022 and the distribution date
7. Presentation, discussion and approval of the current share buyback transactions
8. Determining the number of the members of the Board of Directors and their terms of office, election of the members of the Board of Directors in accordance with the newly resolved number, and election of the Independent Board Members
9. Presentation to the shareholders and approval of the "Remuneration Policy" for the members of the Board of Directors and the Senior Executives and the payments made on that basis in accordance with the Corporate Governance Principles
10. Determining the annual gross salaries to be paid to the members of the Board of Directors
11. Approval of the appointment of the Independent Audit Firm as selected by the Board of Directors in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Board regulations
12. Within the scope of the Company's Donation and Sponsorship Policy, informing the shareholders on the donations made by the Company in 2022 and determining an upper limit for donations for the year 2023
13. Presentation to the shareholders of the collaterals, pledges, mortgages and sureties granted in favor of third parties in the year 2022 and of any benefits or income thereof in accordance with the Capital Markets Board regulations
14. Authorization of the shareholders that have management control, the members of the Board of Directors, the senior executives and their spouses and relatives related by blood or affinity up to the second degree as per the provisions of articles 395 and 396 of the Turkish Commercial Code and presentation to the shareholders of the transactions carried out thereof in the year 2022 pursuant to the Corporate Governance Communique of the Capital Markets Board
15. Wishes and observations

Independent Auditor's Report on the Annual Report

(Convenience translation of the report originally issued in Turkish)

To the General Assembly of Koç Holding A.Ş.

1. Opinion

We have audited the annual report of Koç Holding A.Ş. (the "Company"), its subsidiaries and its joint ventures (collectively referred to as the "Group") for the 1 January - 31 December 2022 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 10 February 2023 on the full set consolidated financial statements for the 1 January - 31 December 2022 period.

4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
 - events of particular importance that occurred in the Company after the operating year,
 - the Group's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

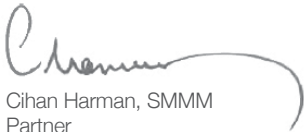
When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Cihan Haman, SMMM
Partner

Istanbul, 28 February 2023

Honorary Chair's Message



We have continued to create value for our country.

Esteemed Shareholders,

I would like to greet and welcome you all to our 59th General Assembly.

We have all been deeply shocked and dismayed by the destruction caused by the two major earthquakes that struck Kahramanmaraş on February 6th, affecting 10 provinces in our country. Memories of the lives lost, and the suffering endured by the rest of us, will weigh heavily on our hearts. However, we are confident that our nation's profound wisdom and tremendous strength will heal these wounds in the fullness of time. I want to take this opportunity to commend the search and rescue teams of 531 well-trained and equipped Koç Group employees, who immediately volunteered to go to the region: remarkably, they were able to rescue 117 individuals from under the rubble. We have allocated considerable funds for the recovery of the area, and have initiated both short- and long-term projects for its regeneration. I would also like to express my utmost gratitude to the nearly 11,000 search and rescue personnel from 84 countries who came to aid the affected provinces. Finally, may God grant mercy to those who lost their lives and bestow patience and fortitude on their relatives and our nation.

The global economy, recovering swiftly after the lifting of pandemic-related restrictions, expanded by 6% in 2021 and started 2022 showing promise. Although there were concerns about rising inflation in the last few months of 2021, expectations for 2022 were generally positive. However,

the budding optimism was short-lived: in February, Russia launched a military campaign against Ukraine and caused a significant downturn in global economic prospects. The conflict triggered a surge in prices, particularly for energy and food, intensifying inflationary pressures that culminated in a 40-year peak of 9.1% in the United States in June 2022. Meanwhile in Europe, where dependence on Russian energy is greater, inflation increased to 10.6% in October and reached its highest level since the introduction of the Euro as the single European currency.

The global economic slowdown caused by the increase in interest rates has hit the European economy the hardest, even as it has also suffered the effects of the war the most. Multiple institutions, including the IMF, anticipate a further weakening of the European economy in 2023, and have warned of the coming recession that is inevitable in some countries. The United States, on the other hand, has weathered the economic slowdown relatively well with its self-sufficient energy resources and resilient economy. That said, there is a consensus among analysts that, although the risk of the US suffering a recession is low, the world's largest economy will nonetheless experience a significant slowdown.

The impacts of the war have extended far beyond economy, with significant concerns for international relations as well. Western nations have started to reassess their foreign security strategies in the light of the potential threat of similar situations with non-allied countries, particularly with China. Multinational corporations are likely to place greater emphasis on political considerations when making investment and trade decisions, during a time when the sustainability of economic relations with adversarial countries is very much in question. I think it is crucial to monitor this process closely, and to capitalize on any opportunities for our country that may emerge.

Against the backdrop of global developments, the Turkish economy exhibited two distinct realities in 2022. During the first half of the year, domestic

consumption remained robust and strong performance in exports helped increase GDP growth to 7.7%. However, to combat the rapid rise in inflation, certain measures were implemented during summer. By making the securing of Turkish Lira loans more difficult, these measures led to a deceleration in economic activity during the third quarter. Moreover, the concurrent onset of the slowdown in Europe, Turkey's main export market, restricted development in that quarter to 4%. The final quarter of the year witnessed similar conditions, leading to an even more constrained growth rate of 3.5% and thus limiting overall GDP growth in 2022 to 5.6%.

In October, inflation reached a 24-year high of 85.5%. A second set of policies were implemented by the economic leadership, aimed at limiting depreciation of the Turkish Lira and reducing inflation. To achieve this, more stringent measures were put in place to restrict access to Turkish Lira loans in an attempt to decrease demand for foreign exchange (FX): at the same time a significant volume of FX was supplied from abroad through multilateral agreements. As a result, exchange rates have remained relatively stable since September 2022. Even though the Central Bank of the Republic of Türkiye's decision to lower its policy rate by 500 basis points to 9% increased the vulnerability of the Lira, these policies have helped maintain its stability. I believe it is important to note that the gap between inflation and interest rates is wider than ever before, and any interruption in FX supply in the future could put more pressure on the Turkish Lira.

As the Koç Group, we have always emphasized our unwavering faith in our country. Although the recent earthquakes have naturally preoccupied us, we should also be directing our attention to the other critical item on Turkey's 2023 agenda: the upcoming national elections, scheduled to take place before the middle of the year. In the lead-up to these elections, it is evident that measures will be taken to address the social and economic turmoil caused by this catastrophe. Therefore, we may expect some acceleration in credit-supply growth as well as in the mobilization of national fiscal resources.

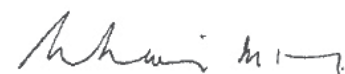
Despite the challenging global economic environment and the devastation caused by these earthquakes on our own soil, our strong confidence in our country leads us to believe that the Turkish economy will continue to grow reasonably well in the year ahead.

At the Koç Group, we have continued to create value for our country during this challenging period with our robust financial standing, diversified portfolio, extensive supply-chain, and exemplary environmental, social, and corporate governance practices – all backed by our effective risk management policies. As always, we have been diligently assessing profitable and sustainable growth opportunities and pursuing our investments with unyielding determination. As a testament to our confidence in, and commitment to our country, the Group has undertaken around TL 86 billion (USD 9.3 billion) of investments over the last five years, with TL 40.5 billion (USD 2.4 billion) invested in 2022 alone.

With the current assets of the Vehbi Koç Foundation totaling TL 26.6 billion (approximately USD 1.4 billion) as of the end of 2022, we are proudly progressing from strength to strength with new ventures and investments in the fields of education, health, and culture – all with the common purpose of serving our society.

Esteemed Shareholders,

As the Koç Group celebrates a century of business activity, we remain ever mindful of the support and confidence that you have placed in us. We continue to create value for our country and to have great faith in its future. Finally, I would like to take this opportunity to express my heartfelt gratitude to all our shareholders, customers, dealers, suppliers, business partners, labor organizations, executives, and employees for their invaluable contributions. I wholeheartedly hope that 2023 will be a year of manifest prosperity for our country.



Rahmi M. Koç
Honorary Chair

Chair's Statement



Our most vital task in the second century of the Turkish Republic is to strive even more fervently to follow a path forged by reason and science. We have been doing this for an entire century at the Koç Group. And we will continue to do better together.

Koç Holding's esteemed shareholders, our valued business partners, and dear colleagues,

We are deeply saddened by the series of catastrophic earthquakes that struck the southeastern region of our country, beginning on February 6th 2023. May God have mercy on the souls of those who perished and grant patience to those who survived our country's worst and most devastating natural disaster in recent memory. I offer my condolences to the loved ones of those who were lost and my wishes for a speedy recovery to those who suffered injuries.

Marshalling all its resources, Koç Group companies sent its well-equipped and highly-trained search-and-rescue teams to the stricken region immediately after the disaster to alleviate survivors' suffering. We

may take at least some solace in knowing that these teams saved 117 individuals from beneath the rubble. Urgently needed materials and essential services reached afflicted areas as of the very first day, thanks in large part to close cooperation with all stakeholders through a Koç Holding crisis management center.

There is still much to be done to lessen the material and spiritual losses sustained in so great a tragedy, but this can be accomplished through unity and solidarity. Koç Group founder Vehbi Koç once said “I live and prosper with my country.” Having committed itself to that principle for 97 years, the Koç Group will continue to fulfill its responsibilities to the Country, deploying every means at its disposal to help the nation heal from this terrible disaster and recover more readily.

Koç Holding is at the heart of a large and increasingly globalizing ecosystem. Our activities are not only directly affected by domestic dynamics, but also by international developments. And today's world is marked by increasing volatilities which require meticulous attention; the risks and opportunities we face are constantly evolving and diversifying.

One development of note is how the United States is seeking to expand its struggle against China beyond politics to trade, technology, military alliances, and other fields in order to maintain its weakening global leadership. On the other hand, pursuing strategic autonomy, Europe, views China as a rival that could still be a potential business partner. Russia's invasion of Ukraine, widely considered a key global risk at the beginning of last year, sent shockwaves reverberating around the world.

International supply chains, rendered already fragile by the pandemic, were once again beset by a number of serious issues, leading to significant fluctuations in energy and food prices, as well as logistics costs.

We enter a year in which international financing opportunities for developing countries will be limited and global growth will slow down in the wake of policy rate hikes as central banks battle historic inflation in the United States and the Euro Zone.

Unfortunately, Turkey is witnessing its highest inflation levels of the last 24 years. The gap between inflation and policy interest rates has gradually widened, adding pressure to the Turkish Lira. Institutions that manage the economy responded to this with a raft of measures to restrict access to loans. This precipitated a significant slowdown in economic activity towards the end of the year. Although the economy is expected to demonstrate a credible performance in the first half of 2023 ahead of the elections, the rest of the year may prove difficult. The Euro Zone, our biggest export market, is forecast to grow by merely 0.5% in 2023, posing further challenges for the Turkish economy.

Despite all these difficulties, the Koç Group has successfully completed 2022 with strong financial results thanks to its prudent management approach. Our new corporate competencies which we developed through decisively implemented transformation programs have played a significant role in this success.

In line with our strategic vision, we continued to grow in Turkey and abroad during 2022. Arçelik acquired the production and distribution rights for Whirlpool in Russia and started work on establishing new factories in Bangladesh and Egypt. We moved our production operations abroad in one of our joint ventures for the first time, with Ford Otosan's acquisition of the Ford factory in Romania. Our most substantial investment in Turkey was to complete the acquisition of an additional 18% stake in Yapı Kredi from UniCredit last year.

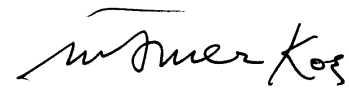
As we emphasize on every occasion, the key to our success and our greatest asset is the strength of our reputation. We are delighted and proud to have once again been recognized as Turkey's most reputable brand in 2022. Undoubtedly, this recognition reflects not only our financial achievements but also our leading role in supporting social development. However, I believe the main pillar of our reputation is our commitment to the Turkish Republic and our unfailing adherence to its tenets, which the Great Leader Mustafa Kemal Atatürk entrusted to the Turkish Nation.

In 2023, we will celebrate the centenary of our Republic, which Atatürk bestowed on us with his vision that was far ahead of its time and is every bit as relevant today. The Koç Group, founded by Vehbi Koç almost simultaneously with the Turkish Republic, will be one of the few century-old institutions in Turkey by 2026.

Our most vital task in the second century of the Turkish Republic is to strive even more fervently to follow a path forged by reason and science. We have been doing this for an entire century at the Koç Group. And we will continue to do better together by firmly adhering to the enduring values of our company which we have inherited.

I would like to express my most sincere gratitude to our shareholders, customers, dealers, business partners, unions, our executives, and colleagues, who have always supported us as our Group gathers growing momentum on its journey forward.

Sincerely,



Ömer M. Koç
Chair of the Board of Directors

Board of Directors Report

Dear shareholders,

Welcome to Koç Holding's 59th General Assembly Meeting.

We hereby present Koç Holding's 2022 Annual Report for your evaluation. The first section of the report provides general information about Koç Holding, its strategies and operations in 2022, while the rest of the section sets out the developments in its core business segments. In addition, the Koç Group's sustainability initiatives are discussed in detail, along with the strategies devised and the developments that took place. The second part of the report contains externally audited consolidated financial statements and accompanying notes, as of the 31 December 2022 and other disclosures required by the Capital Markets Board (CMB).

The financial results presented in this report have been prepared on a consolidated basis in accordance with the communique numbered II-14.1 "Communiqué on the Principles of Financial Reporting in Capital Markets" in compliance with CMB's Turkish Financial Reporting Standards ("TFRS") and the formats specified by the CMB¹.

Dear shareholders,

May God have mercy on those who perished in earthquakes on 6 February 2023. We extend our condolences to our nation. Joining hands together in a spirit of unity and solidarity we will get through even these difficult times. The impact of the earthquakes on the Koç Group's operations and financials is meticulously assessed.

On behalf of Koç Holding's Board of Directors, I would now like to share our main assessments for 2022.

Economic Developments

The skyrocketed food and energy prices due to the Russia-Ukraine War that broke out in the first quarter of 2022 further fueled the already-high inflation that was inherited from 2021. Annual inflation went up to as high as 9.1% in June in the US and to 10.6% in October in the Euro Area. In the second half of the year, the deceleration in the world economies and looser-than-expected energy supply constraints resulted in a decline in energy prices. In a similar vein, food prices took a downturn as supply constraints were less severe than what was projected. As a result, the pressure on prices relatively eased from the second half of the year; inflation, however, remained high until the end of the year.

Central banks tightened their monetary policies because of the rising inflation. Majority of developed and developing countries hiked rates throughout 2022. The US Federal Reserve System (the Fed) quickly increased the rates, bringing them to 4.5% as of year-end, while the European Central Bank (ECB) increased the rate to 2%.

On the growth front, positive impacts of the elimination of COVID-19 restrictions persisted in the first half of 2022, the primary exception in this sense being China due to the zero-tolerance policy implemented in the country against the pandemic. In the second half of the year, growth slowed down due to the supply constraints experienced and tightened

monetary policies. While the IMF estimated 2022 growth for the world at 4.4% at the onset of 2022, it was registered as 3.4% according to estimations in January 2023.

The Turkish economy started 2022 with the effects of the upward pressure on exchange rate and high inflation taken over from 2021. Although the exchange rate was restrained for a short while by the Currency-Protected TL Deposits scheme launched in December 2021, it kept rising gradually until September. In the last months of the year, exchange rates were more flattish. As a result, the Turkish currency depreciated by 36% against the currency basket in 2022. In this period, inflation was quite high and annual inflation shot up to as high as 85.5% in October 2022 and could only come down to 64.3% at the end of the year owing to the base effect.

In 2022, the Central Bank of the Republic of Türkiye (CBRT) adhered to its monetary policy that decoupled from its peers across the world. Having decreased the rates to 14% in 2021, the CBRT kept the rates unchanged in the first half of 2022 despite elevated inflation. While low interest rate was aimed at supporting growth, restrictive and controlling macroprudential policies were implemented in order to curb import growth and foreign currency demand. Lending was striven to be channeled to export and investment-oriented sectors with these policies. In the second half of the year, the CBRT decreased the policy rate to as low as 9%. In this period, macroprudential policies seeking to steer lending and curb the foreign currency demand were further tightened.

(1) All foreign currency (FC) denominated data, excluding export revenues stated in FC terms, are converted to TL using the average currency rate of the corresponding year for the income statement items (including net income), and year-end currency rates for the balance sheet items.

Turkey pursued two diverse growth paths in the first and second halves of the year. In the first half of 2022, Turkey grew 7.7% year-on-year owing to the domestic demand fueled by exports and negative real rate. Tourism lent significant contribution to growth throughout the year. From the second half of the year, on the other hand, weak external demand and increasingly difficult reach to borrowing slowed down growth. Still, the interest rates that were lower than inflation kept domestic demand alive despite the difficulties in accessing credits.

The Koç Group and Koç Holding

The Koç Group is Turkey's largest industrial and services group in terms of revenues, exports, number of employees and market capitalization. Our combined revenues correspond to around 9% of Turkey's GDP and our exports account for around 7% of Turkey's total exports. As of 31 December 2022, Koç Holding and our publicly traded companies at Borsa İstanbul 100 index (BIST 100) accounted for 19% of the total market capitalization of the companies listed on BIST 100.

Koç Holding is the only Turkish company to be listed among the "World's Largest 500 Companies" by Fortune. In addition, Koç Holding was once again ranked as Turkey's number one in the "World's Best Employers" list published by Forbes in 2022.

Koç Holding adds value to its Group companies with the confidence and high reputation borne out of nearly a century long of experience and works to ensure that suitable policies and best practices become widespread throughout the Group.

Koç Holding preserved its strong financial position in 2022 thanks to its diversified portfolio structure, healthy balance sheet and effective risk management.

In 2022, Koç Holding's combined revenues reached to TL 1,406 billion¹. In the same period, its combined operating profit² increased by 232% to TL 178.6 billion, while its net consolidated profit³ stood at TL 69.8 billion indicating an increase of 359%.

Expanding our global presence, creating strong brands, generating ever more value for our customers and improving our human resources continued to shape our investments. The Koç Group's total combined investments reached TL 86 billion over the last 5 years including TL 40.5 billion investments in 2022. The highest amount of investments was made in the automotive sector, followed by the consumer durables and energy sectors.

R&D, innovation, technology and digital transformation remained among our main focus areas. Investing nearly TL 6.8 billion in R&D in 2022, the Koç Group accounted for approximately 7% of the total private sector R&D investments undertaken in Turkey⁴.

The Koç Group's international revenues stood at USD 24 billion, supported in particular by our automotive and consumer durables companies, contributing 30% to the Group's total combined revenues. Foreign currency and foreign currency linked revenues, including Tüpraş, made up 55% of total combined revenues.

Energy

The Koç Group continues to play a leading role to meet Turkey's demand for petroleum fuel products.

Our energy companies' combined operating profit was up by 265% year-on-year to TL 58.9 billion, while their consolidated net profit reached TL 19 billion.

Tüpraş continued to fulfill our country's need for petroleum products. The company recorded a 92% capacity utilization rate with a total charge of 27.6 million tonnes, including crude oil and semi-finished products, and produced 26 million tonnes of products in 2022. While meeting most of the country's demand with 23.5 million tonnes of domestic sales in conjunction with the recovery in demand, a total of 29.5 million tonnes of sales volume was achieved including exports and transit sales.

In 2022, under the Strategic Transformation Plan and as the first step towards its target of becoming the leader in Turkey's zero-carbon electricity generation, Tüpraş took over Entek shares that has a total capacity of 442 MW and owns 8 hydroelectric, one wind and one natural gas combined cycle power plants. On another front, the Company initiated work to establish solar and wind power plants in refineries at the same time. Tüpraş also signed a license agreement with Honeywell UOP for İzmir Refinery in line with the target of producing sustainable aviation fuel (SAF) that is a significant contributor to emission reduction goals. The Company is planning to convert 400,000 tonnes of plant and animal-based raw material waste into SAF, renewable diesel and other products annually.

Aygaz sold 2.4 million tonnes of LPG in 2022. Maintaining its unbroken leadership in the LPG sector, with more than 1,800 licensed autogas stations, the Company retained its leading position in autogas segment as well. United LPG Ltd. established in Bangladesh by Aygaz to supply, fill and distribute LPG completed the first phase of its investments at Chittagong Terminal commenced in 2021 in accordance with the schedule and started LPG sales in 2022. Co-owned by

(1) Koç Holding's total net consolidated revenues amounted to TL 901.9 billion as a result of the deduction of TL 34.7 billion, due to the elimination and other adjustments made for consolidation purposes pursuant to international accounting standards, and of TL 469 billion, due to accounting of joint ventures with equity pick up methodology, made from Koç Holding's combined revenues for 2022.

(2) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables

(3) Net profit/loss attributable to the equity holders of the parent.

(4) Based on TurkStat "Gross Domestic Expenditure on R&D by Sectors and by Funding Source" 2021 data

Board of Directors Report

Koç Holding and Aygaz with respective stakes of 45% and 55%, Sendeo Dağıtım Hizmetleri carries on with its activities. The company became operational in all 81 cities in February 2022.

Opet ranks third in white products and first in black products. In 2023, the company plans to conduct new projects geared towards the establishment of electric vehicle charging stations via its new investment, WAT Mobilite Çözümleri.

Aiming to grow in renewable energy and diversify its portfolio, **Entek** made a preliminary license application for a total of 22 projects and a capacity of 1,461.5 MW, with the commitment to develop energy storage capacity within the scope of the new regulations published on 19 November 2022.

Automotive

Through its automotive companies, the Koç Group accounted for 47% of Turkey's total automotive production and 43% of its automotive exports. TürkTraktör realized 88% of Turkey's total tractor exports and 66% of total production in Turkey, while preserving its leading position in the domestic market for the 16th consecutive year.

The combined operating profit¹ of our automotive companies surged by 116% annually to reach TL 39.3 billion and their consolidated net profit reached TL 16.3 billion, indicating an increase of 133%.

Manufacturing approximately three fourths of the Ford branded vehicles sold in Europe, Ford Otosan has been Turkey's export champion. Having added an international dimension to its operations by acquiring Ford's Romania (Craiova) Plant

with a production capacity of 250,000 vehicles, the Company also undertook the production of Puma, thus expanding its production portfolio to cover passenger cars besides commercial vehicles. Set to commence the production of the New Generation Courier at the Romania Plant in 2023, the Company plans investments of EUR 490 million over the next three years.

Sold in 46 countries, Ford Trucks unveiled its first electric truck, E-Trucks.

Ford Otosan started manufacturing of E-Transit, the first all-electric commercial vehicle of Turkey and Ford in the second quarter. In addition, the New Generation E-Custom was publicized, which will be manufactured in 2023.

Tofaş retained its leadership in the Turkish automotive market in 2022. Egea remained as the most popular vehicle in Turkey in a repeat of the rankings of the preceding six years. Tofaş put on the market Egea's automatic transmission hybrid engine versions in Sedan, Hatchback, Cross and Cross Wagon body types in 2022.

Tofaş was responsible for 12% of Turkey's total automotive exports.

TürkTraktör has been the unchanging leader of the Turkish tractor market, which is the world's fourth largest market, for 16 years. Having renewed its record in exports in 2022, TürkTraktör started to export New Generation Utility Medium tractors, the first product to use the new generation transmission box range since August 2022. TürkTraktör is the sole manufacturer of this tractor series that will contribute an annual addition of 2,000 tractors to exports in the coming years.

Three years into domestic heavy-duty machinery production, TürkTraktör keeps consolidating its market position. The Company sustains its successful performance also in non-tractor segments with its leader position in the combine harvester segment.

In 2022, **Otokar** has been the most popular bus brand in Turkey for the 14th time. Otokar broadened its electric bus family with 2 new vehicles in 2022. The Company showcased its electric buses in various countries in Europe that represents its primary target market, as well as in Turkey. Otokar received electric vehicle orders from Italy, Spain, Romania and Serbia.

Otokar exhibited its broad product range and capabilities in defense industry trade shows and events organized around the world. The Company received orders for new vehicles and spares from various geographies.

Otokoç Otomotiv preserved its leadership among corporate brands in second-hand vehicles in 2022. The investment partner and the world's largest licensee for the Avis Budget Group (ABG), Otokoç Otomotiv carries on with operations in 8 countries abroad.

Consumer Durables

Arçelik, the Koç Group's leading company in the consumer durables segment, maintained its domestic leadership in the Turkish white goods market. It has become second in the overall white goods market in the European region, including Turkey, with its global brand Beko, and maintained its market leadership with its brands Arctic in Romania and Defy in South Africa. Arçelik-LG, meanwhile, is the leader in the Turkish air conditioning market.

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

The combined operating profit¹ of our consumer durables companies increased by 79% annually to TL 9.2 billion while consolidated net profit rose by 66% to TL 2.2 billion.

Continuing to increase its presence and operations in the global business environment and to create value for its stakeholders, **Arçelik**, in 2022, laid the foundations of the facility that will commence white goods manufacturing in Egypt with an investment of USD 100 million. This new plant in Egypt is intended to become the regional manufacturing hub for exports targeted at the Middle East and Africa region. In addition, Arçelik purchased the US-based white goods producer Whirlpool's two companies operating in Russia and in ten other countries in the region, and air conditioner and washing machine production plants in the city of Lipetsk. The right to use "Indesit" and "Hotpoint" trademarks in in-scope countries (Russia, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, Armenia, Georgia, Azerbaijan, Kazakhstan, Belarus, Mongolia) were conferred upon Arçelik and acquired companies for a certain period of time.

Regarding sustainability as a component of its business model, Arçelik has been the top scorer for the fourth time in the Household Durables category of the Dow Jones Sustainability Index that evaluates sustainability performances of corporations.

While **Arçelik-LG** preserved its leadership in the domestic air conditioner market, it exported approximately 48% of its AC production to numerous countries led by European and African markets.

Bilkom maintained its strong position in the electronics retail industry. As of the end of 2022, one in every five smartphones and tablets sold in the electronics retail stores, and one in every three smart watches sold all over Turkey were Bilkom products.

Finance

Yapı Kredi, the Koç Group's flagship company in finance, is the 3rd largest private bank with TL 1,184 billion of total assets.

The combined operating profit of our finance segment increased by 412% annually to TL 69.1 billion while the consolidated net profit rose by 589% to TL 31.7 billion.

Yapı Kredi continued to diversify its funding sources and obtained around USD 1.8 billion in total through products such as syndication, securitization, bond issuances and bilateral loans. In the first half of the year, the Bank secured a syndicated loan of USD 810 million which was participated by 37 banks from 19 countries. This deal includes performance criteria associated with reduction of the Bank's Scope 1 and 2 GHG emissions, in addition to the "ESG risk management rating and power generation from renewables" criteria contained in sustainability-linked syndicated loans in 2021. In the second half of the year, on the other hand, Yapı Kredi obtained a syndicated loan for the amount of USD 458 million, which was participated by 23 banks from 14 countries. Linked to Yapı Kredi's sustainability criteria, this facility will be utilized for foreign trade finance.

Koçfinans kept offering integrated financial solutions focused on perfect experience. At the end of 2022, the Company's portfolio stood at TL 7.4 billion up by 65% year-on-year and its assets were registered as TL 8.7 billion, up by 79% annually.

Other Lines of Business

The Koç Group continues its operations in other sectors such as food, retail, tourism and IT with its leading companies.

The total combined operating profit¹ of our other sectors increased by 150% annually to TL 2.2 billion, while consolidated net profit was up by 1% to TL 608 million.

Tat Gıda exports branded products to nearly 40 countries from Japan to USA. In 2022, the share of the Company's international revenues reached 35%. Tat Gıda continued to introduce new products in 2022. The Company makes investments for agricultural modernization to secure productivity, ensuring sustainable raw material procurement in view of the issues resulting from the climate crisis, and offsetting its carbon footprint.

Düzey charges ahead to become the top distribution platform for the fast moving consumer goods sector in Turkey.

Koçtaş preserved and further strengthened its leadership in the home improvement sector.

Setur expanded its agency network by 25% in keeping with its strategy to grow in domestic tourism. Realizing its first investment as part of its international expansion plans, the Company reached an agreement for managing the duty free operation for 7.5 years in the Cologne-Bonn Airport, Germany's fifth largest airport.

In marina operation, **Setur Marinas** is one of the few marina chains in the Mediterranean basin, and sustains its leadership in Turkey with 10 marinas in total.

In the second quarter of 2022, the **Divan Group** opened to service Divan Kuruçeşme, meetings and events venue that underwent a painstaking and lengthy construction. The 150-room Divan Ankara Hotel started rendering service in Çankaya from May 2022. During 2022, the Divan Group also continued to increase and further diversify its catering unit portfolio.

Zer kept providing end-to-end solutions to increase the resilience and flexibility of companies, combining strategy, expertise and technology in supply chain and procurement management.

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

Board of Directors Report

Our IT company **KoçSistem** started-off serving nearly 150 new customers in 2022 with its sectoral perspective and market-oriented product approach. A wholly owned subsidiary of KoçSistem, **KoçDigital** kept creating value for organizations through its solutions such as “Platform360”, the largest industrial internet of things (IoT) platform of Turkey, “Production Management System”, “Energy Monitoring” and “Digital Mining”.

Inventram provides financial management, marketing, business development and sales support to startups and is differentiated in its sector with its ‘new generation technology investment company’ vision. The Company’s high-tech investments jointly with Koç Holding totaled approximately USD 30 million so far. With the “Portfolio Management Platform” developed within the scope of digital transformation, Inventram monitors and manages 8 companies in its portfolio based on detailed data.

Token Financial Technologies commenced sales being the first company to complete the approval process following the communiqué that obligates replacement of all existing gas station outdoor payment terminals (OPT) gradually with new generation gas station OPTs by year-end 2023. The Company incorporated a payment and electronic money company in 2020 and received the CBRT license in August 2022. Token pursues business development activities also abroad via the companies it has established in the Netherlands and Romania.

Turkey’s top exporter of electric motors, **WAT Motor** stepped into the renewable wind energy field with the production of wind turbine components. The Company opened its second R&D center working on power electronics, control electronics and embedded software in İstanbul in 2022. For diversification of its operations in the e-mobility ecosystem, WAT Motor and Opet, Otokoç Otomotiv and Entek co-founded **WAT Mobilite** company for EV charging station management operations.

Employment and Relations with Trade Unions

The total number of employees working in Koç Holding, its subsidiaries and business partnerships stood at 114,677 as of the end of 2022. The consumer durables sector accounted for the highest level of employment, with a 36% share in the total. It was followed by the automotive and finance sectors, which accounted for 32% and 15% of the total number of employees, respectively.

Collective bargaining agreements were signed in 9 of our companies during 2022 and good workplace relations were maintained in terms of employment and union relations.

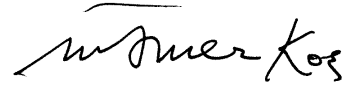
Dear shareholders,

On behalf of the Board of Directors, we would like to express our gratitude to our esteemed shareholders, our customers, our dealers, our suppliers, our supply industry, our business partners, our union members who have been unstinting in their continuous trust in the Koç Group, and to

our employees whose outstanding and dedicated contributions have contributed so greatly to our success.

As always, the Koç Group will continue to operate with the objective of creating long-term value also in 2023. Backed by our strong belief in Turkey, we will continue our investments while remaining resilient in the face of market volatility through our disciplined management approach and strong balance sheet.

I would like to extend my greatest respects to you, our esteemed shareholders and representatives, for the honor of your presence in our General Assembly today.



Ömer M. Koç
Chair of the Board of Directors



Independent Auditor's Report on the Financial Statements (Opinion)

Opinion¹

We have audited the accompanying consolidated financial statements of Koç Holding A.Ş. ("Koç Holding" or the "Company"), its subsidiaries and its joint ventures (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

(1) For the full Independent Auditor's Report, go to page 182.

Consolidated Balance Sheet

(TL million)	2021	2022
Total Currents Assets	605,973	982,090
Total Non-Currents Assets	414,580	600,504
Total Assets	1,020,533	1,582,594
Total Short Term Liabilities	709,677	1,145,655
Total Long Term Liabilities	189,771	189,741
Total Liabilities	899,448	1,335,396
Total Equity	121,105	247,198
Total Liabilities & Equity	1,020,553	1,582,594

Consolidated Income Statement

(TL million)	2021	2022
Total Revenue	346,689	901,857
Total Costs	-266,624	-675,022
Gross Profit	80,065	226,835
Operating Profit	34,675	149,346
Profit Before Tax	29,129	134,137
Tax Income / (Expense)	-2,944	-15,917
Profit for the Period	26,185	118,220
Equity Holders of the Parent	15,193	69,806
Earnings Per Share (Kır)	5.992	27.537

2022 Board of Directors



Rahmi M. Koç
Honorary Chair



Ömer M. Koç
Chair



Ali Y. Koç
Vice Chair



Semahat S. Arsel
Member



Caroline N. Koç
Member



Ipek Kırac
Member

- For the CVs of the BoD members, see pages 170-173.

- For information about the BoD and executive management members' transactions on behalf of themselves or someone else within the framework of the permission granted by the General Assembly, and their operations within the scope of the competition ban, see the agenda item description numbered 14 in the Informative Document on page 307.

- The key management of Koç Holding is identified as the Chair and members of the Board of Directors, the CEO and presidents. Information on total key management compensation incurred by Koç Holding in 2022 is available in note 29 of the financial tables (see page 270).



Levent Çakiroğlu
Member & CEO



Jacques A. Nasser
Member



Emily K. Rafferty
Independent Member



Dr. Cem M. Kozlu
Independent Member



Peter Martyr
Independent Member



Michel Ray de Carvalho
Independent Member

Dividend Policy

Our Company implements its Dividend Policy within the framework of the provisions of the Turkish Commercial Code (TCC), Capital Markets Legislation, Tax Regulations and other relevant legislation, as well as the provisions of our Articles of Association governing the distribution of profits. In line with the Corporate Governance Principles, a balanced and accurate policy is followed between the benefits of the shareholders and the Company.

In principle, as long as the relevant regulations and financial possibilities allow, taking into consideration market expectations, the long-term strategy of our Group, the capital requirements of our Company, our affiliates and subsidiaries, our investment and financing policies, profitability and cash position, a minimum 5% of distributable profit calculated under Capital Markets Board regulations shall be distributed in cash.

Pursuant to Article 19 of our Articles of Association, no more than 2% of the amount remaining from the pre-tax earnings after the allocation of the first series of legal reserve fund, financial obligations and first level dividend to shareholders withheld as per Capital Markets Legislation, is allocated to Koç Holding Pension and Assistance Foundation. Additionally, without prejudice to the first level dividend established under Capital Markets Legislation, 3% of the amount remaining after the deduction of the first series of the legal reserve fund, financial obligations and 5% of the paid-in capital from the pre-tax earnings, is allocated to holders of usufruct certificates. However, the amount to be paid to holders of usufruct certificates cannot exceed 1/10th of the amount remaining from the net profit after the deduction of the first series of legal reserve fund and first level dividend to shareholders established under Capital Markets Legislation.

Before the allocation of legal reserves under TCC and the above-mentioned dividend for shareholders, no allocation shall be decided for Koç Holding Pension and Assistance Foundation or for holders of usufruct certificates, for any other reserves, or for transfer to subsequent years, and no amount shall be paid for such persons before said dividend is actually paid to the shareholders.

It is expected to distribute dividends within a month following the General Assembly Meeting at the latest. The General Assembly decides the date of the dividend distribution. The General Assembly, or if authorized the Board of Directors, may decide to pay the dividend in installments in line with Capital Markets Board regulations. Reference to the Articles of Association of the Company, the Board of Directors may distribute the dividend in advance only if the Board is authorized by the General Assembly and it is done in parallel with Capital Markets Board regulations.

Dividend Proposal

Based on the consolidated financial statements for the accounting period of 1 January - 31 December 2022 prepared by Koç Holding A.Ş. management in compliance with Turkish Financial Reporting Standards (TFRS) under Capital Markets Board regulations and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the statutory records; we are submitting the following decisions to the approval of the Shareholders General Assembly:

- i. As the amount of legal reserves in the Company's statutory records stated under article 519 of Turkish Commercial Code already amounts to 20% of the capital, it is not required to allocate any further legal reserves;

The net profit attributable to equity holders of the parent achieved in the consolidated financial statements amounting to TL 69,805,566,000.00 is determined as the distributable dividend base and TL 69,914,126,918.25 is determined as first category dividend base after addition of donations made amounting to TL 108,560,918.25 to distributable dividend base. Meanwhile, the distributable profit in the statutory financial statements amounts to TL 5,502,359,939.38.

- ii. Taking into account Capital Markets Board Regulations and Company's Articles of Association, profit distribution is determined as:

- TL 3,495,706,345.91 as first category dividend to shareholders,
- TL 15,000,000.00 to Koç Holding Pension and Assistance Foundation as per article 19/c of our Articles of Association
- TL 2,090,363,132.93 to holders of usufruct certificates as per article 19/d of our Articles of Association,
- TL 899,004,974.74 as second category dividend to shareholders,

- iii. The sum of first category dividend and second category dividend amounting to TL 4,394,711,320.65 is proposed to be paid in cash;

- iv. Dividend payments of 4,394,711,320.65 TL, payment of 2,090,363,132.93 TL allocated to usufruct shareholders and payment of TL 15,000,000.00 allocated to the Koç Holding Pension Fund Foundation, amounting to a total of TL 6,500,074,453.58 will be paid in cash and sourced from current year taxable earnings in TFRS financial statements.

- v. As per the statutory records, with regards to the sources of total cash payments of TL 6,500,074,453.58, TL 5,502,359,939.38 shall be sourced from current year taxable earnings; whereas the remaining TL 997,714,514.20 shall be sourced from extraordinary reserves.

- vi. It is further resolved that the dividend will be distributed in cash to the resident entity taxpayer shareholders and non-resident taxpayer shareholders obtaining dividend income through an office or a permanent representative in Turkey as (gross=net) TL 1.7330 for shares with a nominal value of 1 TL (173.30%) and, to the rest of our shareholders as gross TL 1.7330 (TL 1.5597 net) for shares with a nominal value of TL 1 (gross: 173.30%; net: 155.97%).

- vii. The remaining amount after payments of dividend to shareholders and allocations for usufruct certificate holders and Koç Holding Pension Fund Foundation, amounting to TL 63,305,491,546.42 in TFRS financial statements, is transferred to retained earnings.

- viii. Profit distribution date is determined as 27 March 2023.

Dividend Distribution Table

Koç Holding A.Ş Profit Distribution Proposal for 2022 (TL)

1. Paid-in capital		2,535,898,050.00
2. General legal reserves (as per statutory records)		507,179,610.00
Information concerning preferred shares, if, as per the company Articles of Association, there are any privileges for preferred shares in distribution of dividend: No		
	As per Capital Markets Board	As per Statutory Records
3. Profit for the period	134,136,006,000.00	5,502,359,939.38
4. Taxes (-)	15,916,804,000.00	-
5. NET PROFIT (=)	69,805,566,000.00	5,502,359,939.38
6. Prior years' losses (-)	-	-
7. Legal reserve fund (-)	-	-
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	69,805,566,000.00	5,502,359,939.38
Dividend Advance Distributed (-)	-	-
Dividend Advance Less Net Distributable Current Period Profit	69,805,566,000.00	5,502,359,939.38
9. Grants made during the year (+)	108,560,918.25	-
10. NET DISTRIBUTABLE PROFIT INCLUDING GRANTS	69,914,126,918.25	5,502,359,939.38
11. FIRST CATEGORY DIVIDEND TO SHAREHOLDERS		
- Cash	3,495,706,345.91	126,794,902.50
- Shares	-	-
- Total	3,495,706,345.91	126,794,902.50
12. Dividends distributed to preferred shareholders	-	-
13. OTHER DIVIDENDS DISTRIBUTED	15,000,000.00	15,000,000.00
- Members of the Board of Directors	-	-
- Employees (Koç Holding Pension and Assistance Foundation)	15,000,000.00	15,000,000.00
- Non-shareholders	-	-
14. DIVIDENDS DISTRIBUTED TO HOLDERS OF USUFRUCT RIGHT CERTIFICATES	2,090,363,132.93	2,090,363,132.93
15. SECOND CATEGORY DIVIDEND TO SHAREHOLDERS	899,004,974.74	3,270,201,903.95
16. Legal reserve fund	-	-
17. Status reserves	-	-
18. Special reserves	-	-
19. EXTRAORDINARY RESERVES	63,305,491,546.42	-
20. Other sources planned for distribution	-	997,714,514.20
- Prior years' income	-	-
- Extraordinary reserves	-	997,714,514.20
- Other distributable reserves as per the legislation and Articles of Association	-	-

Koç Holding A.Ş Information on Dividend per Share for 2022

GROUP	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND AMOUNT / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND PER SHARE FOR TL 1 NOMINAL VALUE	
	CASH (TL)	SHARES (TL)	RATIO (%)	AMOUNT (TL)	SHARE (%)
A	1,176,314,340.84	-	1.69	1.733000	173.3000
NET B	2,976,896,078.80	-	4.26	1.559700	155.9700
TOTAL	4,153,210,419.64	-	5.95		

No withholding tax is calculated for all of Group A shareholders and some of Group B shareholders who are known as full-fledged legal entity tax payers. The calculations have been based on the assumption that other B Group shareholders are subject to withholding tax.

2023 Board of Directors Candidates

Rahmi M. Koç

Ömer M. Koç

Ali Y. Koç

Semahat S. Arsel

Caroline N. Koç

İpek Kırac

Levent Çakıroğlu

Jacques A. Nasser

Emily K. Rafferty (Independent)

Dr. Cem M. Kozlu (Independent)

Peter Martyr (Independent)

Michel Ray de Carvalho (Independent)

See pages 170-173 for the CVs.

Remuneration Policy

This policy determines the remuneration system for the Board of Directors and key executives composed of the CEO and the Presidents.

In accordance with the Turkish commercial code and article 13 of Koç Holding Articles of Association, a fixed remuneration is determined for the board membership functions of all members of the Board at the Annual General Meeting of the Company.

Besides, Executive members of the Board are compensated in accordance with the policy established for senior executives, as outlined below.

In addition to the fixed remuneration that is determined by the Board of Directors for their board membership, additional payment can be granted to the Board members who have been assigned specific duties to support the activities of the Company, the amount of which is to be determined in consultation with the Nomination and Remuneration Committee.

To the chairman and members of the Executive Committee of the Board which supports the Board in the proper management of the Company in all respects and provides coordination between the Board and other administrative units, additional compensation to the fixed remuneration that is determined by the Board of Directors can be granted in consultation with the Nomination and Remuneration Committee by taking into account such Committee Members' contributions, attendance at the meetings, functions, and the like. Payments made thereof to Executive Committee members during the year are to be deducted from the amount determined at the end of the year.

In respect of remuneration of the Independent Members of the Board of Directors, a payment plan based on the performance of the Company may not be used.

Pro rata payment is made to the members of the Board of Directors by taking into account the time they carried out their duty between the date of appointment and the date of resignation. Expenses incurred by the members of the Board of Directors on account of making contributions to the Company (e.g. transportation, telephone, insurance) can be paid by the Company.

The remuneration of senior executives consists of two components, which are fixed and performance based.

Our remuneration management systems are established and applied in line with fair, objective, competitive, rewarding and motivating criteria and primary goals that recognize high performance.

Fixed salaries of executives are determined in accordance with international standards and legal obligations by taking into account the prevailing macroeconomic data in the market, the salary policies prevailing in the market, the size and long-term targets of the Company and the positions of the persons. With the remuneration policy, the main goals are to increase employee motivation and engagement by taking into consideration internal equity in the company and market compatibility, and to attract employees that have competencies capable of achieving our strategical business goals.

Bonuses for executives are calculated according to the bonus base, the performance of the Company and the individual performance in a way that will support companies to exceed business goals encourage high performance and reward sustainable success. A summary of the criteria is as follows:

- **Bonus Base:** Bonus Bases are updated at the beginning of each year. They vary depending on the work volume of the executives' positions. When updating the bonus bases, senior management bonus policies in the market are taken into account.
- **Company Performance:** The performance of the Company is determined at the end of the year by measuring the financial and operational targets (i.e. market share, exports, overseas operations, productivity) assigned to the Company at the beginning of each year. In determination of the Company's targets, the sustainability of success and the degree to which it incorporates improvements over previous years are the principles taken into account.
- **Individual Performance:** In the determination of individual performance, the individual and collective objectives and key results determined by senior executives together with their teams and executives are taken into account. In the measurement of individual performance, the principle of achieving long-term sustainable improvement in areas and compliance with Environmental, Social and Governance (ESG) policies apart from the financial dimension are also observed.

Severance payments may be granted to the key executives by taking into account total term of service, term of service as an executive, as well as contributions made to the Company, the recent bonus base, and the salaries and bonuses paid in the last year of service.

Total amounts determined by the above principles and paid to the members of the Board of Directors during the year are submitted for shareholder approval at the next General Meeting.

(1) The key management of Koç Holding is identified as the Chair and members of the Board of Directors, the CEO and presidents. Information on total key management compensation incurred by Koç Holding in 2022 is available in note 29 of the financial tables (see page 270).

CEO's Letter



The Koç Group develops its long-term plans while keeping its strategic focus on the future and adapting to the reshaping rules of global trade.

We are devastated beyond words by the catastrophic earthquakes that occurred on February 6, 2023. We are mourning tens of thousands of our fellow citizens who lost their lives, together with 12 colleagues from our companies, 5 dealers and 32 dealership employees. I wish God's mercy to all our citizens who lost their lives, my condolences and the strength to bear it to our country and a quick recovery to the injured.

Since the first day of the disaster, Koç Holding and its subsidiaries, along with Vehbi Koç Foundation and its medical and health auxiliary organizations, have been working together in a coordinated and all-encompassing effort to swiftly address the needs of affected areas. Our well-equipped and trained search and rescue teams comprising 531 Koç Group employees saved the lives of 117 citizens from the wrecks.

Working in conjunction with government agencies and organizations, we quickly mobilized all of our resources to address the most urgent requirements for shelter, food, healthcare, and logistics. We will continue to take part in the recovery of our nation, through projects focusing on priorities like building temporary living quarters, providing health and education services, and supporting children who survived the disaster.

Having slowed down after the 2008 crisis, the nature of the globalization process is now undergoing a fundamental change. The sustainability issues as well as shared political interests of countries have gained importance as decision-making criteria. Global supply chains are likewise undergoing radical changes. Since the start of the war in Ukraine, these changes have almost definitely become irreversible after gaining additional momentum in the post-pandemic environment. We now deal with more politically driven ideas like “friend-shoring” and “ally-shoring,” in addition to earlier trading concepts like “on-shoring” and “near-shoring.”

While this transformation in global trade management processes poses serious risks for businesses, it entails many opportunities as well. The Koç Group develops its long-term plans while keeping its strategic focus on the future and adapting to the reshaping rules of global trade.

Even in such an uncertain environment, we completed 2022 with a quite successful performance, thanks to our strong balance sheet, diversified portfolio, prudent management, and sound business strategies.

Our consolidated revenues were up by 160% in 2022 and reached TL 901.9 billion. Koç Holding's net profit attributable to the equity holders of the parent share for the period was up by 359% and reached TL 69.8 billion. Our group's international revenues corresponded to around USD 24 billion.

Yet again, were we able to take pride in being our country's only representative in the Fortune Global 500 ranking of the world's biggest corporations.

Our ability to properly utilize market conditions—especially in our energy and banking business lines—was instrumental to achieve this historic performance. However, the true source of the success we have achieved, in the midst of ongoing uncertainties over the years, is our resolute commitment and effectiveness in transforming our business practices. I believe, this success has been largely facilitated by improved efficiency brought about by the digital competencies we have acquired, smart factories, agile management teams, mind shift in resource allocation, mechanisms and practices for data-driven decision-making, and -most importantly- by our unmatched colleagues who are equipped with necessary skills and means of future and whose loyalty grows stronger every day.

As the Koç Group we are aware of the great responsibilities we bear on account of a precious reputation that has been built up in the course of nearly a century. We are so happy that, Koç was once again Turkey's most reputable brand last year, according to a variety of stakeholder groups. In line with the “Grow by creating value and benefit for all stakeholders” attitude that is embodied in our “Lead. Together” manifesto, we aim to promote development throughout society. With the Carbon Transition Program which we initiated as a part of our carbon neutrality goal towards 2050, we aim to ensure the transition to a low carbon economy for our Group companies operating in different sectors. In this respect, we give utmost importance to adhering to internationally recognized standards and cooperating with reputable platforms. This year, in addition to the Task Force for Climate-Related Financial Disclosures (TCFD) and World Economic Forum Stakeholder Capitalism Metrics that we support, we became a signatory of the CEO Water

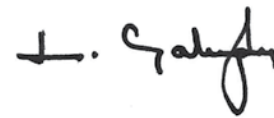
Mandate, a United Nations initiative that brings together business leaders to create sustainable solutions for water management.

While we are carrying out these actions aiming to achieve our goals, we harness the power of technology and innovation. We invest continuously in our technological competencies with the aim of spearheading solutions to the most important issues that confront our world today. Working in partnership with a public agency in Turkey last year we developed a project—the world's first—whose aim is to help deal with wildfires through the deployment of artificial intelligence. We took pride in this project's presentation in a special session at the World Economic Forum in Davos.

As a corporate group that puts people at the heart of its management philosophy, we are quite pleased to note that our 2022 employee-loyalty scores were even further above European and global averages than they had been the year before. In Forbes magazine's 2022 “World's Best Employers” survey, Koç Holding now ranks #161 among the world's best employers. We also note with pride that in the last six years that this prestigious survey has been conducted, Koç Holding has always ranked #1 in Turkey.

I would like to take this opportunity to extend my most sincere thanks to our shareholders, customers, dealers, suppliers, unions, and colleagues for their support in all our achievements.

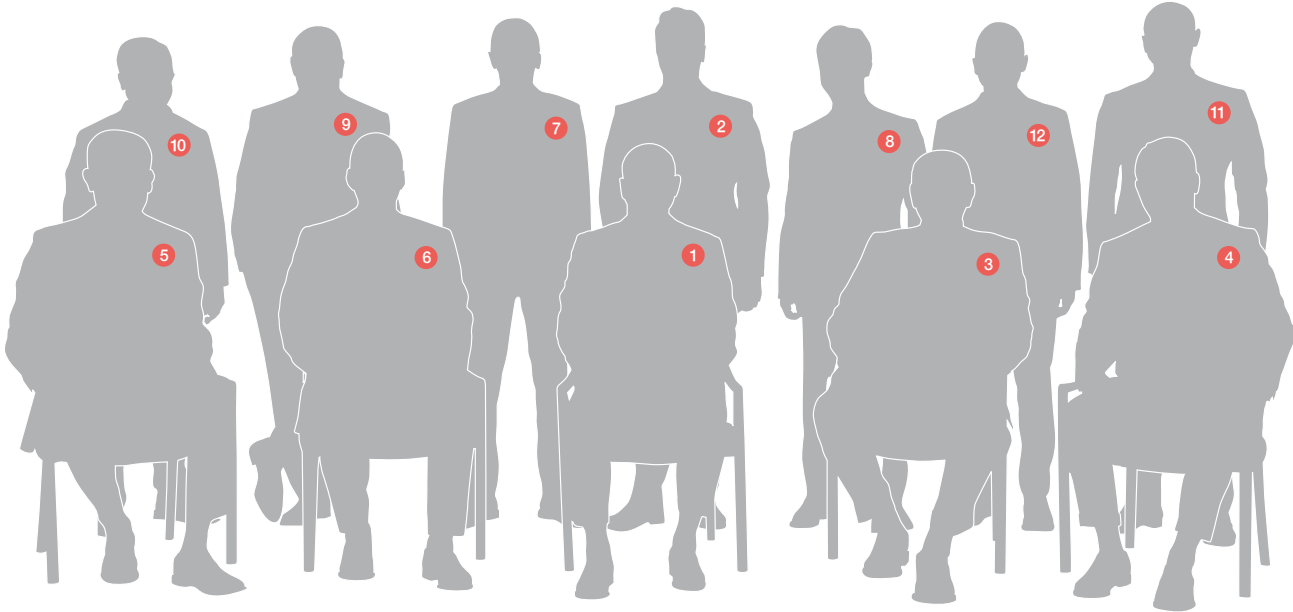
Respectfully,



Levent Çakiroğlu
CEO

Executive Management

- 1 **Levent Çakıroğlu**, CEO
- 2 **Polat Şen**, CFO
- 3 **Yağız Eyüboğlu**, President, Energy Group
- 4 **Dr. Fatih Kemal Ebiçlioğlu**, President, Consumer Durables Group
- 5 **Haydar Yenigün**, President, Automotive Group
- 6 **Gökhan Erün**, President, Banking Group
- 7 **Özgür Burak Akkol**, President, Tourism, Food and Retailing Group
- 8 **Kemal Uzun**, President, Audit Group
- 9 **Kenan Yılmaz**, Chief Legal and Compliance Officer
- 10 **Ufuk Çıplak**, Public Affairs Director
- 11 **Melih Poyraz**, Strategy and Business Development Director
- 12 **Umut Günal**, Human Resources Director



- See pages 174-176 for the CVs.

- For information about the executive management members' transactions on their own or others' behalf within the framework of the authorization granted by the General Assembly, and their operations within the scope of the competition ban, see the agenda item description numbered 14 in the Information Document on page 307.



History

1920s

Establishment

Sixteen-year-old Vehbi Koç begins his career at his father's grocery store. He registers the business he took over from his father with the Ankara Chamber of Commerce under the name Koçzade Ahmet Vehbi on 31 May 1926. This date symbolizes the birth and official foundation of the Koç Group.

First Ventures

In 1928, Otokoç is founded under which Ankara Ford dealership operations commence. During the same year, Standart Oil Ankara representation is acquired.

1930s

First Joint Stock Company of Turkey

Expanding the areas of business, Vehbi Koç establishes Koç Ticaret A.Ş as Turkey's first joint stock company in 1938.

1940s

First International Operations

In 1945, the first Turkish company in the USA is established and some eminent US companies' Turkish representation is acquired by Koç Ticaret.

First Industrial Initiatives

In the late 1940s, the Group enters the manufacturing sector. In 1948, a light bulb factory is established with General Electric, the first joint venture between Turkey and USA.

1950s

New Sectors and Business Lines

A number of new business lines are entered and some of the now existing companies are founded. Accordingly, many firsts in Turkey are realized.

- **TürkTraktör:** Founded in 1954 and the first tractor in Turkey is manufactured in 1955.
- **Arçelik:** Founded in 1955 in İstanbul-Sütlüce and the first washing machine in Turkey is manufactured in 1959.
- **Koçtaş:** Founded in 1955 in İzmir for sale of construction materials.
- **Divan:** The first hotel and patisserie is opened in İstanbul-Elmadag in 1956.

1960s

The Foundation of Koç Holding and First Steps in Institutionalization

Koç Holding A.Ş is founded in 1963 as Turkey's first holding company with Vehbi Koç as the Chair of the Board. The aim is to manage rapid growth more efficiently and develop business lines under a more professional organization and institutionalized structure.

New Sectors and Business Lines

- **Ford Otosan:** At Otosan factory opened in 1960, the first car is assembled in 1961 for Ford Company.

- **Aygaz:** Founded in 1961, Aygaz commences LPG filling and distribution activities in 1962 and establishes its dealer organization in the same year.
- **Setur:** Founded in 1964 to provide duty-free services.
- **Tat Gıda:** In 1967, the first factory is established in Bursa for the production of tomato products.

The First Private Foundation

In 1969, Vehbi Koç Foundation, the first and largest private foundation in Turkey, is established to serve the community mainly in the areas of education, health and culture.

1970s

Focus on Exports

Ram Dış Ticaret, Turkey's first foreign trade company, is established in 1970 in order to grow and centralize exports. In many of the existing business lines, exports volume increases and export regions are diversified.

New Sectors and Business Lines

- **Tofaş:** At the factory founded in 1968, the serial production of the Murat 124 model starts in 1971.
- **Otokar:** Founded in 1963, Otokar is acquired by Koç Holding in 1976.

First Private Sector R&D Center

The first private sector R&D center is established by Koç Holding in 1975.

1980s

Second Generation Takes Over

Vehbi Koç names his son Rahmi M. Koç Chair of the Board of Directors in 1984.

Growth in Banking

Koç-American Bank is founded as a joint venture with American Express Company in 1986. Until 1993, the shares of the Bank are fully acquired and the Bank is renamed Koçbank. A partnership is established with UniCredit on banking business in 2002.

First Private Museum

The Sadberk Hanım Museum is established as the Turkey's first private museum in 1980.

First Private Sector Education Institution

The Koç Group Education Center becomes operational in 1982.

1990s

The End of an Extraordinary Life

Vehbi Koç passes away on 25 February 1996 at the age of 95. His extraordinary life was marked by constant activity and achievements.

Successful Performance in Exports

In 1990, Ram Dış Ticaret becomes Turkey's first company exceeding USD 500 million in exports. In 1993, Arçelik becomes one of the largest white goods producers in Europe. In 1995, Tofaş starts to produce its Tempura model for the whole world.

2000s

Third Generation Assumes Command

Rahmi M. Koç turns over Chairperson position of the Board of Directors to Mustafa V. Koç on 4 April 2003.

Major Acquisitions and Disposals

In 2005, the Koç Group acquires Tüpraş and Yapı Kredi. Following the merger of Yapı Kredi Bank and Koçbank in 2006, Yapı Kredi Bank becomes the 4th largest private bank in Turkey. Migros, the FMCG retail business of the Koç Group since 1975, is successfully sold in 2008.

Koç Holding Signs the UN Global Compact

A strong sense of corporate citizenship has been an inherent part of Koç Holding since its establishment. With the signing in 2006 of the United Nations Global Compact, this becomes an official policy with an international dimension.

2010s

New Chair

Following the unexpected passing away of Koç Holding Chair Mustafa V. Koç on 21 January 2016, Ömer M. Koç takes over the Chair position.

Extensive investments are initiated

Major investment programs initiated in 2011 result in productivity increases, technology improvements, new product developments, capacity increases and international expansion for most of the Koç Group companies. Thus, the Koç Group accelerates growth in line with its aim of long-term value creation.

Today

The Koç Group; Turkey's largest industrial and services Group in terms of revenues, exports, share in Borsa İstanbul and number of employees

Koç Holding is the only Turkish company to be listed among the top 500 companies globally.

The Koç Group, whose objective is to increase the value created for all its stakeholders, continues its journey that started nearly a century ago, within the framework of its long-term value creation target and global growth vision.

2022 Awards and Achievements

One of the World's Top 500 Companies

Koç Holding remains to be the only Turkish company in the Fortune Global 500 ranking.

In the League of the World's Best Employers

Koç Holding was voted Turkey's best employer for the fifth consecutive year since the debut of "The World's Best Employer" list by Forbes.

In the World R&D Expenditures List

Koç Holding and Ford Otosan were included in the 2021 list of the "World's top 2,500 companies by R&D spending" by Industrial R&D scoreboard, which is prepared by the European Commission.

Global Mission to Koç Holding in the World Economic Forum's "Good Work Alliance" Initiative

Koç Holding became part of the Good Work Alliance initiative launched by the World Economic Forum (WEF) to build the future of work in our transforming world. Koç Holding is the only company representing our country in the initiative that covers 21 global companies that will work to help building a more just and inclusive future of work for all.

Global Lighthouse Network

After Arçelik's Washing Machine Factory in Romania and Refrigerator Factory in Eskişehir, and Ford Otosan's Factory in Kocaeli were welcomed to the Global Lighthouse Network that covers best actors worldwide in terms of the Industry 4.0 efforts as selected by the World Economic Forum (WEF), Arçelik's Washing Machine Factory in Romania was named a Global Lighthouse this time for its efficient sustainability practices in water and energy management and became one of the 10 Sustainability Lighthouses in the Global Lighthouse Network in 2022.

Export Champions

Three Koç Group companies were included in the list of Turkey's top 1,000 exporters at the "Export Champions Award Ceremony" organized by the Turkey Exporters Assembly with Ford Otosan ranked 1st, Tüpraş 3rd and Arçelik 6th.

Among Turkey's 10 Largest Industrial Enterprises

In the "Top 500 Industrial Organizations" survey prepared according to 2021 financial results by the İstanbul Chamber of Industry, four of Turkey's largest industrial enterprises were Koç Group companies, including Tüpraş (1st), Ford Otosan (2nd), Arçelik (8th) and Tofaş (10th).

Most Admired Company

Koç Holding was ranked 1st once again in Capital magazine's "Business World's Most Admired Companies Survey", which determines the most successful companies in a variety of areas, in particular reputation, trust and value created for society.

Most Reputable Company

Koç Holding was named Turkey's most reputable brand in the "Turkey Reputation Index 2021" survey conducted by Turkey Reputation Academy with a sampling of 15,000 respondents in 72 provinces.

Symbol Brand

Koç Holding received "Turkey's Symbol Brand" certification for being awarded in the sector for two consecutive years in the Turkey Reputation Index (TİE), Turkey Youth Index (G250), Turkey Customer Satisfaction Index and Economy Benefit Index (EFE) of the Turkey Reputation Academy.

In the Diamond League of the Economy Benefit Index

In the fourth edition of the “Economy Benefit Index” survey by the Turkey Reputation Academy, Koç Holding was placed in the Diamond League in the Holdings category.

The Company with the Strongest Corporate Culture in Turkey

For the third year in a row, Koç Holding was ranked 1st in the “Corporate Culture 100 Survey” listing the companies with the strongest corporate culture in Turkey, on the basis of numerous criteria including agility, diversity, teamwork, transparency, organizational excellence, respect, innovation, and social company approach.

Most Admired Employer

Koç Holding was named 1st once again in “Turkey’s Most Attractive Employers 2022” survey conducted by Universum and participated by 63,000 university students from 59 educational institutions and 27,000 professionals. The entrants are voted by professionals from, and students attending, economic and administrative sciences, social sciences, education and law faculties.

Holding the Highest Number of Awards in the Best Employers Survey

16 Koç Group companies claimed Turkey’s Best Employer 2022 award in the “Turkey’s Best Employers” survey conducted by Kincentric that covered 350 companies from 40 different sectors.

Employee Loyalty Award

Named the “Employee Loyalty Champion” at the International Loyalty Awards recognizing excellence, innovation and best practices in employee experience on a global scale, Koç Holding successfully represented Turkey.

TİSK Joint Future Award

At the “Joint Future: Possible Together” award program organized by the Turkish Confederation of Employer Associations (TİSK), Koç Holding earned the “Tomorrow of our Business” award with its project co-launched with global stakeholders including Harvard Business School, MIT, Business Agility Institute, BCG and Scruminc and leading experts in various fields to facilitate adoption of the agile working philosophy across the Group and strengthen our colleagues in this field by equipping them with future competencies.

Social Media Communication Awards

At Social Media Awards Turkey, Koç Holding received the “Golden Award” in the “Holding” category once again this year in SocialBrands Data Analytics, which makes a data-based evaluation of brands’ social media performances.

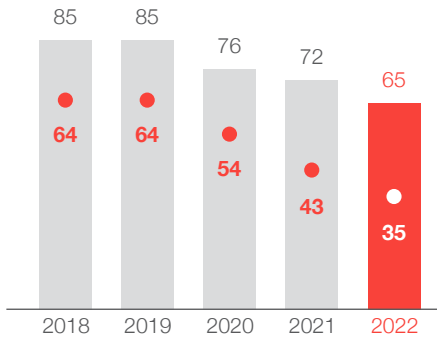
Shareholder and Investor Relations

**TL 212 billion
(USD 11.4 billion)**

**Koç Holding's market capitalization
at the end of 2022**

Foreign Ownership in Free Float¹

- Foreign Ownership at BIST (%)
- Foreign Ownership at Koç Holding (%)



Koç Holding's majority shares are owned by the Koç Family and companies owned by Koç Family members, while 26.7% of its shares are publicly listed². There are 11 publicly listed companies within the Koç Group. With listed companies accounting for approximately 90% of its net asset value, Koç Holding has a very transparent structure. As of the end of 2022, the total market value of Koç Holding and the Koç Group companies constituted around 19% of the total market capitalization of Borsa İstanbul 100 Index (BIST 100 Index).

Koç Holding and the Koç Group strive to continuously increase shareholder value by applying international standards in corporate governance and investor relations.

The investor relations department works with the priority of establishing long-term relationships with investors and providing accurate and up-to-date information. In this context, a total of 16 roadshows and conferences were held in 2022, either in person or online, to reach investors resident both in Turkey and abroad with the participation of senior managers, and meetings with around 450 current and potential investors were held. Meanwhile, website, presentations and all other communication tools were regularly updated and shared with investors. Financial results are disclosed to investors through webcasts four times a year, and subsequently, their audio recordings and transcripts are posted on the website.

In July 2021, the Company initiated a share buyback program for the first time, in order to contribute to the fair valuation of Koç Holding shares, as the current

net asset value discount and the current market price of Koç Holding shares traded at Borsa İstanbul is deemed ineffective in reflecting the true value and fundamentals of Koç Holding. Accordingly, shares with a nominal value of TL 890,475 were bought back as of 31 December 2022.

At the end of 2022, Koç Holding's market capitalization stood at TL 212 billion (USD 11.4 billion). Average foreign ownership ratio in the floating shares of Koç Holding was 65% in 2022 compared to 35% for BIST.

Why Koç Holding?

- Best proxy to invest in Turkey's high growth potential
- Sustainable growth and profitability via a structure focused on increasing shareholder value
- Leading positions and the advantage of economies of scale in sectors with high growth potential
- Unique competitive advantages with strong brands, extensive distribution network and high service quality
- Strong liquidity and balance sheet structure
- Diversified portfolio structure resilient against economic fluctuations and risks
- Value generating portfolio management and proven track record dating back nearly 100 years with worldwide partnerships
- Large database providing effective opportunity and risk management
- Pioneer in R&D, innovation and digital transformation
- Environmental, Social and Governance (ESG) practices at international standards

(1) Based on annual average data from Yapı Kredi Invest

(2) For details of shareholder structure, refer to page 155.

Human Resources

The Koç Group aims to be Turkey's most admired and preferred institution to attract the most successful professionals that create high added value for sustainable growth and be a place in which all stakeholders are proud to be a part of. To achieve these goals, the Group applies human resource systems and approaches developed through many years of hard work and experience and continuously upgrades them in line with current needs.

As of the end of 2022, there were 114,677 people working in the Koç Group, including 87,410 in Turkey and 27,267 abroad.

İçinde Koç Var

İçinde Koç Var is the unifying brand representing the Koç Group's image as an employer. All employee experience practices, implemented by placing people at the heart of its activities, are handled on the axes of the values such as equality, inclusion, modernity and development with the İçinde Koç Var brand, and communicated internally and externally.

Performance Management System: Koç Diyalog

Across the Koç Group, company strategies and objectives are shared with the employees with "Koç Diyalog", which is a performance management system focused on increased dialogue and development. Koç Diyalog uses the OKR (Objectives and Key Results) method, in which employees set objectives and key results in alignment with the company objectives and strategies where objectives

are dynamically revised according to changing priorities throughout the year. Koç Diyalog is a system compatible with agile working, where employees and their first managers conduct five check-ins called "Development Dialogues" throughout the year, and instant feedback is provided through the "Give Feedback/Request Feedback" mechanism. Based on the progress attained in OKRs and check-ins during the year, employees' performance results are determined at year-end, according to which they are rewarded.

For the adoption of the performance system and the methodology associated with it, more than 32,000 employees attended the specific training program designed for the Koç Group by Emeritus, Columbia Business School and Neuro Leadership Institute, three of the world's leading institutions, from 2020 through 2022.

Compensation Management System

The Koç Group's Compensation Management System is based on factors such as the salary market, the current salary structure of the Company, purchasing power, compensation policy, individual performance and employee job grade. Based on regular market analyses, a competitive and fair compensation policy is applied.

Job grades which are the basis of the compensation management system are determined by job evaluations. An international system is used to ensure that all jobs in all areas across the Koç Group

are ranked according to their potential contribution to organizational goals and their responsibility levels.

The bonus system in use encourages high performance while rewarding continuity and superior achievement. The bonus system works in line with individual target realizations with variations according to company and position in areas such as economic profit, share performance and long-term strategic targets.

Fringe Benefit System

Fringe benefits are offered to employees in line with their positions and they are reviewed every year considering employees' expectations and the Group's competitiveness in the market. Accordingly, private health insurance policy conditions are enhanced each year, while the existing strong aspects of the policy are retained. To ensure that no employee remains without private health insurance coverage, all employees are offered complementary health insurance. In addition, employees are offered the chance to hold online contacts with specialists from various disciplines.

The Flexible Fringe Benefit practice is also provided to employees in addition to existing fringe benefits.

Human Resources

Agile Transformation

Agile transformation initiatives are carried on across the Koç Group, and the number of employees that espoused agile methods at more than 25 Group companies exceeded 11,000 as of 2022 year end.

Under the Koç Agile Academy roof aimed at supporting and accelerating the Group companies' transformation through training and development activities, more than 30 programs were launched in partnership with prestigious global institutions including Harvard Business School, MIT, Scruminc, Kanban University and Business Agility Institute. To date, approximately 12,000 people benefited from Koç Agile Academy programs that cover training focused on technical competencies and leadership development. Over 100 senior executives participated in the Agile Leadership Program launched for the adoption of agile philosophy at leadership level.

Cultural and organizational transformation efforts of Group companies are monitored and improvement opportunities are determined using common metrics and agile maturity assessments. Impact of agile transformation efforts on business results, customer and employee experience is targeted to be continuously enhanced with actions directed towards improvement areas.

Talent Management Approach

At the Koç Group companies, 'employees with high potential' based evaluation processes designed for different organizational levels and positions. Employees who possess top executive level competencies are identified by the "Executive Assessment Center". This enables an effective succession plan for top executive positions and proactively develops candidates for these positions via training-development programs and job rotation opportunities.

Koç Leadership Programs - LEAD

"LEAD" supports the Koç Group employees at different stages of their careers in the areas of leadership, strategy, change management and digital transformation with more than 360 programs designed together with the top training companies in Turkey and in the world.

While "LEAD" strengthens the transformational leadership of executives at the Koç Group in various areas including new digital trends, data analytics, design thinking and agile, programs aimed at deepening their global perspective are also implemented. From amongst these programs, senior executives participate in the "Personal Development Program (PDP)" developed in collaboration with the Harvard Business School (HBS).

From 2015 through 2022, more than 3,500 employees had participated in the programs of prestigious institutions including the Harvard Business School, Columbia Business School, MIT Sloan, University of Oxford, London School of Economics, University of Cambridge and Udacity. On another front, over 4,000 people benefited from the Microsoft Enterprise Skills Initiative programs introduced for reskilling employees.

KoçAkademi

KoçAkademi is an online video training platform for Koç employees and their families, offering a set of more than 12,000 educational contents in a broad array of topics from information technologies to personal development and healthy living to family and hobbies. Offering open access to whole Turkey, the platform contains over 8 million videos.

KoçKariyerim

Koç Kariyerim is a portal used to announce all available positions within the Group and manage the application process, enabling employees to actively participate in shaping their own career paths. Group employees are given priority for filling open positions. KoçKariyerim is available for use also by non-Group candidates, giving access to career opportunities at the Group companies collectively on the platform. The artificial intelligence technology that went live in 2022 allows candidates to upload their existing CVs to the system and create their profiles, upon which they are matched to roles that correspond to their skills.

Recruitment and Candidate Experience

Globally recognized, reliable assessment tools and inventories are used in the recruitment process, and “Candidate Experience Survey” is sent to regularly monitor applicants’ experience with the Group Companies’ recruitment process. “Koç Group Leaders” Guide on Recruitment and Candidate Experience provides guidance to actively recruiting leaders on top-level candidate experience. In addition, a technology-based data platform tracking Group-wide candidate application status end-to-end is integrated in KoçKariyerim. The Recruitment Accreditation Program that has been ongoing for four years is regularly updated in collaboration with the Koç University and the Society for Human Resource Management (SHRM) to capture the current trends.

Employee Experience and Satisfaction

Employee satisfaction is regularly monitored with employee engagement surveys conducted across the Koç Group by an independent company. Digital listening mechanisms are used to define needs in various topics from candidate experience to performance experience. Through ethnographic researches, needs of employees from different sectors and personas are analyzed in greater depth. Based on the findings from all these analyses, employee experience actions are introduced.

Hackathon

A new program was initiated to familiarize non-developer Group employees with the “Low Code - No Code” approach to help them find solutions to their own work-related needs by writing no or simple codes. Employees apply to this program which is co-conducted with Microsoft and designed in Hackathon

format with their project ideas. During the three-day program, after employees are trained on Microsoft’s relevant platforms, they put their project ideas into practice by developing digital platforms. In 2022, more than 300 employees from 12 Group companies took part in the program with over 100 projects.

Koç Office Free

Group-wide surveys revealed the positive impact of remote working on productivity and satisfaction. The Koç Group has been the first major group to make remote working permanent. Through the Koç Office Free platform designed within the scope of the hybrid working model, employees, at their own choice, can plan their work either remotely, or from their own companies, or from any one of more than 60 shared offices located in Turkey and foreign countries individually or together with their teams.

Industrial Relations

Collective agreements are concluded with labor unions in seven lines of business within the Koç Group. The Group strives to maintain strong and constructive social dialogue with these unions in accordance with European Union regulations, the Group’s human resources processes and the UN Global Compact, of which the Koç Group is a signatory.

Through the meetings held with the Industrial Relations Coordination Board and employee trainings, a sustainable and constructive industrial relations culture is developed across the Group. As always, the focus is on ensuring the rapid adaptation of the Group companies to the changes in the framework governing work life, guaranteeing continuity by creating practices that will protect employee and community health.

Occupational Health and Safety

The OHS Policy sets out the working format in occupational health and safety (OHS) areas at the Koç Group. Accordingly, the Koç Group has committed to:

- offer a healthy and safe working environment to employees,
- develop approaches to prevent possible occupational illnesses and injuries,
- spend best efforts to reach the target of zero accidents,
- work in compliance with regulatory requirements, the Group’s policies and procedures, and constantly improve operational activities,
- enhance OHS performance by using the best technology available.

In this context, strategies and guidelines covering to the whole Group are set out in cooperation with the OHS Committee consisting of participants from the Group companies. In addition, physical and mental wellbeing of employees are supported with online nutrition coaching, conscious eating sessions, online therapy and healthcare service organized within the scope of wellbeing initiatives.

Koç Holding Pension and Assistance Foundation

Koç Holding Pension and Assistance Foundation was established in 1967 to provide additional social security and support to the Koç Group employees who are also covered by the Social Security Institution. The Foundation operates to provide assistance and solidarity among its members, to encourage its members to save and realize other social purposes included in the Foundation Deeds. The Foundation offers its members lump sum payments, retirement pensions, health insurance and services of financial assistance to ensure their comfortable

Human Resources

and peaceful retirement. The foundation has more than 70,000 active members and more than 800 retired members.

KoçAilem

KoçAilem is Turkey's first and largest corporate privileges platform that makes the Koç Group employees, employees' families, pensioners, dealers and Koç University students feel privileged also in their social lives as part of the Koç Group family. KoçAilem gives privileged access to its 195,000 members to products and services of over 200 Group and non-Group companies in more than 15 sectors. In addition, the program aims to enhance member satisfaction and loyalty with benefits that have high interaction impact and enrich their social lives.

KoçAilem Peer to Peer Blood Donation Platform

Introduced in response to declining blood donation stocks during the pandemic, the platform supports Koç employees. The platform brings the Koç Group employees or their relatives together with volunteer Koç employees in the event that they need blood or COVID-19 immune plasma. Under the program, more than 10,000 people have volunteered for blood donation.

KoçAilem Market

KoçAilem Market is an e-commerce platform offering over 1,000 products of hundreds of brands in numerous categories from basic foodstuff to detergents and personal care products at affordable prices. During 2022, more than 90,000 orders were placed with KoçAilem Market that makes deliveries in all 81 cities in Turkey.

KoçAilem 2nd Hand Platform

It is a second-hand buying and selling platform for Koç employees to securely do their shopping in various categories ranging from real property and vehicles to lifestyle/household, electronics and so on. The platform lets Koç employees place ads for the products they wish to sell, contact one another, and easily find the products they are interested in thanks to the advanced filtering capability.

Koç Group Sports Club and Sports Festival

The Koç Group Sports Club (KTSK) aims to improve the sporting and social opportunities provided to Koç employees, operates in many different branches both online and physically, and has undertaken to add value to the lives of employees with extensive events.

Approximately 1,000 Koç employees took part in the online "EsportFest" that was open to countrywide participation and the 33rd edition of the Koç Group Sports Festival open to international participation.

Throughout the year, thousands of Koç employees were given the chance to do sports in various events such as the Table Tennis League that made its debut in 2022, the annual Tennis League and Koru Cup Basketball League, Mini Field Football Tournaments, Beach Volley Tournaments, İstanbul Marathon, and the Night Run, etc.

At the KTSK Bağlarbaşı Woods, a number of new facilities were put into service ranging from the modernized picnic area to outdoor working areas around the "Breath Pond", totally revamped Picnic Café now offering the quality of Divan, and the Woods Campus, the co-working space offering an enjoyable work experience.

Sustainability

Lead. Together

Creating long-term, sustainable benefits for the world and the countries in which it operates lies at the heart of Koç Group's business model. Koç Group's heritage, influence and leadership role offer a variety of opportunities in sustainability. Koç Holding manages its efforts in this

Our Manifesto

Lead. Together is our approach to sustainable, profitable growth at the Koç Group. It sets a framework for making collective progress. And it helps us harness the power of our network to drive positive change.

Lead. Together means we will,

- innovate and collaborate to find solutions to big, complex issues.
- be a positive role model that drives change in society and act bravely to transform our business for the better.

Lead. Together reflects the difference we can make across the Koç Group and our commitment to partnership. Our stakeholders drive us to make a difference. Our people mean we can bring our promise to life.

We believe that our prosperity is connected to the prosperity of the world we live and work in.

Through **Lead. Together**, we focus on...

- Grow the business. Together
- Empower people. Together
- Act for the planet. Together
- Strengthen communities. Together

area within the framework of the "Lead. Together" strategy.

Enabled by talent, expansive networks, technology and innovation, the main pillars of this strategy are business, people, the planet, and communities.

Part of the Big Picture: The United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) represent a set of targets which must be reached by 2030 in order to end poverty, protect natural resources and ensure prosperity for all. The Koç Group fully acknowledges the role of business in the realization of these essential goals, and with its "Lead. Together" strategy, consciously and directly contributes towards them. Through its sustainability reports the Group annually shares its performance regarding SDGs.

Additionally, the UN Global Compact, signed by Koç Holding in 2006, represents a robust framework for sustainability efforts. As a member of the board of directors of Global Compact Turkey, Koç Holding continues to support the dissemination of UN Global Compact in Turkey.

Setting Strategic Priorities

In line with evolving expectations from stakeholders and global trends, Koç Holding regularly reviews its focus on sustainability issues under the "Lead. Together" strategy, in order to identify environmental, social and corporate governance related risks and opportunities. After similar studies in 2015 and 2017, the company conducted a strategic materiality analysis in 2020. The issues that have a direct impact on Koç Holding's business success within 3 to 5 years and which have been flagged to be of high importance by its stakeholders were identified as priorities.



Sustainability

In the initial part of this study, global and sectoral trends, business benchmarks, and media and investor inquiries were analyzed. In the second phase, focusing on the sectors in which Koç Group operates, key stakeholder opinions — including those of employees, investors, non-governmental organizations (NGOs), academics, international organizations, industry

organizations, and customers and suppliers - were gathered. Stakeholder opinions were received through 140 surveys, 20 of which were semi-structured interviews. Qualitative and quantitative analyses were carried out of the data obtained, following which the main components of the “Lead. Together” strategy were reviewed under the leadership of Koç Holding’s senior management.

According to the study conducted in 2020, Koç Holding meets stakeholder expectations across all the areas below.

- Digital transformation, innovation, supply chains, distributor networks, and talent management are defined as strategic issues in terms of the company’s business success.

Identifying potential material issues

- Identifying the list of topics by taking into account global trends, business examples, Koç Holding investor expectations and evaluations, and media scanning

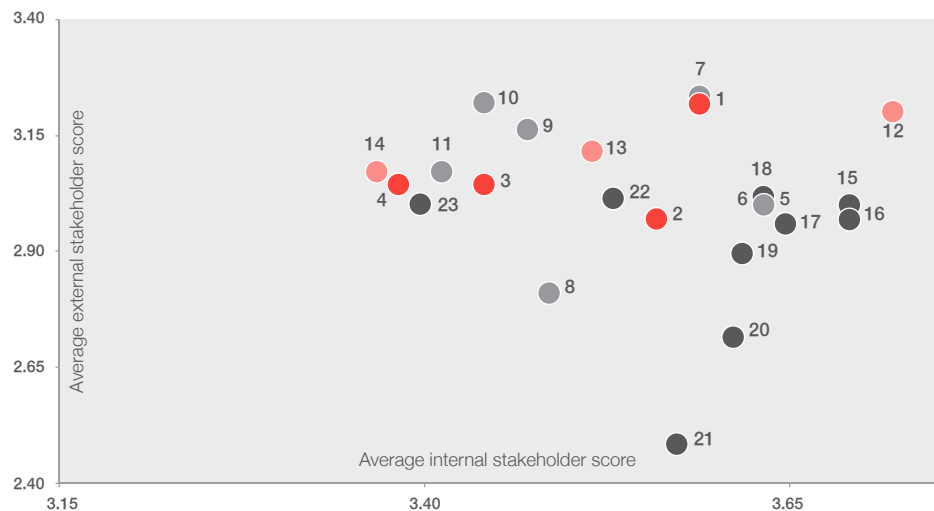
Stakeholder mapping and stakeholder involvement

- Identifying key internal and external stakeholder groups with consideration given to the diversity of sectors and subjects
- Preparing a question set to receive stakeholder insights
- Consultation of 140 stakeholders through semi-structured interviews and surveys

Evaluation of the results

- Performing materiality analysis by evaluating qualitative and quantitative data
- Identifying strategic priorities with the leadership of Koç Holding’s senior management

Koç Holding Materiality Matrix



Environmental

1. Low carbon transition and climate risks
2. Operational environmental impact
3. Clean technology and product stewardship
4. Energy use and GHG emissions

Social

5. Occupational health and safety
6. Talent management
7. Human rights and labor rights
8. Business resilience for customers & distributors
9. Contribution to social and economic development
10. Workplace diversity & equal opportunities
11. Sustainability stewardship for suppliers

Governance

12. Ethics and Compliance
13. Corporate governance
14. Corporate transparency

ESG + issues

15. Innovation culture and intrapreneurship
16. Open innovation and collaborations
17. R&D capacity
18. Cyber security and data privacy
19. Internet of things & digitalization of operations
20. Data analytics and artificial intelligence
21. Pandemic and natural disasters
22. Geo-political shifts & trade dynamics (the Green Deal)
23. Portfolio management

- Starting with transitioning to a low carbon economy and climate risks, a number of environmental issues are priority concerns for various stakeholder groups; especially NGOs, customers, suppliers, and investors.
- All stakeholder groups stated that human rights and labor standards as well ethics and compliance are of fundamental importance in ensuring the sustainability of the group's activities.

From this point on, the distribution of material issues of Koç Holding according to stakeholder priorities and business success is expressed in the strategic materiality matrix. The policies and practices regarding Koç Holding's material issues are reported in this section.

According to its "Lead. Together" strategy, the Koç Group aims to grow by taking care of people, the world and society. As stated in the materiality analysis, the Koç Group's innovative and technological power and

its access network and capabilities are the strategic elements which will enable the Group to achieve this goal.

Sustainability Management

Focusing on managing its sustainability efforts at the highest level, Koç Holding reports on progress in relation to its "Lead. Together" strategy and other priority issues within the scope of Sustainability Principles Compliance Framework of Capital Markets Board (CMB) of Turkey to the Board of Directors through Corporate Governance Committee. Tasked with the implementation of the strategy as well as coordinating with the different units across the group, the Sustainability Unit is part of the Corporate Communications and External Affairs Department, which reports to the CEO of Koç Holding.

Koç Holding adopts a holistic perspective in the execution and reporting of sustainability activities. In this respect, while the manager

reporting to the General Manager or Deputy General Manager is responsible for the relevant The Koç Group companies, the responsible works in coordination with the Company's environmental, human resources, finance, law, audit, purchasing, innovation and digital transformation teams. The relevant units in the Koç Group companies are regularly informed of Koç Holding's sustainability efforts. These departments meet twice a year to establish cross-sectoral connections, evaluate global trends and potential impacts, and share the companies' strategic priorities and best practices.

The Carbon Transition Program of the Koç Group is led by Levent Çakıroğlu, Koç Holding CEO, and coordinated by sustainability, finance and strategic planning teams at Koç Holding. The Koç Group Environment Board extends technical support to the Program, which is executed with the contributions of the



Sustainability

Carbon Transition Leaders consisting of senior executives at the Group companies and employees from various departments they collaborate with, which include R&D, environment, finance, innovation, HR, corporate communications, marketing, purchasing, strategy and manufacturing.

Koç Holding works to reinforce its position in the MSCI ESG, BIST Sustainability, FTSE4Good, Sustainalytics indices and to continuously improve its performance. Arçelik, Aygaz, Ford Otosan, Otokar, Tat Gıda, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi, together with Koç Holding, were included in the BIST Sustainability Index in 2022 having met the necessary criteria.

Stakeholder Engagement

Koç Holding aims to develop relationships based on trust through regular and long-term communication with its stakeholders. In the management of sustainability issues, it ensures the participation of employees, dealers and suppliers on the one hand, and public institutions and organizations, NGOs, international organizations and universities on the other. In this regard, stakeholder engagement as outlined in the Koç Group Sustainability Guidelines is carried out in three stages; short-term and one-off support, partnerships focused on mutual solutions, and multi-stakeholder initiatives aimed at finding solutions to complex problems. Stakeholders' views on sustainability are also included in decision-making processes through stakeholder analysis conducted at regular intervals. The frequency of stakeholder communication is determined depending on the characteristics, expectations and needs of the target audience. Accordingly, the issues,

methods and frequency of communication with key stakeholders vary as shared in Sustainability Report. Koç Holding's current Disclosure Policy, which details the communication practices of the Koç Group with its stakeholders, in particular its investors, can be viewed on the website. NGOs, international organizations, public institutions and universities are the leading stakeholders who have developed subject-oriented collaboration in managing the sustainability priorities. Within the scope of this collaboration, regular communication with institutions is maintained and common solutions are developed for sustainability issues. In addition, senior executives of the Koç Group companies direct the work of business organizations both on a sectoral and subject-oriented basis. Detailed information on the cooperation with different stakeholders, including TÜSİAD, the UN Development Program, UN Women and the World Economic Forum is included in the relevant headings of this section.

Sustainability Reporting

Koç Holding publicly discloses the developments in the Group's material issues with different stakeholders through its annual reports and its sustainability reports prepared in line with Global Reporting Initiative guidelines. In addition, indicators are regularly updated according to the prominent sustainability standards, policies and principles to the extent that the Group's data set and disclosure methodologies allow.

The CMB Sustainability Principles Compliance Framework published in 2020 sets out the basic principles which are expected to be disclosed while conducting

environmental, social and corporate governance activities in public partnerships. Attaching importance to transparent, balanced and holistic reporting, Koç Holding publishes its approach and practices with respect to the mentioned principles in its publicly disclosed Sustainability Reports and website content. Studies conducted within the scope of the principles are described in the relevant sections of the report. In addition, the content of the Annual Report is broadened along this line in 2022 as well, and the Declaration of Compliance is included in the Report. In this context, necessary alignment in relation to reporting has been achieved, and work is ongoing for attaining total compliance with the principles. The activities carried out in relation to the principles are disclosed in the relevant sections of the Report.

The publicly available sustainability performance data covers Arçelik, Aygaz, Entek, Ford Otosan, KoçSistem, Opet, Otokar, Otokoç Otomotiv, Tat Gıda, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi among the Koç Group companies. The data covered the period from 1 January to 31 December 2022, encompassing 67% of employees and 92% of combined revenues. Performance data was calculated as realized over the 11-month period and projected for the 12th month. Social performance indicators cover the period up to 30 November 2022, and Occupational Health and Safety data covered the period from 1 January to 31 December 2022.

Assessments within the scope of compliance or disclosure of the CMB Sustainability Principles Compliance Framework are included in the Corporate Governance section.

Act for the Planet. Together.

This section, which is one of the four main pillars of the “Lead. Together” strategy, is aimed at integrating environmental issues into decision-making processes. Koç Holding believes that a healthy business is not possible without a healthy world and society, and aims to manage all environmental risks and opportunities, especially climate change, from a long-term perspective.

Climate change is one of today's biggest crises with its global and unpredictable consequences. The Paris Agreement's goal to keep the rise in global temperatures to below 2°C and, if possible, to less than 1.5°C, with respect to global temperatures in the pre-industrial period, requires rapid action from governments, business and societies. In this sense, the business world has an important responsibility in adapting to changing climate conditions. The European Union's goal of reaching net-zero carbon emissions by 2050 within the scope of the European Green Deal and sustainable green recovery programs promoting a more resilient infrastructure after the COVID-19 pandemic are concrete indicators of the acceleration in this area.

In order to develop a progressive climate change agenda, it is imperative that all parties adopt a common global vision. Given that the new climate agenda presents both risks and opportunities for the global economy and society, it is necessary that innovative methods are developed with the collaboration of stakeholders to produce and roll out solutions. The Koç Group aims to be a role model for stakeholders both locally and globally with its contributions to the climate agenda.

Considering the views of the stakeholders in the materiality analysis, the transition to a low carbon economy and climate risks, clean technologies and product stewardship, energy use and GHG emissions, and operational environmental impacts will be the main areas of focus for Koç Holding for the next 3-to-5-year period and beyond.

Disclosure of Climate-Related Risks and Opportunities

Koç Holding, which is among the companies that support the Task Force on Climate-Related Financial Disclosures (TCFD), aims to manage the risks and potential opportunities arising from climate change within the framework of TCFD, to regularly disclose them to its stakeholders and to extend them across its ecosystem.

This section, which is prepared in line with the TCFD Recommendations, describes Koç Holding's approach and performance regarding each of the TCFD's thematic areas: Governance, Risk Management, Strategy, and Metrics and Targets. It also presents the Holding's strategy and business model with respect to different climate scenarios.

• Governance

Climate-related risks and opportunities are monitored and managed under the Carbon Transition Program. As of 2023, targets for climate-related risks and opportunities have been included among performance management indicators of related employees and executives including the General Managers of the Group companies. The details of the corporate governance structure can be found in the section titled Sustainability Management.

• Risk Management

Climate-related risks are overseen by the Risk Committee at the Board of Directors level. Details about risk management can be found under the section titled Risk Management addressed within Corporate Governance.

• Strategy

Carbon Transition Program

With the increasing significance of combatting climate crisis among stakeholders and the European Green Deal, the Koç Group has declared its target to become carbon-neutral in 2050. To devise the roadmap for transitioning to a low-carbon economy necessary for

achieving this target, the Carbon Transition Program has been launched across the Koç Group. Within the scope of the first focus area of the Carbon Transition Program, main transition risks and physical risks have been identified in line with the TCFD recommendations. Accordingly, main risks and financial impacts to be faced by the Koç Group and companies in the short-, medium- and long-term have been determined within the frame of different climate scenarios. Setting targets and determining roadmaps of the companies for the effective management of these risks is among the other objectives of the program. In addition to the management of risks, the intention is to seize opportunities in relation to new product and services and to implement resilient business models.

In line with its 2050 carbon neutrality target Koç Holding commits to reduce Scope 1 and Scope 2 greenhouse gas emissions by 27% in 2030 and by 49% in 2040 compared to the 2017 baseline year (7.8 million tCO₂e). Scope 1 and Scope 2 greenhouse gas emissions totaled 7.0 million tCO₂e in 2022.

An increase in global greenhouse gas emissions is expected in a critical year when supply and cost concerns such as the global energy crisis triggered by the Russia-Ukraine war and the transition to different fossil fuels in connection with rising natural gas prices are at the forefront. In addition, with the effect of increasing our business volumes to pre-pandemic levels, Koç Group's total Scope 1 and Scope 2 greenhouse gas emissions increased by 6% compared to the previous year. This rise in the short term does not affect our long-term targets, and we have achieved a reduction of 11% in our Group emissions since our 2017 base year, in our 2050 Carbon Neutral journey with our ongoing activities for emission reduction and energy efficiency in our Group companies.

In 2021, a risk analysis study was conducted at Arçelik, Aygaz, Entek, Ford Otosan, Opet, Otokar, Otokoç, Tat Gıda, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi,

Sustainability

which represent 91.3% of the Koç Group's combined revenues for the period between 2017-2021. The risk analysis of Yapı Kredi, which operates in the finance sector, was based on its entire credit portfolio within the scope of various climate-related physical and transition risks, including extreme weather conditions, national and international regulations, stakeholder expectations, changing market outlooks and emerging technologies. Details regarding the risk analysis of the companies operating in the non-finance sectors are presented on the following sections. The preliminary analysis was conducted independently by a third-party, and these analyses are regularly updated according to evolving company strategies, employing the same methodology.

Transition Risks

Transition risks are addressed under four different categories.

Policy/Regulatory Risks

Policy/regulatory risks include increases in carbon pricing, associated financial risks, and operational costs. Countries are expected to take greater action against the climate crisis as a result of rises in the carbon prices in the global emissions

trading systems along with carbon and fuel taxes and other climate driven pricing measures aligned with the Paris Agreement. These assessments take into consideration the rate of increase in carbon pricing and the level difference based on country and region.

The analysis is based on three different climate action scenarios; potential additional costs that might result for the following three scenarios have been calculated for 2030, 2040 and 2050.

The calculation of financial risks is based on current carbon pricing, future scenarios, the Group companies' GHG reduction targets and projected revenue. Possible costs associated with Scope 1 and Scope 2 GHG emissions were presented within this scope.

On the other hand, since the regulatory framework concerning carbon pricing has yet to be finalized, there is not a carbon pricing system in which Koç Holding is included. Various tools to be deployed across the Koç Group for low carbon transition are being considered and those that are deemed appropriate will possibly be put into implementation as per the strategy devised.

Market Risks

Market risks address the market-related effects on revenues. The impact of the climate crisis on the market and the risks and opportunities in products, commodities and services with regards to supply and demand are taken into account. This analysis considers the potential risks along the supply chain, and the financial risks that may arise as a result of disruptions and fluctuations in the raw material, commodity and carbon prices of Koç Group suppliers are analyzed on a sectoral basis.

Within the scope of the analysis, the supply chain of each Group company was mapped and categorized on the basis of sectors. For categorization purposes, suppliers having the highest share in the purchasing budget of each company were identified, and EBITDA at risk for suppliers was determined in relation to the carbon pricing in the scenario limiting global warming to below 2°C. The sectors where these risks will be most common are respectively, electricity producers, mining and metallurgy, oil, gas and fuels, chemistry and packaging.

Koç Holding works to establish a strategic approach in order to address market risks and reduce the supply chain-related

Three different climate action scenarios that the policy risks analysis is based on:

Low carbon price scenario	Medium carbon price scenario	High carbon price scenario
Assumes that Nationally Determined Contributions (NDC) are fully implemented, but the goals of the Paris Agreement remained elusive due to inadequate climate actions	Relies on NDCs of the Organisation for Economic Co-operation and Development (OECD), International Energy Agency (IEA) and countries and assumes that despite inadequate climate action in the short-term, temperature rise is limited to 2°C by 2100 owing to the adequacy of actions taken in the medium and long-term	Relies on OECD and IEA (2017) research and assumes that temperature rise is limited to 2°C by 2100 owing to adequate climate policies

emissions of the Group companies, as well as to disseminate projects and programs that will transform the supply chains.

Reputational Risks

Reputational risks address risks such as potential concerns and negative feedbacks from stakeholders in the event of inadequate climate action. In relation to these risks, the Group companies' sustainability strategies, their relevant sectors, their carbon intensity performances as compared to their sectors, and how the targets set overlaps with the Paris Agreement have been analyzed.

The Koç Group companies were later classified under low, medium and high-risk categories.

Technology Risks

Within the scope of the technology risks, low-carbon sustainable products and services of the Group companies, business areas facilitating a low-carbon future according to the EU Taxonomy, and investments for low-carbon products, processes and services have been assessed. It has been determined that Arçelik, Aygaz, Ford Otosan, Otokar, Tat Gıda and Tofaş have sustainable products, services and strategies for facilitating low carbon transition. Tat Gıda has been included among companies with sustainable products, services or strategies for facilitating low carbon transition, based on setting digitalization in agriculture as a

strategic priority and conducting activities to increase the efficiency in production through digitalization.

In the energy sector, Tüpraş announced the roadmap for the transition to a low-carbon economy with its Strategic Transformation Plan, which it shared with the public, explaining the investments to be made for sustainable products, services and strategies. Yapı Kredi, on the other hand, operating in the finance sector, offers financial solutions to the climate change problem with its sustainable products and services it provides.

All these studies reduce the impact of technology risks.

Physical Risks

Within the scope of physical risks, the effects of climate-related indicators on assets were examined based on three different global warming scenarios. These indicators include water stress, floods, cold and heat waves, hurricanes, fires and sea level rise.

Three different climate scenarios that have been adopted by the Intergovernmental Panel on Climate Change (IPCC) were considered within the scope of physical risks.

159 facilities of 11 Group companies¹ were included in the physical risk analysis. As the Group's facilities are assessed according

to the moderate climate change scenario, the risks with the highest impact are water stress, followed by heat and cold air waves. Floods, sea level rise and hurricanes are ranked as lowest physical risks.

Koç Holding has started to work on developing its water strategy in view of international frameworks and investor expectations.

Opportunities

In order to better understand climate-related opportunities, sectoral comparisons were made, and company-specific global best practices were evaluated. By integrating these outputs into its business strategy, Koç Group aims to assume a leading role in the low-carbon economy and creates new business opportunities by transforming its products and services.

Clean Technologies and Sustainable Products

Clean technology and innovative sustainable products with high resource efficiency and low environmental impact play an important role in the transition to a low carbon economy and offer a wide array of opportunities for the business world. Developed products and technologies support the circular production systems, helping the Koç Group companies reduce their consumption of natural resources and emissions of greenhouse gasses

(1) Arçelik, Aygaz, Entek, Ford Otosan, Opet, Otokar, Otokoç Otomotiv, Tat Gıda, Tofaş, Tüpraş, TürkTraktör

Three different climate scenarios adopted by the IPCC within the scope of physical risks:

Low-End Climate Change Scenario (<2°C):	Moderate Climate Change Scenario (>2°C):	High-End Climate Change Scenario (>4°C)
This scenario, where rapid and effective reduction measures are taken to reduce carbon emissions by half by 2050, assumes a below-2°C temperature rise by 2100.	This climate scenario assumes that carbon emissions will be down to half of their current levels by 2080, but the temperature rise will be between 2°C to 4°C by 2100.	This scenario, where existing carbon emissions remain unchanged and hence climate action turns out to be inadequate, assumes that global warming will exceed 4°C by 2100.

Sustainability

along their value chain. New products and technologies which enable companies to manage their environmental impacts more effectively also help them to increase their revenues by meeting consumer demand for eco-friendly products.

“The Koç Group Circular Economy Project” has been initiated with the aim of determining collaboration opportunities with

a circular economy focus among the Group companies, identifying needs and setting out performance indicators. In line with this, a working group has been established under the Koç Group Environmental Council.

Details of the roadmaps that Koç Group companies have put forward in line with their efforts to transition to a low carbon economy can be found on the relevant company pages.

Emission Category ^{1,2} (tCO ₂ e)	2017	2021	2022
Total Scope-1 emissions	7,572,664	6,245,166	6,710,548
Total Scope-2 emissions – market based	129,471	127,516	112,484
Total Scope-1 and Scope-2 emissions of subsidiaries of the Koç Group companies	134,671	184,271	155,431
Total Scope-1 and Scope-2 emissions of the Koç Group	7,836,806	6,556,953	6,978,463

Energy Consumption ³ (GJ)	2020	2021	2022
Net renewable energy consumption	1,374,259	1,920,530	2,413,434
Net non-renewable energy consumption	94,459,212	93,748,934	95,892,865
Total	95,833,471	95,669,464	98,306,300

	2020	2021	2022
Reduction through Energy Efficiency (million GJ)	1.04	2.19	1.71
GHG Emissions Reduced (*000 tonnes CO ₂ e)	53.93	145	284

(1) Arçelik, Aygaz, Entek, Otocar, Otokoç, Tat Gıda, Tüpraş, Yapı Kredi The emissions have been calculated in line with the Greenhouse Gas Protocol and operational control method has been chosen for the emissions calculation and reporting approach.

(2) As a result of revising the dataset and updating assumptions in the emission calculations of subsidiaries, 2017 and 2021 emissions have been updated.

(3) Includes energy consumption data for Arçelik, Aygaz, Entek, Ford Otosan, Opet, Otocar, Otokoç, Tat Gıda, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi.

• Metrics and Targets

Carrying out their low carbon transition efforts in the light of Koç Holding's target to become carbon-neutral by 2050 and the Carbon Transition Program devised accordingly, the Group companies work towards effective monitoring and reporting of greenhouse gas (GHG) emissions, and their reduction to the extent possible.

The Koç Group companies avoided 238,611 tonnes of emissions in total and secured financial saving in the amount of TL 695 million in 2022 thanks to energy efficiency initiatives introduced.

In 2021, efforts to verify Scope 1 and 2 GHG emissions at the Koç Group companies were carried out and audited by a third-party independent organization within the framework of the ISO 14064-1 Greenhouse Gas Accounting and Verification Management System. The verification process of the information on Koç Holding's consolidated greenhouse gas emissions, waste, energy and water management for 2022 continues; the verified data will be disclosed in the 2022 Sustainability Report.

In 2022, the amount of renewable energy purchased was measured to be 2.34 GJ while the amount of renewable energy produced within the Group was 4.26 GJ.

The European Green Deal

The “Green Deal” announced by the European Commission in 2019 is aimed at achieving the European Union's net-zero carbon emission target by 2050. To achieve this goal, the EU is committed to reducing its carbon emissions by at least 57% compared to 1990 levels by 2030. The Green Deal, which has the

potential to change the functioning of the global economy and international trade with the goals it has set out, is of tremendous importance for Turkey and the Koç Group, which carries out more than 50% of its foreign trade with the EU. In this sense, the Koç Group has been carrying out activities to contribute to the implementation of the Green Deal with the principle of multilateralism and to evaluate the opportunities it will create.

The Koç Group is represented by Levent Çakıroğlu in the CEO Action Group established within the World Economic Forum to define the role of the private sector in the Green Deal and to work closely with the European Commission. Koç Holding has signed the joint statement prepared by the Action Group, which includes the CEOs of more than 30 global companies, to mobilize the business world in line with the 2050 net zero carbon emission target. It is essential for the EU to formulate an inclusive perspective and adopt a multilateral approach in policy and tool development processes if the Green Deal is to achieve its goals. Taking into account its relations with EU trading partners, the Koç Group has voiced a concern on different platforms that inclusive steps should be taken towards supply chains, adding that trade partners in non-EU countries should also benefit from the funding mechanisms. It also argued that a high environmental, social and corporate governance performance would serve as a meaningful indicator in the assessment of companies operating outside the EU, and in this context, collective ESG reporting would support transparency and standardization.

The Koç Group contributes to the process of identifying and developing policies on the possible effects of the mechanisms which are planned to be implemented within the framework of the Green Deal on Turkey. The Green Deal Task Force formed under TÜSIAD is led by the Koç Group.

A working group was established within the Koç Group Environmental Council in March 2020 in order to follow developments within the scope of the Green Deal and to evaluate the potential areas of impact on the Group from an environmental perspective by examining the action plans and planned mechanisms. Furthermore, all developments regarding the Green Deal are closely monitored for the entire Group by the Carbon Transition Leaders as part of the initiatives carried out under the Carbon Transition Program.

The Koç Group Environmental Council

The Koç Group Environment Council, a platform that brings together experts in the field of the environment, energy and sustainability, is aimed at creating common knowledge in all of the sectors in which we operate. The Council coordinates work in the areas of focus. While each company carries out activities in line with the requirements of its sector, activities are carried out to implement the Group's long-term environmental strategies in the field of the environment, while environmental risks and opportunities are reviewed, regular environmental audits are carried out and necessary actions are monitored.

In line with national and international developments, the Koç Group Environmental Strategic Plan was prepared in 2020 in order to adopt a common and holistic roadmap in the Group's environmental management, to review its priorities and to manage the environmental roadmap with a systematic and holistic approach. In keeping with this plan, companies set their environmental targets and performance indicators, which are being tracked. Based on a different practice as compared to previous years, sectoral targets that are significant with respect to the Group's environmental policies also began to be monitored. Taking the vast diversity of the sectors the Group is engaged in, steps are taken which will facilitate execution of the strategies. Development of standards that will be implemented Group-wide continued also in the reporting period.

Operational environmental impacts

For efficient use of water and natural resources, the conservation of biodiversity and the prevention of environmental pollution, companies need to responsibly manage their operational impacts. The Koç Group monitors performance in water resources, waste and biodiversity in order to reduce operational environmental impacts and takes measures within the framework

ISO 14001 Certified Plants (%)

■ Ratio of Plants with Certification



Environmental Trainings	2020	2021	2022
Number of participants (employees)	32,481	38,825	41,609
Number of participants (subcontractors)	7,866	17,218	34,545
Training hours (person*hour) (employees)	58,075	125,572	32,876
Training hours (person*hour) (subcontractors)	14,578	8,538	37,555

Sustainability

of targets to effectively manage it. The Koç Group Environmental Policy provides an important framework for managing environmental impact. In addition to policies, global standards such as the ISO 14001 Environmental Management System, the ISO 50001 Energy Management System and the ISO 14064-1 Greenhouse Gas Accounting and Verification Management System are used in the management of

environmental issues. Group companies comply with local laws and regulations on environment and report transparently.

In 2022, the Koç Group's total environmental investments and expenditures, including waste costs, chemical expenses, consulting and training for environmental management, were recorded as TL 484 million. Financial

savings of TL 265 million were achieved through environmental investments and expenditures.

Managing Water Risks

In order to effectively manage the increased water risks associated with climate change, it is important to increase water efficiency in production through recycling and recovery. The Koç Group aims to reduce the use of water and the discharge of wastewater, reduce stress on water resources through resource diversification, and increase wastewater quality. Koç Holding has started to work on developing its water strategy in view of international frameworks and investor expectations.

Measures are being taken to increase the recycling and reuse of water in an effort to reduce the impact on natural resources.

Total water withdrawal by resource (thousand m ³)	2020	2021	2022
Surface Water	17,843	14,923	17,449
Groundwater	6,410	5,952	7,046
Municipal Water	1,739	2,469	2,359
Rainwater and other resources	5,824	11,401	9,795
Total	31,816	34,608	36,649

Waste by type (tonnes)	2020	2021	2022
Recycled / Recovered hazardous waste	26,192	35,058	27,186
Recycled / Recovered non-hazardous waste	272,325	317,917	261,991
Hazardous waste disposed of	6,244	4,362	4,908
Non-Hazardous waste disposed of	5,543	6,639	6,473
Amount of hazardous waste sent to landfill	947	-	-
Amount of non-hazardous waste sent to landfill	64	-	-
Total (tonnes)	311,315	363,976	300,555

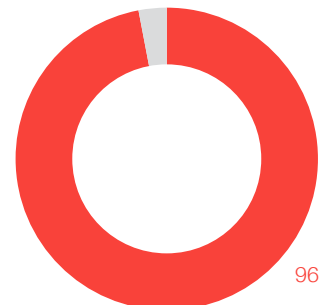
Koç Group Environmental Fines Imposed/Paid¹ (TL)

Group Company	2020	2021	2022
Tat	144,394/108,295	-	-
Tüpraş	176,998/132,748	193,035/144,776	263,032/197,274

(1) The table reports the amounts accrued for environmental fines in excess of USD 10,000 and the amounts actually paid by benefiting from early payment option.

Waste Recovery Rate (%)

■ Recycled Waste



Waste Management

Effective waste management and circular models are vital in preventing environmental pollution and reducing pressure on natural resources. The Koç Group aims to reduce waste at source and continuously increase the percentage of recycled and reused waste.

The Koç Group is a signatory of the Business Plastics Initiative, established in partnership with Global Compact Turkey, Business Council on Sustainable Development Turkey and TÜSIAD, to prevent plastic pollution which is beginning to threaten human and environmental health. Efforts towards the target of eliminating single-use plastics for individual consumption by the end of March 2023 continues, and further information will be shared in the 2022 Sustainability Report.

In addition, the Koç Group develops methods for the safe disposal of waste and supports the transition to cyclical models in the sectors in which it operates.

Partnerships

With its presence in many local and international platforms since 2011, the Koç Group represents the Turkish business world on environmental sustainability issues, especially climate change. The Group participates in the United Nations Climate Change Conference of the Parties (COP) every year. Koç Holding is also among the supporters of the Task Force on Climate-related Financial Disclosures (TCFD) and WEF Stakeholder Capitalism Metrics.

Koç Holding is also an endorsing company of the CEO Water Mandate, an initiative of the UN Global Compact, in order to align with an international framework on water management, as well as disseminate and learn from best practices at a global level.

A director-level executive from the Koç Group has been leading the Environment and Climate Change Working Group within TÜSIAD since 2015. The Koç Group also chairs the TÜSIAD European Green Deal Task Force, which was established in 2020. Through its companies and the Environmental Council, the Koç Group regularly contributes to the attitude documents and research studies developed by TÜSIAD. Koç Holding is one of the 30 global companies taking part in the CEO Action Group for the European Green Deal formed by the World Economic Forum.

Empower People. Together

The Koç Group aims to be a company which offers the best employee experience, armed with the knowledge and competence necessary to create the business models of the future. In line with its global growth vision, it strives to attract, retain and develop versatile talent in all of the countries where it operates and to strengthen the employee experience.

Since its establishment, the Koç Group has served as a role model in the sectors in which it operates, ensuring that employees reach their potential with a people first approach. The Group attaches importance to contributing to the development of its employees throughout their careers and to provide the most appropriate environment for them to succeed in an agile business environment. The Koç Group focuses on building a workplace which invests in talent and respects the rights of employees in line with Koç Group Code of Ethics and SDGs.

Human Rights and Labor Rights

The Koç Group aims to provide a fair, equal and safe business environment which respects human rights. As an establishment operating on a global scale, adopting an

approach which respects the people of its stakeholders in the societies in which it operates is a key priority. Under the Human Rights Policy, the Group acts in accordance with global ethical principles on issues such as recruitment, promotion, career development, pay, benefits and diversity, and respects it is the rights of its employees to establish non-governmental organizations and become union members of their own choice. The Group has zero tolerance to forced labor, child labor or any form of discrimination or harassment.

The Koç Group Human Rights Policy, guided by the Universal Declaration of Human Rights, takes into account various international standards and principles, such as the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the ILO Declaration of Fundamental Principles and Rights at Work, the Women's Empowerment Principles, the Convention on Worst Forms of Child Labor and the OECD International Business Directory. The Koç Group Human Rights Policy is expected to be adopted by all business partners. In addition, with the developed Supply Chain Compliance Policy, a general framework is drawn on human rights, discrimination, harassment, union freedoms, forced labor and child labor.

Employees can report any non-compliance with the Human Rights Policy to their immediate managers. In addition, they are entitled to report non-compliances to the Koç Holding Ethics Hotline via the website (<https://www.koc.com.tr/ihbarbildirim>) and the phone lines numbered 0850-577-1926, 0850-220-3845 (ETİK). Koç Holding Human Resources and Industrial Relations Division is responsible for the execution of the Policy.

The Koç Group Human Rights Policy can be found on the Koç Holding website.

Sustainability

Equal Opportunity and Diversity

The Koç Group has been working to ensure equal opportunity, diversity and inclusion for many years. In line with its Board Diversity Policy approved by the Board of Directors of Koç Holding in March 2021, Koç Holding aims to keep the ratio of the number of women members within the Board of Directors at least 30% at all times. In order to ensure equality at all levels throughout the Group, the Declaration of Equality at Work was signed in 2015; later, together with Koç Holding, 30 Group companies became signatories of the UN Women's Empowerment Principles (WEPs). Between 2015-2021, Koç Holding was one of the 10 Impact Champions of the global HeForShe movement run by UN Women. In addition, Koç Holding led the TÜSIAD Gender Equality Working Group from 2017 until 2022. Within the scope of its initiatives based on Gender Equality in Communication Guide, Koç Holding aims to eradicate judgments about gender roles in the society and to reinforce role models. Koç Holding is a global member of UN Women Unstereotype Alliance fighting detrimental stereotypes in all kinds of media and advertising contents.

In 2021, Koç Holding added a new link to its efforts in equal opportunities and diversity, and became one of the Action Coalition Leaders on Technology and Innovation of the UN Women Generation Equality Forum. Koç Holding assumed yet another important role for securing gender equality in the field of technology and innovation by announcing its commitments that will guide the efforts in this direction on a global scale. To this

end, Koç Holding started the equality movement in Technology and Innovation within the Group in 2022 as a result of which Arçelik, Aygaz, Ford Otosan, Koçfinans, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi became global commitment maker companies. During 2022, Koç Holding moved up in the leadership group of the Generation Equality Forum and has been the only private sector company selected to the Generation Equality Multi-Stakeholder Leadership Group of the Forum that will be formulating the fundamental policies worldwide for the next four years.

To date, Koç Holding has implemented a wide range of initiatives to offer equal opportunities to employees at all levels. Along this line, training programs and support systems were updated to cover all job categories to enable all employees to access the same communication tools. Through such efforts, the Group pursues gender equality in the business environment with the aim of ensuring that all positions and roles attract more female applicants. At the Koç Group, women constitute 26% of all employees. Being a conglomerate intent on strengthening woman representation in executive roles, the Koç Group's management succession plans are prepared so as to cover at least one woman successor for each position.

In order to ensure that every candidate is evaluated under equal and fair conditions during the recruitment process, gender-neutral notices are passed; in addition, the "Recruitment Accreditation" program, which is a first of its kind in the world, was implemented in order to improve the competence of recruiters.

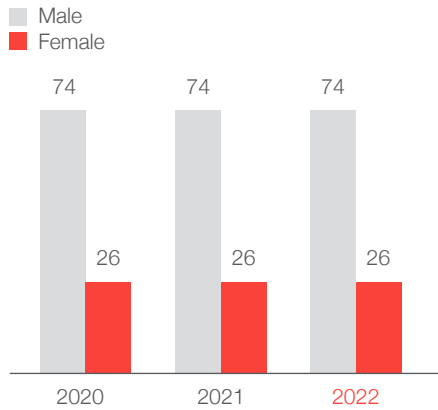
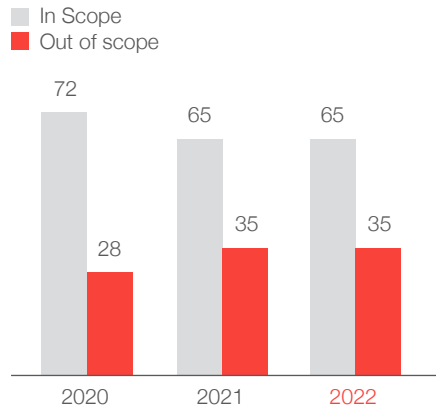
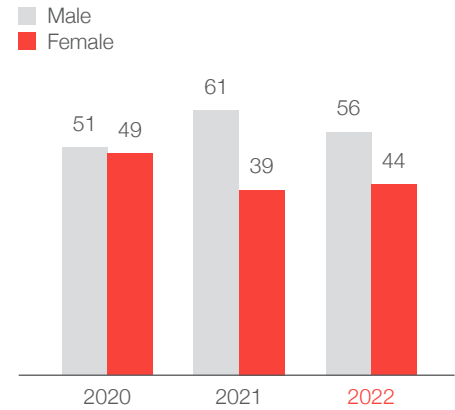
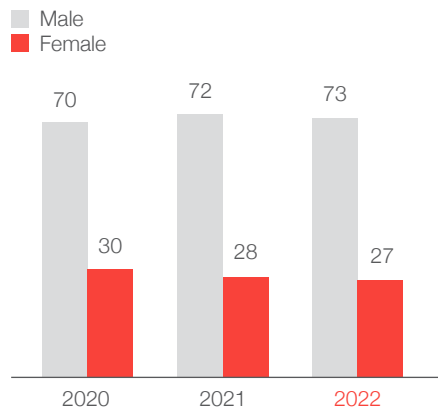
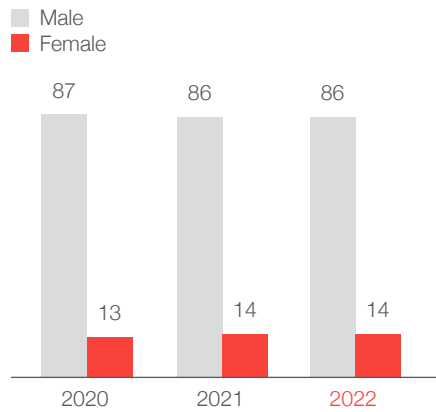
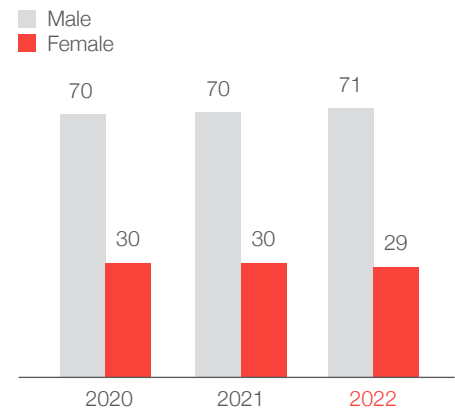
Improvements were made to counselling services offered before and after maternity leave, childcare and nursery assistance, and workplace safety. In 2022, 1,076 women employees took maternity leave and 83% of them returned to work following the end of their official leave. 18% of women employees benefit from childcare support.

Talent Management

One of the Koç Group's priorities in sustainable talent management is to attract young talents to the Group through creating a talent pool among Koç Group interns and hiring them after their graduation. 40% of the new graduates who joined the Koç Group in 2022 consisted of interns at the Group.

The Koç Group, plans the careers and developments of its talents on a yearly basis and monitors them closely along with personalized actions. The employees have the chance to work in the sector, company or function of their choice at the Group companies. Job opportunities available at the Koç Group are announced via posts on the KoçKariyerim platform. The Group's employees can apply for the roles they pursue without going through any approval mechanism and are prioritized with respect to new career opportunities. In 2022, 3,000 employees of the Koç Group participated in intra-Group rotation processes and started their new jobs in different sectors, companies and departments.

Various training and development opportunities are offered to ensure employees reach and even exceed their

Employees by Gender (%)**Unionization (%)****Promotions by Gender (%)****New Recruitment by Gender (%)****Senior Executives by Gender (%)****Middle Managers by Gender (%)**

Sustainability

potential. In addition to training in areas such as the environment, ethics and OHS, many different training programs are offered to employees for technical and leadership development in line with future business models.

More information on talent management processes can be found in the Human Resources/Talent Management Approach section.

Occupational Health and Safety

The Koç Group always strives to achieve excellence on the back of a constant improvement cycle in occupational health and safety (OHS) throughout all its operations in line with its target of zero accidents. OHS rules are regarded as an integral part of each process that touches the employees.

The Koç Group OHS Management System Procedure defines the minimum requirements of OHS topics under 20 main headings for the Group companies. The guidelines released, on the other hand,

outline the requirements for Emergency Management, OHS Performance Indicators, Work Control, Incident Reporting, Operational Risk Management, Secure Driving and Working with Contractors. During 2022, Koç Holding Occupational Health and Safety Unit led the creation of working groups on six different topics in cooperation with the Occupational Health and Safety Committee consisting of participants from the Group companies. The working groups focused on topics including Change Management, Inspection Control and Maintenance, Driving Safety for Motorcycles and Similar Vehicles, Company Support Plan Guide for Emergency Management, Behavior-Based OHS Process and OHS Management System Training.

Bimonthly OHS Committee Board meetings participated by both occupational health and occupational safety representatives of the Group companies are intended to improve communication and cooperation among teams, prevent recurrence of accidents

through information and experience sharing by all companies, and spread good practices. At the same time, critical topics that might concern all companies started to be highlighted effectively with the “OHS Alarm” sharing model launched in 2022.

In line with the “Safe Driving Standard” published in 2021, safe driving training was provided to majority of employees who are likely to drive vehicles on behalf of the Koç Group. The said training continues regularly throughout the year.

Koç Holding promotes the use of digital and innovative solutions in OHS as well. In this frame, importance is attached to using and spreading various digital solutions at the Group companies, and companies are encouraged to benefit from digitalization in their “Journey to Zero Accident”. Mobile applications facilitate reporting of unsafe acts, unsafe conditions and near misses by employees, and safety of working environments is increased with the support and involvement of employees as well.

Koç Group Employees	2020	2021	2022
Fatal Accidents	5	0	1
Injury Rate (IR)	6.07	5.98	4.47
Occupational Illness Frequency Rate (OIFR)	0.04	0.09	0.10
Lost-time injury frequency rate (LTIFR)	3.3	3.23	2.92
OHS training hours (employee*hours)	626,981	732,602	746,549
OHS training hours (employee*hours) - subcontractors	88,397	95,162	116,353

*IR = (Number of injuries in given period*1,000,000) / Total hours worked in given period.

**OIFR: (Number of occupational illnesses in given period*1,000,000) / Total hours worked in given period

***LTIFR: (Number of lost time injuries in given period*1,000,000) / Total hours worked in given period.

Strengthen Communities. Together

The Koç Group believes that a strong and stable society structure is the most fundamental factor for success in the business world. From this point of view, it has pioneered a wide array of social investments over the years and focused on large-scale programs to make a difference in the society.

The effectiveness and scalability of social investments is central in the implementation of the “Lead. Together” strategy. In this context, the Koç Group Community Investment Policy has been prepared to develop social investments within the framework of common principles. While making community investments, in line with the policy, Koç Group companies consider the following:

- whether the relevant Community Investment is compatible with the priorities and needs of the regions where business activities are carried out,
- providing a clear connection between Community Investment activities and business strategy,
- establishing strong partnerships with civil society organizations, international organizations, universities, or individuals in order to put forward applicable solutions,
- ensuring that the objective and results of the Community Investments are measurable and scalable by design, and the results have the potential to be disseminated across other businesses and regions and
- ensuring that they are aligned with social and environmental goals, as mentioned in the UN Sustainable Development Goals.

In this direction, Koç Holding has focused on the impact of rapid advances in technology on society in recent years, particularly in line with the Group’s agenda on digital transformation and innovation. Rapid changes in technology raise opposing scenarios for the future. On one hand, there may be a future which is fairer, more equal, inclusive and where everyone lives in prosperity; in the converse scenario, there may be further widening in the gap between countries, regions and societies. In order to reach the SDGs, it is imperative that all stakeholders are aware of these different scenarios and act together to ensure the positive scenario is realized.

The Koç Group aims to take maximum advantage of the opportunities offered by digital technologies. In this context, besides transforming the Group’s business, it attaches importance to creating a rippling impact on the whole society, starting with employees, dealers and suppliers; the Group conducts studies to contribute to the strengthening of all those it can reach with technology, by adapting to change.

Under the “For My Country: I Design the Future” project introduced within this context, awareness activities were carried out to draw attention to the impact of the rapid change in technology on the lives of individuals and relevant training modules were published on the KoçAkademi website. Concurrently, the Investing in 21st Century Skills in Vocational Training Project launched in partnership with the Ministry of National Education and IBM, and under the coordination non-governmental organization named Workshop; hence, a meaningful and purposeful academia-industry cooperation model and training contents were developed with the aim of helping train the

youngsters equipped with the vocational and technical knowledge and skills that will respond to the changing labor need.

In 2021, Koç Holding, in partnership with the UNDP and Koç University Entrepreneurship Research Center (KWORKS), launched BOOST Program for effectively utilizing technology and innovation for societal development and sharing the Koç Group’s experiences and learnings in this field with various stakeholders. During the period between 2020 through 2022, civil society technology acceleration and women-led technology startups were supported. In 2021, on the other hand, Koç Holding became one of the Action Coalition Leaders on Technology and Innovation of the Generation Equality Forum that steers UN Women’s gender equality initiatives.

In 2022, Koç Holding assumed a new mission in the global leadership group and has been the only private sector company selected to the Generation Equality Multi-Stakeholder Leadership Group of the Forum that will be formulating the fundamental policies worldwide for the next four years.

The Generation Equality Forum

Action Coalition on Technology and Innovation for Gender Equality

Koç Holding is one of the leaders of the Generation Equality Forum, which is established by UN Women in 2021 and which will steer the gender equality initiatives for five years. Taking place among the Action Coalition Leaders on Technology and Innovation in this context, Koç Holding has assumed another major mission towards ensuring gender equality on a global scale after the HeForShe initiative.

Sustainability

The Generation Equality Forum is a global, multi-stakeholder initiative coordinated by UN Women and co-hosted by the Mexican and French governments. The Forum brings together civil society, governments, international organizations and the business world for gender equality. Through the Generation Equality Forum, UN Women aims to accelerate progress for gender equality before 2030 in line with the vision set forth in the Beijing Declaration and Platform for Action.

Led by Koç Holding, the Action Coalition works on transformative steps and projects in technology and innovation for eradicating the obstacles to gender equality. In addition, the roadmap and five-year goals were set for global roll out. Koç Holding announced three commitments in this context:

- **“To adopt a gender-sensitive approach to innovation activities carried out under the Koç Innovation Program throughout the Koç Group, and to create a global blueprint.”**

In order to fulfill this commitment, Gender Transformative Innovation (GenderxInnovation) guide was prepared, the product of a collaborative effort of private sector and civil society organizations that are members of the Action Coalition on Technology and Innovation for Gender Equality of the Generation Equality Forum with the participation of Koç Innovation Program leaders. Work is in progress

for disseminating the learnings and results addressed in the guide to the entire innovation ecosystem, the Koç Group companies, business partners, startups, and the Generation Equality Forum global network.

- **“To endorse Koç Group Companies to carry their ongoing projects and future-oriented plans towards women and girls in technology and innovation into the global network of the UN Women Generation Equality Forum, and to become global commitment makers for solutions.”**

To fulfill this commitment, eight Koç Group companies capable of influencing their respective sectors, namely Aygaz, Arçelik Ford Otosan, Koçfinans, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi, announced their commitments globally within the scope of the UN Women's Generation Equality Forum. The companies that will lead the societal transformation in technology and innovation will reach-out to 500,000 women and girls in total with over 30 programs designed to boost women's engagement in technology and innovation by 2026. In addition, the commitment maker companies set minimum targets of 30% women representation in technology and innovation departments working in the areas of science, technology, engineering and mathematics (STEM). The exact ratios of the commitment maker companies are covered in detail on the company pages of this report.

- **“To support the collaborations with women innovators to narrow the gender gap in technology and innovation.”**

To fulfill this commitment, women-led startups were supported by the regional BOOST program, a joint initiative of UNDP and Koç Holding, and implemented in partnership with Koç University Entrepreneurship Research Center (KWORKS). The program brought different experiences and expertise together on an international and national scale. While the implementation partner of BOOST in Turkey is KWORKS, StartUp Grind, the world's largest global entrepreneurship community, is one of the program's international implementation partners.

Under the BOOST: Women Innovators program, nine technology startups were provided one-to-one mentoring support in leadership, business development, impact and behavioral insight. While one participating innovator received a grant, investor presentation preparations have been completed for all participants and investor meetings have been organized. Work is ongoing to scale up learnings and experiences from the program among the regional and global innovation ecosystems.

Grow the Business. Together

Issues related to innovation and digital transformation are among the key material issues, especially in terms of business success, in parallel with the Koç Group's "Lead. Together" strategy. Under the general headings of innovation and digital transformation, data analytics and artificial intelligence come to the forefront as priority topics, as well as innovation culture and intrapreneurship, Internet of Things and process digitalization, cybersecurity and data security, R&D capabilities, open innovation and partnerships. The Koç Group Digital Transformation Program, Koç Innovation Program and R&D activities are detailed in related sections.

Supply Chain Sustainability

The Koç Group has the potential to generate positive impact and change in the value chain in different sectors thanks to its global operations. In this vein, the Group aims to lead positive change in society by creating value for all segments of the population with impact-oriented business models. It is responsible for ensuring that each link offers its products and services in accordance with international standards, laws and regulations throughout the value chain.

The Koç Group companies strive to provide the best service to their customers. Accordingly, they develop customer policies in the sectors which they operate in and work to a principle of responding to all kinds of requests and complaints and adapting accordingly. The Koç Group Code of Ethics provides guidance to the Group's business partners, suppliers, dealers and contractors. At the same time, the

Supply Chain Compliance Policy sets out a general framework on human rights, occupational health and safety, and environmental and ethical issues. By encouraging business associations, business partners, suppliers, dealers and contractors are supported in the quest to improve production quality, increase their awareness of the environment and human rights, and establish a strong company culture based on Code of Ethics. For this purpose, suppliers are given trainings on environmental, ethical and social issues. In 2022, a total of 17,201 hours of training were provided to suppliers and dealers through training programs.

A "Supplier Audit Program" is in place to ensure that all supply chain operations comply with company standards. During the audits carried out within the scope of the program, quality and product safety assessments are performed with a focus on social, environmental and ethical criteria. In 2022, 10% of the 23,932 suppliers were audited.

Using Arçelik Sustainable Supplier Index developed in-house, Arçelik launched the Supplier Sustainability Data Monitoring and Development Project for those that are determined as critical material and OEM suppliers. In this context, critical suppliers are subjected to ESG audits and

they undergo business ethics audits as per the Global Responsible Procurement Policy. The audits conducted pursuant to the Policy verifies suppliers' conformity to Arçelik's requirements in various aspects including regulatory compliance, working conditions, human rights, occupational health and safety, environment and so on. Corrective actions are planned and followed up for any noncompliance. The Digital Education Platform initiated in 2021 for providing sustainability education to a larger number of suppliers went live in 2022, whereby training content on 10 different topics were made available to suppliers. More information can be found in Arçelik Sustainability Reports and Annual Reports.

Ford Otosan, on the other hand, designed the Supplier Sustainability Evaluation and Development Program. Under the Program, identified suppliers are required to complete sustainability self-evaluation process, with the aim of instigating in them awareness of the issue. For those determined as critical suppliers, data are required to be verified by an independent audit company, and on-site audits are conducted to establish the risk level of critical suppliers. It is also targeted to provide ESG education to suppliers. More information can be found in the Ford Otosan Sustainability Report.

Hours of Training to Suppliers	2020	2021	2022
Ethics	918	353	1,069
Environment	15,559	4,335	12,828
Social	1,675	4,479	2,485
Total	18,152	9,167	16,382

Compliance Program



Our corporate principles and universal values upon which the Koç Group is founded, and our ethical approach to business conduct placing the human and the society we live in its focus are captured in all our processes in business life.

In addition, the diverse sectors covered in the Koç Group's portfolio and its growing geographical span require compliance with a high number of local and international legal rules and regulations.

In consideration of all the above, a comprehensive Compliance Program was launched in 2021 for more systematic monitoring of compliance risks. Also intended to more effectively respond to local and international stakeholders' expectations and conducted with the motto "We do the right thing", the Compliance Program is the set of guidelines, policies and procedures designed to determine and manage compliance matters of the Koç Group with a risk-based approach.

The Compliance Program guarantees the implementation of corporate compliance culture and the standards documented across the Koç Group with the involvement of all employees. The components of the Compliance Program and the composition of these components are shown in the image on page 59. The Koç Group Code of Ethics and other compliance policies are intended to serve as a guide for all the Koç Group companies, employees, those acting on behalf of the Group and our business partners.

The Koç Group's liabilities under the Compliance Program are not restricted solely to compliance with compulsory regulations or contractual obligations; they also encompass commitments to comply with contracts with third parties, organizational standards such as policies and procedures undertaken by the Koç Group or those that are voluntarily assumed.

Departments or employees in charge of compliance at the Koç Group Companies within the scope of the Compliance Program supported by the senior managements of Koç Holding and

the Koç Group have been designated. These individuals, together with business units, are responsible for periodically carrying out compliance risk assessments and for analyzing the compliance risk exposure of activities, employees and/or business partners along this line. Once these steps are completed, additional policies and procedures are prepared, or adapted to the Group companies, as the case may be. The documents and workflows in force are updated, and regular compliance training is offered on topics deemed to be risky. In this context, "Systematic Compliance Risk Assessment" efforts were initiated in 2022, which are closely monitored by Koç Holding Legal and Compliance Department. Actions taken for identifying and minimizing compliance risks with a potential impact on the Koç Group are followed up in cooperation with the departments or employees in charge of compliance at the related Koç Group companies, and the results are presented to Koç Holding Risk Management Committee.

Code of Ethics
& Compliance
Policies

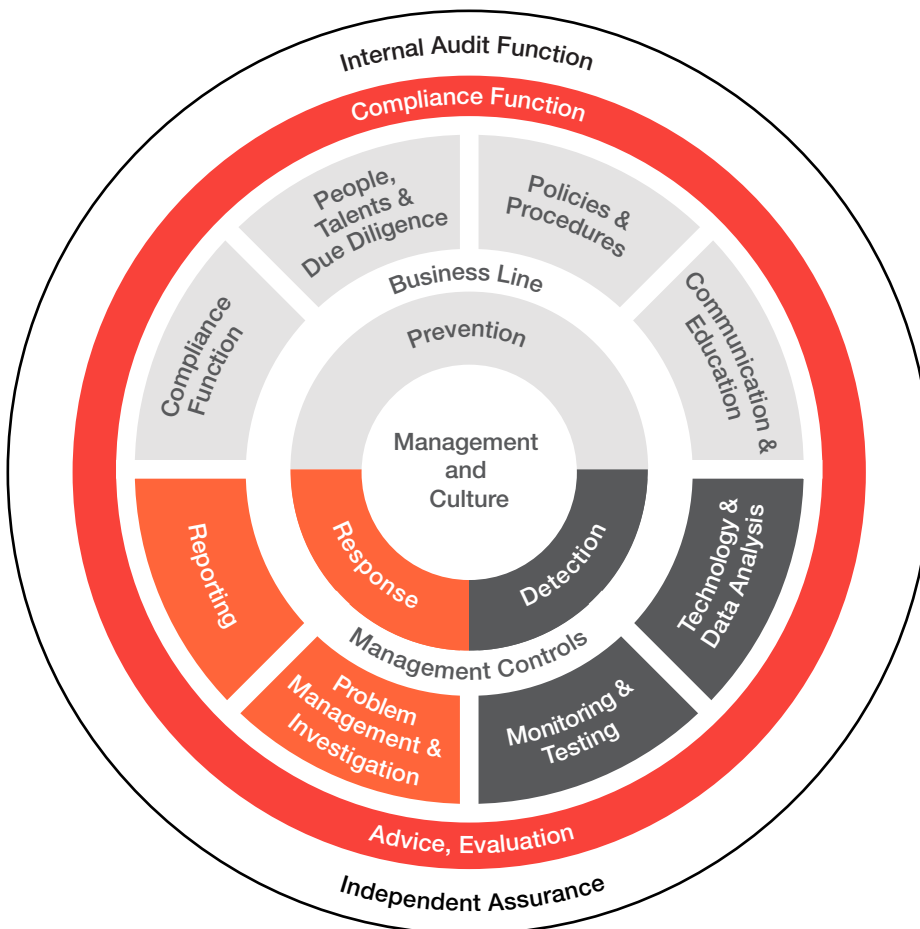


The reporting mechanism (the Ethics Hotline) for establishing any violation of the legislation in force, the Code of Ethics or other Compliance Policies is open to all stakeholders of the Koç Group all over the world, in particular all the Koç Group employees, as well as the Koç Group's business partners. The Koç Group Ethics Hotline is available in more than 50 countries, in 34 languages online and in 19 languages on the phone. Support is provided from independent service providers for the ethics hotline service that allows unanimous reporting, and the Group's employees are protected against potential retaliation in connection with their reports.

Koç Holding Legal and Compliance Department oversees the compliance activities across the Koç Group and aims to make sure that the compliance risks with the potential to affect the Group are identified, necessary measures are adopted and the Compliance Program is implemented effectively, equally and consistently across the Group. Communication activities have been carried out and training organizations have been held for ensuring that the Compliance Program is embraced by all stakeholders and for consolidating the compliance culture across the entire Group. Accordingly, interactive online trainings were provided to all Koç Group employees on core compliance risk areas under

the following topics: Code of Conduct, Prevention of Laundering the Proceeds of Crime (Anti-Money Laundering), Anti-Bribery and Corruption, Sanctions and Export Controls, Competition Law and Personal Data Protection. Moreover, compliance awareness studies and presentations were provided. Compliance officers working at the Koç Group companies, on the other hand, receive technical professional trainings.

The Koç Group Code of Ethics, as well as the Compliance Policy and other compliance policies for further details about the compliance organization can be found on the websites of Koç Holding and the Koç Group companies.



Digital Transformation Program

The Digital Transformation Program has been a crucial element that helped the Group achieve successful business results.

Digital Transformation Themes and Initiatives

Work is ongoing at full speed within the scope of the Digital Transformation Program initiated in 2016. The activities under the program that entered its seventh year have taken place among the key elements that helped the Group companies attain successful business results in the reporting period when we achieved a high performance. The work undertaken is important also in terms of global competitiveness and preparedness for the imminent changes anticipated.

Under the Digital Transformation Program, all the Group companies developed and implemented projects on digital technologies such as advanced data analytics, machine learning, artificial intelligence, natural language processing and the Internet of Things, and on various themes including customer experience, smart manufacturing, operational efficiency and so on. There was a total of more than 1,800 projects within the Digital Transformation Program as of the end of 2022. Most of these projects have been completed.

Digital Marketing and Customer Experience

Getting to know the customer better by evaluating data in both the digital and physical world, and thus offering products and services aligned with their needs and preferences at the right time, through the right channel and at right conditions via a completely new experience is among the primary objectives of many group companies.

Example: With the MoNa service platform developed in-house, **Koçtaş** started offering the most advantageous price to consumers, in addition to higher speed, quality and control in shipping and assembly services. Koçtaş has become the only brand to offer structured and traceable service for thousands of products sold.

Digital Supply Chain and Manufacturing

The core business of nearly half of the Group companies is manufacturing. The technologies summarized under the concept of "Industry 4.0" in this field go beyond traditional automation and robot usage, and offer the opportunity to improve all processes including products, services and design, based on customer requests, suggestions and complaints. The Group's manufacturing companies strive to take advantage of these opportunities at the highest level and bring suppliers to the same level.

Example: **Arçelik** achieved process and data traceability with the in-house developed digital platform rolled out across 20 plants in total,

which systemically records and tracks manufacturing and maintenance operations. This also enabled analyzing failures and maintenances, and identification of improvement areas. Traceability of periodic maintenance plans served to reallocate and reduce unproductive labor spent for incidental maintenance to scheduled maintenance. Mobile-compatible interface of the platform helped secure continuous use by the field team.

Digital Lean Workplace

Ensuring that the processes other than manufacturing are lean and pave the way for employees to focus on more value-added activities by facilitating their daily work with digital technologies has contributed to the success of the Group companies, by increasing not only the efficiency but also the employee satisfaction.

Example: **Tofaş** made its procurement process and materials flow visible by developing a digital platform integrated with its suppliers and shippers. The autonomous system developed reduced human error probabilities and introduced preventive risk management. In addition, operational tasks were decreased, freeing up resources for value-added activities.

Group Wide Supportive Activities

Themes that are of common interest to several Group companies are handled under the leadership of Koç Holding.

Data and Analytics

In the context of the Digital Transformation Program, data analytics is of particular significance among the technologies benefited by Group companies. Group companies have continued to increase the discipline of data driven decision making and doing business, which emerges through the use of advanced data collection and analysis opportunities brought about by technology. KoçDigital, established to be the driving force of the Koç Group's Digital Transformation journey, continues its activities intensively. Together with its expert teams in the fields of data analytics, image processing and the Internet of Things, it has become a solution partner for both the Group companies and external companies.

Example: **KoçDigital** introduced a new generation data sharing service aimed at secure receipt of external data that is gaining ever-increasing importance, their conversion into insights, and acceleration of AI-backed transformation. Data and AI-driven decision-making contribute to customers' transition to digital transformation and data commercialization.

Industry 4.0

The manufacturing companies within the Koç Group continue to focus on increasing efficiency in production by following up the technologies in the field of Industry 4.0. The Group companies continue to boost the usage of Internet of Things technology at their facilities both domestically and overseas. At the end of 2022, two out of every three manufacturing facilities within the Group were being managed by end-to-end IoT platforms. In recognition, the activities of the Group companies are cited as examples also at a global level.

Digital New Initiatives

New business models and ideas that emerge during digital transformation and innovation studies are evaluated, partly by related companies and partly by İntertram, Koç Holding's startup technology investment company.

Example: A strategic step has been taken in electric vehicle (EV) charging station network operation, and **WAT Mobilite** was incorporated which will handle technology and operations investments. **KoçDigital** capabilities have been used in the establishment phase of the company that targets to make a global impact in power electronics and software-based EV charging technologies.

Cultural Transformation

Cultural transformation efforts are undertaken with the vision of leadership in the digital world and embrace all employees and the wider ecosystem.

Awareness and Communication

"KoçHub", which is the Koç Group's new generation interaction and communication platform, has been adopted by the Group employees, and expanded their sharing under 1,886 different groups on this platform.

Within the scope of the "For My Country: I Design the Future" program, which is the new phase of the "For My Country" project, work continues to ensure that the employees and the stakeholders in the ecosystem can take advantage of the opportunities brought by the digital transformation.

Competency Development

- Training programs were implemented for Group employees where they learned "Low Code / No Code" software programs that enable software development by writing no or simple codes, and generated digital solutions specific to their work-related needs.
- Participation in special online training programs on data analytics, programming, digital marketing, autonomous vehicles, machine learning from Udacity and on strategy and leadership from Harvard Business School Online continued.

Digital Transformation Program

- The “Personal Development Program” for senior executives was continued, aiming to develop their adaptive leadership competence and vision for the digital world.
- Digital transformation-oriented online education programs, which are offered by the Columbia Business School, the MIT Sloan, the University of Oxford, the London School of Economics, the University of Cambridge and the University of Berkeley, continued.
- The Modular MBA Technology and Innovation Management Specialization Program continued to be offered by Koç University, which is focused on the subjects required by digital world and geared towards the employees working in engineering.

Community Initiatives

The Koç Group’s global scale, the relationships it has built with stakeholders, digital transformation and innovation initiatives within the scope of Cultural Transformation Program offer opportunities that can contribute to combating the wildfires using innovative technologies.

Action was taken for solution-oriented permanent steps by taking the remedial efforts and initiatives further in the aftermath of the wildfires in 2021. In this vein, it was suggested to employ the Group’s competencies in artificial intelligence area in line with the needs of the Directorate General of Forestry.

Wildfire disaster management calls for express conveyance of information and rapid decision-making. In this process, various big data sources are also utilized such as digital maps, satellite images, real-time weather data etc. in addition to the artificial intelligence capability.

Joining forces with the Directorate General of Forestry, KoçDigital created an advanced analytical model that will not only predict wildfires but will also develop logistical planning suggestions for extinguishing possible fires.

An initiative in this field is being led at the World Economic Forum’s AI and Machine Learning Platform in San Francisco. The model developed by KoçDigital uses more than 400 variables in 14 different data sets, which makes the model the most solid project implemented in the world according to the World Economic Forum, which helps spreading the project by forming a community of multidisciplinary experts from all over the world for technology collaboration. This project is unique also in that it is the first-ever research and development activity carried out at World Economic Forum’s AI and Machine Learning platform.

Intellectual Property

Turkey's largest intellectual property portfolio with

- > 7,000 trademarks
- > 2,500 patent families
- > 4,700 patents
- > 1,000 industrial designs
- > 4,700 internet domain names

The Koç Group derives its growing competitiveness from the innovations it achieves in all fields. Therefore, the Koç Group's intellectual property rights constitute one of its most important drivers of growth, competitiveness and profitability.

With the goal of increasing value for investors, the Koç Group places great importance on intellectual property management.

The Koç Group's intellectual property rights strategy:

1. Maximize use of the intellectual property rights system to obtain a sustainable competitive advantage and achieve strong business results
2. Protect game changing innovations and strong brands in markets of operation
3. Create value by managing the intellectual property portfolio aligned with business goals
4. Commercialize intellectual property through acquisition, sale or licensing and be open to partnerships
5. Respect intellectual property rights of others

The Koç Group is the first group in Turkey to have established and publicly shared an intellectual property strategy. Koç Holding initiated the "Koç Intellectual Property Management" project to implement its intellectual property strategy and achieved important results.

The Group maintains and monitors its growth in intellectual property by setting various goals at the Group and individual company level. In addition, the Group continues to work on various initiatives to transform the investments made in intellectual property rights into value.

The Koç Group intellectual property rights portfolio - consisting of over 7,000 trademarks, over 2,500 patent families and over 4,700 patents, more than 1,000 industrial designs and over 4,700 internet domain names - is the largest and the most important one in Turkey. In addition, Koç Group companies review this portfolio every year and are working to keep it in such a mixture that it will further support their business goals.

The Koç Group companies filed over 1,300 patent and utility model applications in the last 5 years including 239 in 2022.

The Koç Group leads many initiatives to develop Turkey's intellectual property rights ecosystem and widen their use in the commercial arena. The Group also shares its experience through various seminars and conferences.

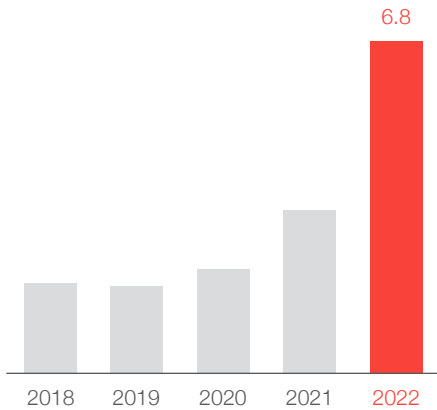
Research and Development (R&D)

The Koç Group companies get ahead of competition and preserve their leading positions with their patented proprietary technologies, and innovation and R&D capabilities.

Total R&D Spending of Koç Group Companies (TL billion)

139%

CAGR between 2018-2022



Attaching tremendous importance to achieving growth that is driven by technology, R&D and innovation, the Koç Group allocated approximately TL 6.8 billion to R&D in 2022. The Koç Group is responsible for approximately 7%¹ of the total R&D expenditure in Turkey's private sector, and with 35 R&D centers, one design center and eight technopolis R&D offices, it has the highest number of R&D centers of any group in Turkey. The Koç Group employs 6,218 R&D personnel, corresponding to 4%² of all personnel working in R&D in Turkey's private sector.

Koç Holding and Ford Otosan were 2 of the 3 Turkish companies included in the European Commission's "2022 EU R&D Scoreboard" report comprising the world's top 2,500 R&D investors³.

European Union (EU) Projects

While the Koç Group hosted Horizon Europe Program Private Sector Awareness Raising Event, Koç Holding launched a specific mentoring program for its stakeholders in 2022.

The Group companies took part in 72 projects under EU Horizon 2020 and Horizon Europe programs and 17 under the Eureka program.

Three Koç Group companies, namely Ford Otosan, Arçelik and Tofaş, were placed in the top ten in the list of the "Most Successful Turkish Industrial Organizations

in Horizon Europe" published by TÜBİTAK (the Scientific and Technological Research Council of Turkey)⁴.

- 7 Horizon Europe projects of **Arçelik** on various topics including sustainability, artificial intelligence, robotic, and energy management qualified for grants.
- **Ford Otosan's** projects Escalate, Zefes, NextEtruck, HiPe, Batraw and Rhinoceros that deal with subjects like fuel cell and battery technologies qualified for grants in 2022.
- **Ford Otosan's** MatDeMA project was admitted under M-ERA.NET.
- EXPAI Smart Industry project in which **KoçDigital** is engaged received ITEA 4 label and successfully passed the first phase.
- **Koç Bilgi ve Savunma** filed an application under the Horizon Europe program in the capacity of consortium leader.
- Application was filed in response to Eureka open call for the Smartravel project jointly participated by **KoçSistem**, **Setur** and **Yapı Kredi Teknoloji**.
- EXPAI project of **Koçtaş** successfully passed the first phase in ITEA3.
- **Setur** took part in an application in Turkey-France bilateral cooperation call.
- "CoachHyfied" project participated by **Otokar** and **Ford Otosan** represents the first grant Turkey received in this field from EU.
- SOLARHUB and PV4Plants projects of **Tat Gıda** qualified for grants under Horizon Europe program.

(1) Based on TurkStat "Gross Domestic Expenditure on R&D by Sectors and by Funding Source" 2021 data.

(2) Based on TurkStat "R&D Personnel by Professions and by Sectors" 2021 data.

(3) https://iri.jrc.ec.europa.eu/scoreboard/2022-eu-industrial-rd-investment-scoreboard#field_data

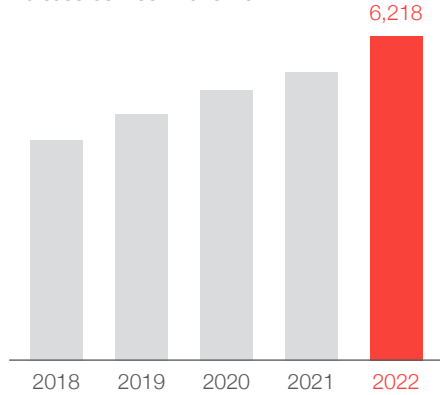
(4) <https://ufukavrupa.org.tr/en/most-successful-turkish-industrial-organizations>

The Koç Group is responsible for approximately 7% of Turkey's private sector R&D expenditures.

Total R&D Employees of the Koç Group Companies

42%

Increase between 2018-2022



- The NextBMS and HARTU projects of **Tofaş** qualified for a grant under Horizon Europe program.
- **Tofaş** conducts 5 framework program projects with partners from its supplier ecosystem, two of them under Horizon 2020 and three under Horizon Europe.
- **TürkTraktör** carried on with OXILATE and EFICAS projects supported under the ITEA program.
- In response to Horizon Europe call on Clean Hydrogen, an application was filed with a consortium coordinated by **Tüpraş** and participated also by **Entek**, **Arçelik**, **Ford**, **Aygaz**, **Otokar** and **Opet**.
- The third call was made for Horizon 2020-funded "REACH" project, in which **Yapı Kredi Technology** is a stakeholder.

Innovation Collaborations, Projects and Platforms

- **Arçelik** claimed the first place in the performance index that evaluated large scale R&D centers during the R&D and Design Centers and Technology Development Zones Summit held by the Ministry of Industry and Technology. **Ford Otosan**, on the other hand, was placed third in the R&D center rankings employing the highest number of new R&D employees.
- "**Arçelik** Frontier Research Laboratory for Advanced Materials, Filtration and Hygiene Technologies" funded under the TUBITAK 1515 program was opened.
- **Arçelik** Garage Innovation Hub organized its maiden "Open Innovation Day" participated by a large number of startups, business leaders and investors from around the world and Turkey.
- **Arçelik-LG** launched the "Allergen Smart Plus Project" which has anti-allergic properties, PM 1.0 sensor and ionizer.
- **Aygaz** is working on two projects on IoT-based devices and LPG-based devices product family for the cylinder gas sector within the scope of TEYDEB 1707 call.
- **Ford Otosan** carries out activities geared towards its carbon reduction targets under its "ReCube" project.
- "Electric Vehicles Training Program" protocol was signed by and between **Ford Otosan** and İstanbul Technical University.
- "TÜBİTAK 1004-MAESTRO-Micro Medical Technologies Platform Project", in which **Koç Yaşa** takes part and which is co-conducted with METU MEMS, qualified for a grant.
- Project 1505 to which **Koçfinans** applied together with Kadir Has University and project 1005 to which **Koçfinans** applied together with MEF University qualified to be funded by TUBITAK.
- **Koç Bilgi ve Savunma** developed "Sonarfish", Turkey's first submarine sonar test and qualification system", and delivered it to the Naval Forces.

- **Koç Bilgi ve Savunma** developed and delivered Turkey's first emergency underwater phone for Preveze submarines.
- **KoçSistem** was one of the stakeholders in the realization of the "Mukayese" application within the scope of the Turkey Open Source Platform's "Turkish Natural Language Processing Project".
- Together with Netax and Patika companies, "TÜBİTAK 1707-TEYDEB Order-Based" R&D projects qualified for funding.
- **Otokar** broadened its electric bus range with 6-meter and 18.75-meter city buses.
- **Setur** completed the studies on its public-funded interlining (flight routes optimization) and ROBTI (natural language processing) projects.
- **Tofaş** provides mentoring support at the technology-driven startup center via ULUKOZA, a brand of Uludağ University Technology Transfer Office.
- **Tüpraş** joined "Hydrogen Europe" and "Water Europe" clusters, Europe's leading clusters in their respective fields.
- Turkey's first robotic system capable of performing live tank bottom inspection was developed within the scope of TUBITAK 1707 in which **Tüpraş** takes place.
- Studies on precise farming applications continue by a collaboration of **TürkTraktör** and **Koç Bilgi ve Savunma**.
- **WAT Motor** finalized 1 project under the TÜBİTAK TEYDEB 1501 program. The company continues to work on one project each under HAMLE 1511 and TEYDEB 1707 Order-Based R&D.
- **Yapı Kredi** Fast FRWRD Accelerator Program was commenced, which extended support for the growth of startups through support packages devised according to their needs.
- **Yapı Kredi Teknoloji** and **Yapı Kredi** co-organized an innovative ideas competition in relation to Metaverse.

Energy

With our investments, strong brands and customer focus, we are the energy of a growing Turkey.



Energy

Developments in the oil sector

Brent oil price started 2022 in the order of USD 79.0 per barrel. All energy prices and especially oil price soared due to the sanctions against Russia, Europe's main energy supplier, in retaliation for Russia's invasion of Ukraine. After hitting its highest daily value since July 2008 at 138 USD/barrel on 8 March due to the concerns over supply, Brent oil price took a fluctuating and downward direction in the second half of the year in connection with aggravated recession concerns and came to 81.3 USD/barrel at the end of December. At 101.2 USD/barrel, the annual average price of crude oil was 43% higher than it was in 2021.

With respect to product margins, all white product margins increased as a result of deteriorated supply/demand balance, and diesel, jet fuel and gasoline margins hit historic peaks, which positively reflected on refineries' profitability.

According to Energy Market Regulation Agency (EMRA) data, jet fuel demand in Turkey was up 38% year-on-year to 4.7 million tonnes and gasoline consumption increased by 9% to 3.3 million tonnes as of end of December 2022, while diesel consumption was down by 7% to 24.5 million tonnes.



Developments in the electricity sector

According to Turkish Electricity Transmission Corporation (TEİAŞ) data, of the installed power generation capacity in Turkey, 30% consisted of hydroelectric power plants, 24% of natural gas power plants, 21% of coal power plants, 11% of wind power plants, 9% of solar power plants and 4% of other renewable and thermal power plants at the end of 2022. Electricity consumption in 2022 in Turkey was 1.3% lower than the previous year and was recorded as 328.7 TW hours.

Developments in the LPG sector

Turkey is the 10th largest LPG market in the world and the 2nd largest in Europe. According to the World LPG Association (WLPGA) data released in 2022, Turkey is the 2nd largest in the world in autogas consumption after Russia. Turkey also has the world's largest LPG vehicle fleet and the widest LPG station network.

According to EMRA's data LPG consumption was down by 1% year-over-year to 3.9 million tonnes, and the autogas market decreased by 1% to 3.1 million tonnes, whereas cylinder gas market declined by 13% to 0.6 million tonnes as of December 2022.

In 2022, Turkey's total LPG demand was split as 80% autogas, 16% cylinder gas and 4% bulk.



The Koç Group in the Energy Sector

Koç Group continues to play a leading role to meet Turkey's demand for petroleum products.

Companies and Domestic Positions

Tüpraş

Turkey's **biggest refining capacity**

Aygaz

#1 LPG distribution company

#1 Cylinder gas

#1 Autogas

Opet

#3 Fuel distribution company

Entek

The thriving player in the electricity generation sector

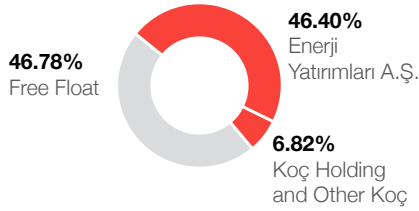
Competitive Advantages

- High refinery complexity
- A wide range of crude oil processing capability
- Close proximity to oil producers in the Middle East
- A strong logistics advantage with marine and rail transport fleet
- Further added value to the transmission and sales chain with the London-based trading company
- Qualified work force
- High storage capacity
- Widespread LPG and fuel oil distribution network
- Strong brand value
- High and sustained customer satisfaction
- Good practices in sustainability

Tüpraş is the largest industrial company in Turkey.



Ownership Structure



Domestic Position

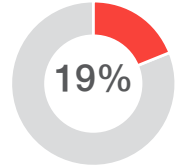
75% of Turkey's **refining capacity**
Leader in petroleum fuel products
 market consisting of gasoline, diesel, jet fuel and fuel oil

International Position

The **7th** largest **refining capacity** in Europe and **30th** largest in the world

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) ¹	Profit/(Loss) Before Tax	Net Profit/(Loss) ²	Share of International Revenues
481,764 +216% (2021: 152,492)	57,451 504% (2021: 9,510)	39,875 1591% (2021: 2,358)	41,045 1074% (2021: 3,495)	



(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

(2) Net profit/loss attributable to the equity holders of the parent.

Non-financial Indicators

ESG Commitments

- GHG emissions reduction in Scope 1 and 2 (baseline year: 2017):
 - Targets: 27% in 2030, 35% in 2035, 49% in 2040, Carbon Neutral in 2050 (12% reduction as of 2022)
- Commitment for % of women on board: 25%¹ in 5 years (2022 year-end: 18%)
- Target for % of women in new recruitments: 50%.
- Commitment for increasing % of women working in STEM positions (2021 baseline year: 23%, 2022: 25%, 2026 target: 40%)
- Commitment to reach 100,000 girls by 2026 STEM Women in Technology and Innovation Program

International Platforms

- Task Force on Climate-Related Financial Disclosures (TCFD)
- UN Women's Empowerment Principles (UN WEPs)
- Action Coalition Leaders on Technology and Innovation of the UN Generation Equality Forum
- Hydrogen Europe
- Water Europe

Sustainability Indices

- BIST Sustainability Index
- Refinitiv
- Sustainalytics ESG Rating
- MSCI ESG Rating
- Bloomberg Gender Equality Index
- FTSE4Good
- V.E (Moody's ESG Solutions)

(1) Policy acceptance date: March 2021

Website



Annual Report



Sustainability Report



Established in 1983, Tüpraş has a total refining capacity of 30 million tonnes with its four refineries located in Kocaeli, İzmir, Kırıkkale and Batman. Tüpraş is the largest industrial company in Turkey with the added value and revenue that it generates.

Sales volume in 2022 amounted to 29.5 million tonnes.

Tüpraş fulfilled its mission to meet our country's energy need adhering to its safe facility understanding, and recorded a 92% capacity utilization rate with a total charge of 27.6 million tonnes, including crude oil and semi-finished products, and produced 26.0 million tonnes of products in 2022. While meeting most of the country's demand with 23.5 million tonnes of domestic sales in connection with recovering demand, a total of 29.5 million tonnes of sales volume was achieved including exports and transit sales.

In this period of increased global volatility, Tüpraş carried on with balance sheet management on the back of disciplined and effective financing policies; hence, financial performance ratios remained strong. With its qualified human resources and global competitiveness, Tüpraş continues to create added value for its shareholders, business partners and for Turkey as a whole.

Steps taken in the strategic transformation journey

While Tüpraş of the future is being built with the motto "Energy to the Future" by pursuing the balance between a sustainable world and life, the roadmap for the transformation of products and services was set in a manner to respond to all stakeholder expectations. The



Strategic Transformation Plan focuses on four business areas:

- Energy Efficiency and Decarbonization Projects that will enhance operational efficiency for sustainable refining and reduce Scope 1 and Scope 2 emissions,
- Sustainable Aviation Fuel Production,
- Zero-Carbon Electricity Generation,
- Green Hydrogen Production.

According to this plan, Tüpraş targets to reduce its Scope 1 and 2 emissions arising from its refining operations by 27% by 2030, 35% by 2035 on the back of investments in progress, and 49% by 2040 compared to 2017 baseline year, to finally become a carbon-neutral energy company in 2050.

Within the scope of sustainable refining, 52 energy efficiency projects were carried out at Tüpraş refineries in 2022, which resulted in 315,515 Gcal energy saving annually and 73,199 tonnes of CO₂ emissions reduction. These investments reduced CO₂ emissions by 12% at year-end 2022 as compared to 2017 baseline

year. The energy intensity index value used to measure the energy efficiency performance of the refineries in the world was decreased to 95.0 in 2022, translating into a 24 points improvement from 2008 to date.

As the first step towards its target of becoming the leader in Turkey's zero-carbon electricity generation, Tüpraş took over Entek company that has a capacity of 442 MW and owns 8 hydroelectric, one wind and one natural gas combined cycle power plants in 2022. As per the Regulation on Electricity Market Storage Activities published on 19 November 2022, Entek filed an application with the Energy Market Regulation Agency for a preliminary license for 1,461.5 MW additional capacity with 22 projects in total, split as 190 MW SPP and 1,271.5 MW WPP additional to its existing capacity with the commitment to develop energy storage capacity as well. While significant progress was made in reaching the installed capacity targets set out in the Strategic Transformation Plan with the

takeover of Entek's shares, work was initiated to establish solar and wind power plants in refineries at the same time. In September 2022, the construction agreement was signed for the solar power plant with 12.58 MW capacity planned to be put into operation at Kırıkkale Refinery in June 2023. Moreover, an application was filed for an additional capacity of 54.4 MW following the changes in the applicable legislation. In İzmir Refinery, solar power plant with 1.24 MW capacity and wind power plant with 12.6 MW capacity are slated for completion in the second and third quarter of 2024, respectively. On the other hand, application has been filed for 5.0 MW solar power plant in Batman Refinery.

Tüpraş is, and will remain, the greatest supporter and business partner of the aviation industry, which is one of Turkey's leader sectors on a global scale; in 2022, the company signed a license agreement with Honeywell UOP for the use of Ecofining™ technology in İzmir Refinery in line with the target of producing sustainable aviation fuel (SAF) that is a significant contributor to emission reduction goals. The company is planning to convert 400 thousand tonnes of plant and animal-based raw material waste into SAF, renewable fuel and other products annually. Basic engineering work has been completed for the SAF production facility, which is planned to be operational in 2027, and detailed engineering work is in progress.

In 2022, "Tüpraş Water Roadmap" was created in cooperation with the refinery process peripheral and auxiliary facilities teams in line with the UN Sustainable Development Goals. Focusing on water efficiency, Tüpraş recovered and reused 89 million m³ of waste water over the past five years.



Sustainability-related activities

At Tüpraş, digital transformation, R&D, intrapreneurship and open innovation strategies are managed holistically, while global trends and developments in the industry are monitored closely, and the Company continues to create a difference by focusing on developing environmentally sensitive new products and production technologies.

Tüpraş conducts the "Future Fit" project as per a "Sustainable, Competitive and Future-Ready Tüpraş" by 2030 as also covered in the Strategic Transformation Plan. In this scope, the company introduced upskilling programs upon looking at its organization more holistically and defining new roles and competencies to be needed in the future.

Within R&D activities, a total of 14 projects are being carried out with a sustainability focus. These projects can be classified into those with a focus on carbon capture, transformation and storage, green hydrogen, biofuels, water/waste recycling. Out of these projects involving multistakeholder cooperation for technology development, materials development and implementations in the specified focus areas, nine are supported

by EU Horizon 2020 and two by TUBITAK programs, whereas the remaining three are self-funded.

Carrying out activities of the present and the future through entrepreneurship, innovation, open innovation and startup integration, Tüpraş keeps building collaborations by experiencing domestic and international startups and innovative technologies at its refineries.

An Egalitarian, Inclusive Business Environment Promoting Diversity: Our Energy for Equality

In keeping with its motto "Our Energy for Equality", Tüpraş places an inclusive, egalitarian, fair, and safe working environment that is respectful of human rights at the core of all its processes. To consolidate its efforts in this area, the company set up the Diversity, Equality, Inclusiveness (DEI) Committee and released its DEI Policy. As of 2022, Tüpraş has been aiming to make sure that one out of every two people employed is a woman in all new recruitments. The company targets to reach 25% women representation on its Board of Directors by 2026, and to increase the percentage of women employees in R&D, innovation, service design and IT from 24% to 40% in 5 years.

Global commitment: Empowering women and girls in technology and innovation

Tüpraş focuses on creating social benefit while achieving transformation for the energy of the future. In keeping with Koç Holding's global leadership in the UN Women Generation Equality Forum, the company developed in 2022 the "Women in Technology and Innovation Program" to contribute to the pledges declared in relation to technology and innovation. With the program, it is intended to reach 100,000 female students -90,000 in secondary school and 10,000 in university- over the course of five years with educational projects that will unveil girls' and women's potential to work in STEM fields.

Forward-looking expectations

In 2023, the Tüpraş net refinery margin is projected to be at USD 11-12 per barrel. The Company targets 24-25 million tonnes of production and a total sales volume of 28-29 million tonnes.

Ditaş

With approximately 80% of its shares held by Tüpraş, Ditaş possesses Turkey's largest fleet of oil products tankers with 14 tankers and a carrying capacity of approximately 543,000 DWT. The tug and mooring services required by Tüpraş are carried out with 12 tugs, seven mooring vessels, three service vessels and one pilot craft.

Körfez Ulaştırma

Wholly-owned by Tüpraş, Körfez Ulaştırma transported 2.5 million tonnes of fuel and intermediate products while acting as an organizer in the transportation of 250,000 tonnes of iron ore in 2022. The share of rail transportation in total road and rail transportation increased to 95% in 2022. Hybrid locomotives Körfez Ulaştırma purchased from Switzerland's Stadler



company uninterruptedly carried on with their commercial trips, and 75 new fuel oil freight cars were taken over in 2022. Ditaş transported 10.5 million tons of crude oil and 6.3 million tons of petroleum products in 2022.

Tupras Trading Ltd

Pursuing its operations in the UK, Tupras Trading Ltd continued to contribute positively to Tüpraş's activities with spot crude oil trading in addition to fuel oil trading activities. Tupras Trading Ltd intermediated the trading of over 8 million tonnes of products and spot crude oil deal for approximately 10 million tonnes needed by Tüpraş refineries in 2022 and posted TL 83 billion in turnover.

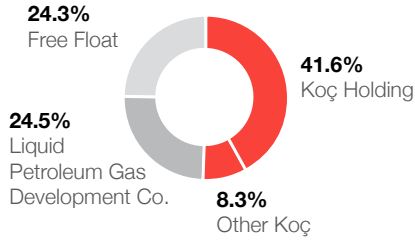
Tupraş Ventures

Taking its open innovation efforts actively pursued since 2017 to the next level, Tüpraş incorporated Tüpraş Enerji Girişimleri A.Ş./Tupras Ventures in September 2022 for directly investing in startups. Tupras Ventures aims to invest in domestic and foreign technology startups working particularly on priority topics such as bio-based products, hydrogen, zero-carbon electricity and carbon management, as well as on all kinds of smart IT technology, industry 4.0, green energy and natural resources, energy efficiency, environment and recycling, waste management, and robotic solution technologies.

The unwavering leader of the LPG sector



Ownership Structure



Domestic Position

Leader of the LPG sector since its establishment in 1961
Leader in the overall LPG market with **26%** market share

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) ¹	Profit/(Loss) Before Tax	Net Profit/(Loss) ²	Share of International Revenues
37,506 +136% (2021: 15,893)	650 +17% (2021: 556)	4,498 +545% (2021: 697)	4,733 +606% (2021: 670)	26%

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

(2) Net profit/loss attributable to the equity holders of the parent.

Non-financial Indicators

ESG Commitments

- Commitment for % of women on board: 25%¹ in 5 years (2022: 11%)
- Commitment to increase the ratio of women in STEM positions (2021 baseline year: 13.5%, 2022: 15%, 2026 target 35%)
- Commitment to increase the ratio of women managers in STEM and innovation areas (2021 baseline year: 13%, 2022: 16%, 2026 target: 21%)
- Commitment to reach 100,000 women and girls between 2022-2026 with community programs to be conducted in the areas of STEM

International Platforms

- UN Women's Empowerment Principles (UN WEPS)
- Action Coalition Leaders on Technology and Innovation of the UN Generation Equality Forum

Sustainability Indices

- BIST Sustainability Index
- Refinitiv

(1) Policy acceptance date: August 2021

Website



Annual Report



Sustainability Report



Founded in 1961, Aygaz is the one and only publicly-held company engaged in the LPG sector. The Company ranks in the 33rd spot in Turkey's largest industrial companies list released by Istanbul Chamber of Industry. According to independent research carried out since 2003, Aygaz consistently remains the leading brand providing high level of customer satisfaction of any brand in both the cylinder gas and autogas segments in the sector.

Aygaz continued to lead the sector with its effective dealer and distribution network also in 2022.

Aygaz realized 2.4 million tonnes of LPG sales in 2022.

Providing services across Turkey with the Aygaz and Mogaz brands, Aygaz has more than 2,198 cylinder gas stations. The Company maintained its sectoral leadership with its proximity to the customers and its service speed and quality in the cylinder gas market. In 2022, the Company sold a total of 252,000 tonnes of cylinder gas.

Aygaz has Turkey's most extensive autogas distribution network of over 1,830 licensed autogas stations. The Company recorded 697,000 tonnes of autogas sales in 2022.

Aygaz manufactures the products it uses and exports such as cylinders, valves, regulators, bulk gas and autogas station tanks at the Gebze facility. The equipment exports in 2022 generated USD 35 million foreign currency inflow.



Aygaz conducts its shipping activities via Anadoluhisar Tankercilik A.Ş., its wholly owned subsidiary that adds value to supply chain processes with its three specially-equipped and fully pressurized LPG tankers with a total transportation capacity of 28,800 m³.

In 2022, Aygaz and its subsidiaries undertook TL 399 million in investment mainly in facility modernization, new autogas stations, cylinder, environment, safety and digital transformation.

Carbon transition initiatives

A part of Koç Holding's Carbon Transition Program designed for becoming carbon-neutral by 2050 and covering concrete and feasible steps for combating the climate crisis, Aygaz continues to transition its operations in accordance with 2030 and 2040 sub-targets.

Targeting to make carbon transition an element of its culture, Aygaz devised its Carbon Transition Roadmap in 2022. The material topics in the roadmap

are identified as creation of the carbon strategy, awareness efforts, broadening data providers and pool, and verification of GHG emissions.

GHG emissions verification activities continued in 2022. Along this line, carbon footprint intensity which was 1.19 tCO₂e / million TL in 2021 was found to be 0.43 tCO₂e / million TL in 2022. Additionally, efficiency projects implemented at the facilities helped avoid 275 tonnes of carbon emissions.

R&D initiatives

Having established the first R&D Center of the Turkish LPG sector, Aygaz focuses on new product, machinery and process development and on alternative fuel and clean energy. GreenOdor, the world's first sulfur-free odorant, has been put into use at all filling terminals. Under the project, a total of 1.4 million tonnes of LPG was odorized using GreenOdor during the reporting period, thus reducing SOx emission from LPG by approximately 55%.

The products developed as a result of Aygaz R&D activities continued to be awarded by leading organizations. During the LPG Week organized in New Delhi by the World LPG Association (WLPGA), GreenOdor was awarded in the safety category at GTC (Global Technology Conference).

Potential business areas that can be penetrated in the hydrogen value chain were identified and an R&D roadmap was created regarding BioLPG/LPG and rDME/LPG mixtures and their usage scenarios.

Equal opportunity and diversity

Aygaz reviewed sustainability priorities and reclassified equal opportunity and diversity within highly material topics along with climate change.

Compliance and corporate governance

In addition to the “Donations and Sponsorship Policy”, “Human Rights Policy”, “Anti-Bribery and Anti-Corruption Policy”, “Gifts and Entertainment Policy”, “Supply Chain Compliance Policy” and “Board Diversity Policy” introduced in 2021 for more effective management of the Company’s compliance risks within the scope of the compliance program, “Code of Ethics”, “Community Investment Policy”, “Sanctions and Exports Control Policy”, and “Whistleblowing Policy” were developed and publicly disclosed in 2022.

Aygaz has been included in the BIST Sustainability Index, which consists of companies traded on Borsa İstanbul (BIST) with high corporate sustainability performances, for its effective and strong sustainability management since 2018. It is the first Turkish energy company reporting at “B” level in Turkey according to the Global Reporting Initiative (GRI) criteria.



Corporate citizenship

Supporting sustainable projects that create permanent value and pursuing environmental balance while contributing to social development are two key factors that lie at the heart of Aygaz’s corporate citizenship approach. In this context, the company supports projects in areas such as gender equality, history, culture and the arts, environment, health, sports, and education, many among the UN Sustainable Development Goals. During 2022, Aygaz continued with its sponsorship of the İstanbul Theater Festival, Beşiktaş Handball, Fenerbahçe Football and Tofaş Basketball teams.

Digitalization

Developing innovative products and services on the back of solutions focused on innovation and digitalization, Aygaz claimed the 1st prize in the Future of Work - Borderless Organization category at the IDC CIO Summit 2022 (International Data Corporation) with its virtual office environment AR-WE project, which also received awards in the IaaS (Infrastructure

as a service) / PaaS (Platform as a Service) category at the Future of Cloud Awards and IDC Cloud Awards.

Strategies of Aygaz

- Create sustainable value by strengthening its leadership position in LPG business in Turkey
- Become an international LPG player
- Carry the talent and strength of the Aygaz platform to strategic business lines
- Devise environment-friendly solutions focused on sustainability; prepare culture, technology and talent for the future

Forward-looking expectations

Aygaz targets to sell 245,000-255,000 tonnes of cylinder gas, and 700,000-730,000 tonnes of autogas in 2023.

United LPG Ltd.

Established in Bangladesh as a joint venture of United Enterprises, one of the country's largest companies to supply, fill and distribute LPG, and Aygaz, within the frame of Aygaz's international growth strategy, United LPG Ltd. completed the first phase of its investments at Chittagong (Chattogram) Terminal commenced in 2021 in accordance with the schedule and started LPG sales in 2022. Capacity increase investments, on the other hand, are in progress.

One of the world's fastest growing markets, Bangladeshi LPG market's total size, which was 148 thousand tonnes in 2015, reached 1.4 million tonnes in 2021¹. With household consumption constituting 85% of total consumption, Bangladeshi LPG market had a combined annual growth rate (CAGR) of 45% between 2015 and 2021.

Critical success factors for this investment for Aygaz are the procurement and operational advantages the company targets to achieve through its 60 years of know-how and experience, and the novelties it will introduce to the market emphasizing its brand value and service quality.

In line with the company's investment plan, two capital increases were carried out in 2022, in February and June. As a result of these increases, the capital of United LPG Ltd. rose from BDT 1,120 million to BDT 3,260 million (approximately USD 37 million).



Sendeo Dağıtım Hizmetleri A.Ş.

The operations of Aykargo Cargo Distribution Project, which emerged as an intrapreneurship project for penetrating the cargo delivery sector that has been growing in parallel with the developments in e-commerce and the economy, were initially started under the name Aygaz Aykargo Dağıtım Hizmetleri A.Ş. making use of Aygaz's brand value, dealer network and home delivery experience, and the company name was changed to Sendeo Dağıtım Hizmetleri A.Ş. (Sendeo) in 2021.

Following the operations initiated in İstanbul in July 2021 and rolled across 16 cities in September the same year, the company became operational in all 81 cities in February 2022. With 4,013 sending customers in 2022, the company reached 12 million packages sold in total. Sendeo carries on with its operations with an on-time delivery score of 93% and 90% NPS that is above the sector's average.

Co-owned by Koç Holding and Aygaz with respective stakes of 45% and 55%, Sendeo's capital as of 31 December 2022 is TL 753.5 million.

Aygaz Doğal Gaz Toptan Satış A.Ş.

Established in 2004 and a subsidiary of Aygaz, Aygaz Doğal Gaz is engaged in the sale of natural gas through pipelines to eligible consumers. It also has wholesale, transmission and export operations to provide liquefied natural gas (LNG) to customers who do not have access to natural gas by pipeline through special transport vehicles. Aygaz Doğal Gaz reached a sales volume of 95 billion m³ in 2022.

Pürsu (Bal Kaynak Su)

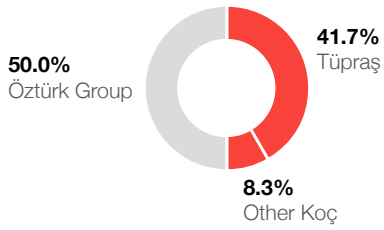
Delivered to customers under the brand name Pürsu, Bal Kaynak Su (natural spring water) achieved 9% growth in PET and glass bottle segment sales to reach 62 million liters, whereas 19-lt bottled water sales went down by 9.3% to 7.1 million units.

(1) Source: WLPGA data



Opet provides superior products and services to its customers through its distribution network of 1,857 stations.

Ownership Structure



Domestic Position

3rd in white products with **18.9%** market share
1st in black products with **31.4%** market share

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) ¹	Profit/(Loss) Before Tax	Net Profit/(Loss) ²	Share of International Revenues
179,988	3,184	914	979	
+221%	+23%	-47%	-37%	
(2021: 56,007)	(2021: 2,586)	(2021: 1,720)	(2021: 1,544)	

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

(2) Net profit/loss attributable to the equity holders of the parent.

Non-financial Indicators

International Platforms

- UN Women's Empowerment Principles (UN WEPs)

Website



Established by the Öztürk Family in 1992, Opet has been managed by the Öztürk Group and the Koç Group since 2002. The Company operates in the fuel distribution sector via retail sales, commercial and industrial fuel sales, storage and international product trade. With more than 1,000 employees, 1,857 stations including the Sunpet brand and 1.1 million m³ of storage capacity, Opet manages an extensive service network throughout Turkey with 5 terminals and provides high-quality products and services to its customers.

Opet manufactures and markets mineral oil through its subsidiary Opet-Fuchs, a 50-50% partnership with the German mineral oil company, Fuchs; supplies and sells jet fuel via THY-Opet, a 50-50% partnership with Turkish Airlines, and EV charging station operation via WAT Mobilite in which it holds 24% stake. The company is engaged in gas station operation via Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş.

Opet ranks 3rd in white products and 1st in black products.

In 2022, Opet increased its sales parallel to the market growth.

THY-Opet, which serves a number of domestic and international airlines in all airports throughout Turkey, reached jet fuel sales of 765,360 m³ in 2022.

Opet Fuchs manufactures automotive and industrial lubricants and auto care products in its brand new production facility in Alağa, İzmir; the company reached 40,998 tonnes of mineral oil sales at the end of 2022.

Leading the way with its social awareness projects

Regarding social responsibility projects a part of its job, Opet aims to produce permanent solutions to issues with its initiatives that it refers to as “Conscious Society Projects”. Among the key projects run by Opet are the “Clean Toilet



Campaign” that has been ongoing for 22 years, the importance of which has been even better understood during the pandemic, the “Green Road Project” commenced in 2004, the “Model Village Project” initiated in 2005, the “Traffic Detectives Project” ongoing since 2013, the “Women Power Project” started in 2017 and designed to increase women’s employment at Opet stations and eliminating gender stereotyping in workplaces. Launched in 2021 in collaboration with the Union of Chambers and Commodity Exchanges of Turkey (TOBB) Women Entrepreneurs Council and Ministry of National Education Directorate General of Lifelong Learning, the “Clean Business Project” targets to result in increased hygiene capacities and preference for businesses through free-of-charge training programs offered to business owners wishing to establish enhanced hygienic standards and to their employees.

An extension of Opet’s “Model Village Project”, the “Respect for the Nature Project” covers redevelopment efforts for villages hit by the wildfires of 2021. Under the “Respect for the Nature Project”, restoration, rehabilitation and education activities are being carried out in Osmaniye and Bayır in Marmaris, Çökertme, Gökbek and Bozalan in Milas,

and Otmanlar in Köyceğiz that were affected by the wildfires.

The “Spotless Future Begins at Schools Project” co-launched by Opet and the Ministry of National Education in November 2022 is intended to raise increased awareness of cleanliness and hygiene among students, employing various training modules offered starting from nursery class through the 12th grade.

Forward-looking expectations

Opet targets to grow above the sector without compromising profitability, while remaining adhered to its main priority to maintain customer satisfaction and leading digital transformation.

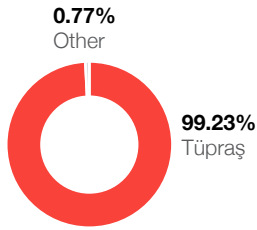
For 2023, the company plans to consider renewable energy projects and execute new projects geared towards the establishment of electric vehicle charging stations via its new investment, WAT Mobilite Çözümleri.

In line with the Carbon Transition Program, which was launched by Koç Holding to become carbon-neutral by 2050 and which covers concrete and feasible steps for combating the climate crisis, Opet takes the necessary actions within the scope of this project.



Entek targets to be the leading company in the electricity market with its renewable energy investments.

Ownership Structure



Domestic Position

Total installed capacity of **442 MW**, of which 330 MW is zero carbon electricity

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) ¹	Profit/(Loss) Before Tax	Net Profit/(Loss) ²
7,529	1,270	925	1,939
+328%	324%	+369%	995%
(2021: 1,760)	(2021: 299)	(2021: 197)	(2021: 177)

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

(2) Net profit/loss attributable to the equity holders of the parent.

Non-financial Indicators

ESG Commitments

- Target for % of women employees:
50% by 2026 in corporate and executive positions

Website



Sustainability Report



As one of Turkey's first private sector autoproducers, Entek was established in 1995 to supply electricity and steam, and started actual production in December 1998. Entek has a total installed capacity of 442 MW with a total of eight hydroelectric power plants (HPPs) located in Kahramanmaraş, Karaman, Samsun and Mersin with a combined installed capacity of 264 MW; a wind farm with an installed capacity of 66 MW located in Edirne; and a natural gas cycle power plant with an installed capacity of 112 MW, located in Kocaeli.

Menzelet Kılavuzlu Elektrik Üretimi A.Ş., which is currently producing electricity is a wholly owned subsidiary of Entek operating in the wholesale electricity sales field, includes the Menzelet and Kılavuzlu hydroelectric power plants which were acquired through privatisation. Eltek and Süloğlu Elektrik Üretimi A. Ş. acquired through share transfer, are wholly owned subsidiaries of Entek. Furthermore, Entek holds 0.05% of the shares in Enerji Piyasaları İşletme A.Ş., which was established to operate the Energy Stock Exchange.

The Kılavuzlu HEPP, which is included in the portfolio, is eligible to benefit from the YEKDEM mechanism, which provides foreign currency indexed income, until the end of 2023, while the Süloğlu wind farm is eligible to benefit from the mechanism until the end of 2025.

Work taken in the field of Zero-Carbon Electricity

Entek aims to expand in the field of renewable energy and diversify its hydroelectric resource-weighted portfolio. Entek increased its installed wind capacity to 66 MW with the license amendment carried out in August for the Süloğlu wind farm, which was established in Edirne in 2022. At the



same time, the application for a hybrid solar power plant with a capacity of 20 MW was submitted for the Süloğlu wind farm on 16 November 2022. In addition, preliminary license applications were submitted for a total of 22 projects with a capacity of 1,461.5 MW, including solar power plants with a total capacity of 190 MW and a wind farm with a capacity of 1,271.5 MW, with the commitment to develop energy storage capacity. These steps are considered important for Tüpraş's growth strategy in zero-carbon energy sources.

In May 2022, Entek became a 10% partner of WAT Mobilite Çözümleri Teknoloji ve Ticaret A.Ş., a Koç Group company established for the rollout of electric vehicle charging stations in Turkey.

In 2022, Entek recorded sales of approximately 2.7 billion kWh and generated TL 7,529 million in consolidated revenue. Renewable energy resources provided 1.5 billion kWh of this sales amount with renewable energy resources accounting for 1.2 billion kWh of the consolidated revenues.

Forward-looking expectations

In order to reach a balanced portfolio structure and increase its market share in the coming period, Entek plans to press ahead with its investments in power plants based on renewable energy resources through asset purchases and project development methods, as well as seizing opportunities in emerging technologies in the field of energy and retail sales.

Entek aims to expand in the field of renewable energy, not only in Turkey but also abroad. While continuing to take advantage of the opportunities offered in our country, it also has an interest in renewable energy projects in the operational and development stages in priority markets with the aim of spreading to different regions and diversifying risks.

Tüpraş announced its Strategic Transformation Plan and commitment to be carbon neutral by 2050 last year. The renewable energy company, Entek, is undertaking an important investment in the field of "Zero-carbon electricity", which is one of the four strategic business lines which Tüpraş will focus on. Entek has taken the necessary steps in this context.

Automotive

Leading the
Turkish automotive
industry with our
manufacturing, brand
and R&D power





Automotive

Developments in the automotive sector

The global supply chain issues that persisted in 2022 kept taking their toll on the automotive sector. However, according to the Automotive Manufacturers Association (OSD) data, total automotive sales in Turkey rose by 7% to 827,147 units in 2022. Passenger car sales were up by 5% year-on-year to 592,660 units, while light commercial vehicle sales increased by 9% to 190,623 units. Heavy commercial vehicles sales, on the other hand, expanded by a strong 24% to reach 43,864 units.

In Europe, Turkey's most important export market, demand for passenger cars declined by 4% and demand for light commercial vehicles declined by 18%. According to OSD data, Turkish automotive exports was up by 4% year-on-year in terms of units in 2022 to end the year at 970,124 units, while export revenues in the sector came in at USD 31.5 billion, marking a 5% rise on an annual basis. The automotive sector remained the leading industry in Turkish exports.

Automotive production increased by 6% on an annual basis to reach to 1.4 million units.

In 2022, the Turkish bus market increased by 44% compared to the previous year. Total bus exports, on the other hand, went up by 39%.



Developments in the tractor market

Turkey is Europe's largest market in terms of the number of tractors sold. According to the data released by the Turkish Statistical Institute (TurkStat), the Turkish tractor market reached a volume of 66,942 units in 2022, exhibiting an increase of 4% compared to the previous year.

According to figures published by The Turkish Association of Agricultural Machinery & Equipment Manufacturers (TARMAKBIR), exports rose by 5% to be realized at 19,346 units.

Developments in the defense industry

While localized and national industry concept remained at the forefront in the domestic defense industry market, the sector focused mainly on export markets in recent years.



The Koç Group in the Automotive Sector

47% of Turkey's automotive production and 43% of its exports are carried out by the Koç Group companies.

Companies and Domestic Positions

Ford Otosan

#3 in Total automotive
#1 in Commercial vehicles
#2 in Trucks

Tofaş

#1 in Total automotive
#2 in Light commercial vehicles
#1 in Passenger cars

TürkTraktör

#1 in Tractors

Otokar

#1 in Buses

Otokoç

#1 in Automotive retailing
#1 in Car rental

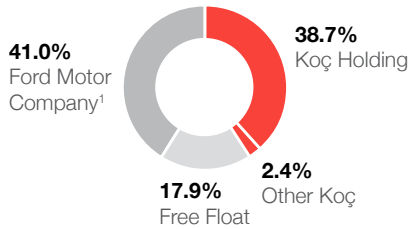
Competitive Advantages

- Economies of scale and leadership positions
- High growth potential in the domestic market due to low penetration of vehicle ownership
- Established international partnerships and export contracts
- Largest sales, after-sales and service network in Turkey
- Strong brand value
- Highest number of R&D employees in the Turkish automotive sector
- Continuous investments
- Adaptation to the new technologies such as electrification
- Focus on efficiency and product diversity
- Flexible development and manufacturing competence enabling finding alternative solutions to crises such as supply problems

Ford Otosan's production operations expanded abroad.

FORD OTOSAN

Ownership Structure



(1) Ford Motor Company wholly owns Ford Deutschland GmbH.

Domestic Position

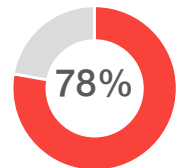
3rd in total vehicle sales with a **10.5%** market share
Leader in commercial vehicles with a **33.6%** market share

International Position

Exports to **94 countries across 5 continents**
 Accounts for **75%** of Turkey's commercial vehicle exports
 Ford's **highest commercial vehicle market share** in Europe
The largest commercial vehicle manufacturing hub in Europe

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) ¹	Profit/(Loss) Before Tax	Net Profit/(Loss) ²	Share of International Revenues
171,797 +142% (2021: 71,101)	18,108 +110% (2021: 8,626)	15,623 +80% (2021: 8,687)	18,614 +111% (2021: 8,801)	



(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

(2) Net profit/loss attributable to the equity holders of the parent.

Non-financial Indicators

ESG Commitments

- Carbon neutrality target in production and R&D facilities in Turkey by 2030¹
- Target of keeping the % of women on the board of directors at 25%²
- Commitment to increase % of women in all executive positions (2030 target: 50%)
- Commitment to increase % of women working in the fields of technology and innovation to 30% by 2026

International Platforms

- Task Force on Climate-Related Financial Disclosures (TCFD)
- UN Women's Empowerment Principles (UN WEPS)
- Action Coalition Leaders on Technology and Innovation of the UN Generation Equality Forum
- UN Global Compact (UNGC)
- Science-Based Targets Initiative (SBTi)
- CDP Climate "A-", CDP Water "B" list

Sustainability Indices

- BIST Sustainability Index
- Refinitiv
- Bloomberg Gender Equality Index
- FTSE4Good

(1) Ford Otosan calculates its science-based targets for the net zero pathway. The Company plans to publicly disclose its short-term and long-term science-based targets in the future.

(2) Policy acceptance date: July 2022

Website



Annual Report



Sustainability Report



Ford Otosan is the largest automotive manufacturer in Europe with a production capacity of 721,700 vehicles.

Established in 1959, Ford Otosan is the largest commercial vehicle manufacturer in Europe and the largest automotive manufacturer and the largest exporter in Turkey with a production capacity of 721,700 vehicles, 420,000 engines, and 140,000 powertrains.

Ford Otosan is a global automotive company operating with a total workforce of 20,911 people and 2,089 R&D employees working at 4 main centers: Romania (Craiova) Plant as well as Kocaeli (Gölcük and Yeniköy Plants), Eskişehir (Eskişehir Plant) and İstanbul (Sancaktepe R&D Center and Spare Parts Warehouse). The Company is a global engineering hub for Ford's heavy commercial vehicles and related diesel engines and engine systems as well as a global support center for design and engineering of light commercial and passenger vehicles. Ford Otosan commands all the experience, capabilities and infrastructure necessary to design, develop and test a complete vehicle with all its processes, including the engine.

Ford Otosan added an international dimension to its operations by acquiring Ford's Romania Plant.

Closure of Ford Otosan's acquisition of Ford's Romania (Craiova) Plant with a production capacity of 250,000 vehicles and 350,000 engines took place on 1 July 2022. Undertaking the production of Puma as well, Ford's best-selling passenger car in 2021, the production portfolio was expanded to cover passenger cars besides commercial vehicles.

Set to commence the production of the New Generation Courier at the Romania Plant in 2023, the Company plans investments of EUR 490 million over the



next three years. In the future, the plant's annual production capacity will increase to 272,000 vehicles and annual production figures will potentially go up to 100,000 for New Generation Courier and to 189,000 for Puma.

Ford Otosan was responsible for 28% of total vehicle production in Turkey.

Having manufactured 465,855 vehicles in 2022, Ford Otosan's capacity utilization rate was 79%. Capacity utilization rates were registered as 76% for Gölcük plant, 94% for Yeniköy Plant, 73% for Craiova Plant and 88% for Eskişehir plant. Hence, Ford Otosan realized 28% of the total vehicle production in Turkey and 69% of total commercial vehicle production.

The implications of the challenges in the procurement of semi-conductors and logistics operations during the year were minimized thanks to the devoted efforts and painstaking planning carried out by Ford Motor Company, one of the main shareholders, and suppliers in cooperation with the Company. In the process, Ford Otosan was prioritized among production centers given the critical role it assumed in the Ford world and the emphasis placed on commercial vehicles business line.

Turkey's export champion and commercial vehicles market leader, Ford Otosan is the main enabler of Ford's leadership in commercial vehicles in Europe.

Pursuing operations in commercial vehicles with its profitable growth strategy, Ford Otosan sustained its undisputed leadership with a 33.6% market share. In passenger cars, the Company captured 1.9% market share with its profit-oriented strategy. According to figures released by the Automotive Distributors Association, the Ford Tourneo Courier earned the accolade of being the "Best-Selling Light Commercial Vehicle Model of the Year" and Ford became the "Best-Selling Light Commercial Vehicle Brand of the Year".

Despite the 19% annual contraction in the European van market in 2022, demand for Ford's vehicles persisted. With a market share that went up to 15%, Ford's unbroken leadership made it to its 8th year. Playing a significant part in Ford's success as it manufactures approximately three fourths of the Ford branded vehicles sold in Europe, Ford Otosan succeeded in increasing the number of exported vehicles to 390,811, up by 35% year-on-year. As such, the Company realized 75% of Turkey's commercial vehicles exports.

Sold in 46 countries, Ford Trucks renewed its records in production and sales numbers and unveiled its first electric truck, E-Trucks.

Ford Trucks' solid growth continued also in 2022. The brand reached an all-time high production number of 16,513 and sales number of 16,542 in its history. In the domestic market, the Company grew its sales by 28% increasing its market share to 27.2%.

In the reporting period, Ford Trucks' international sales went up by 47% to 7,585. Remaining adhered to its international penetration strategy, Ford Trucks appointed distributors in Estonia and Austria and increased the number of countries it operates in to 46. In addition, the Company opened its second spare parts warehouse in Germany after the one in Poland to consolidate its after-sales services in its markets.

Aiming to achieve zero emissions in half of its sales to Europe by 2030 in the pathway to zero-emissions by 2040 target, Ford Trucks publicized E-Trucks, its first ever electric truck.

Ford Otosan started manufacturing of E-Transit, the first all-electric commercial vehicle of Turkey and Ford in the second quarter.

In the first quarter of 2022, Ford Otosan put its battery assembly plant with a capacity of 130,000 units into operation, which will pave the way for being Turkey's first and only integrated electric vehicle production facility, and started production of Ford's first-ever all-electric commercial vehicle E-Transit in Gölcük in the second quarter of the year in line with its timeline. In 2022, the Company manufactured 12,321 units of E-Transit that attracts a high level of demand in the European market with its outstanding characteristics.



E-Transit's Turkey launch took place under the "Ford Pro" roof, Ford's new global business model. Going beyond merely presenting vehicles, "Ford Pro" leads the transformation in commerce by providing a combination of fully integrated, digital-first solutions including charging, superstructure, software and service to commercial customers from a single point.

Slated for production in 2023, the New Generation E-Custom comes out.

Under the strategic partnership of Ford Motor Company and Volkswagen AG, Ford Otosan will be responsible for the joint production of both brands' new generation 1-tonne commercial vehicles at its Kocaeli Plants. Accordingly, diesel, rechargeable hybrid electric PHEV (Plug-in Hybrid) and all-electric versions of the "New Generation Ford Transit Custom" family will be produced from the first half of 2023. In this context, E-Transit Custom and E-Tourneo Custom were publicized during the reporting period.

One of the most sustainable dividend payers on BIST.

In 2022, Ford Otosan paid out the highest dividends in its history with TL 6,562 million in total, which was paid in two phases. All in all, dividends distributed by Ford Otosan since 2004 to date amounted to USD 4.9 billion.

Ford Otosan reveals long-term sustainability targets.

At Ford Otosan, all sustainability efforts are managed by the Sustainability Committee, which is headed by the General Manager. The Committee's responsibilities include establishing and implementing the strategy and policy for improving sustainability performance in environmental, social, governance and economy topics, as well as execution of the activities in a well-organized and systematic fashion. Based on its materiality analysis renewed in 2021, Ford Otosan identified its focus areas in sustainability and revealed topics of the utmost priority and high priority to the Company. In 2022, the Company announced its long-term goals in relation to climate change, waste management and circular economy, water, diversity, inclusion and society under its "Future. Now" vision.

• Climate Goals:

- Sell only zero-emission passenger cars by 2030, zero-emission light and medium commercial vehicles by 2035, and zero-emission heavy commercial vehicles by 2040
- Become carbon neutral by 2030 in its domestic production sites and R&D centers and by 2035 along its supply chain and logistics operations

- 2030 Goals for Waste and Water Management and Circular Economy:
 - Zero waste to landfill policy in its operations
 - Eliminate single-use plastics in personal use
 - Increase the ratio of recycled and renewable plastic in the materials used in vehicle production to 30%
 - Reduce use of clean water per vehicle by 40%
- Diversity, Inclusion and Society Goals:
 - Keep ratio of women on the Board of Directors at 25% minimum
 - Increase % of women in all managerial positions to 50% by 2030
 - Increase % of women working in technology and innovation fields to 30% at the Company and to double the same across the dealer network by 2026
 - Reach 100,000 women by 2026 through awareness projects on technology and innovation
 - Support at least 50% women-led startups
 - Increase % of Ford Otosan employees volunteering for community projects to total employees to 35% by 2030

Ford Otosan is included in Borsa İstanbul Sustainability Index, FTSE4Good and Bloomberg Gender Equality indices. The Company is a signatory to the UN Global Compact. It responds to climate and water programs of the Carbon Disclosure Project (CDP). The Company has been actively responding to S&P Global Corporate Sustainability Assessment for the last four years and consistently achieving improved scores. The Company's sustainability reports are



prepared in accordance with the “Core” option under the GRI Standards. Having committed to reduce its emissions to the Science Based Targets initiative (SBTi), Ford Otosan is also among the supporters of the Task Force on Climate-Related Financial Disclosure (TCFD). Hence, the Company conducted a TCFD analysis study in 2021 in parallel with the management strategy, whereby TCFD recommendations, climate-related risks and opportunities were tackled in detail. The Company made its first TCFD reporting in 2022.

Ford Otosan holds “Zero Waste Certificate” and “Green Office Diploma” at all its domestic facilities.

Endorsing that the energy consumed at its domestic campuses is entirely supplied from renewable sources with I-REC certifications, Ford Otosan also focuses on direct power generation at all its campuses using wind energy, Solarwall and solar power plants.

Forward-looking expectations

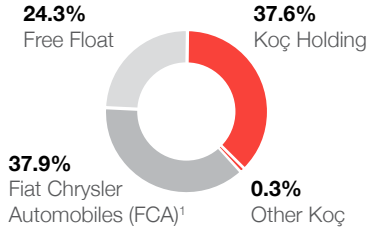
In 2023, vehicle availability is expected to increase as supply chain issues are mitigated, and the Turkish automotive industry will possibly achieve moderate growth in connection with lessened economic volatilities. In Europe, on the other hand, the commercial vehicles markets, which is forecast to be relatively less affected by a potential contraction despite higher risk of recession, is expected to be supported by e-commerce trend and the tendency to recompose fleets of zero-emission vehicles. In addition, Ford Otosan's export volume is anticipated to increase in the coming year with sustained high demand for the products of commercial vehicles market leader Ford and with the addition of Puma, Europe's top-selling passenger car, to the production portfolio. Profitability, on the other hand, is expected to be supported by a combination of cost-cutting measures and pricing discipline.

TOFAŞ

TÜRK OTOMOBİL FABRİKASI A.Ş.

Tofaş maintained its leadership in the Turkish automotive market with Fiat brand.

Ownership Structure



(1) With the merger of FCA and Peugeot S.A.(PSA) in January 2021, a new company named Stellantis was established and this new company wholly owns FCA Italy SpA, which has a 37.86% share in Tofaş.

Domestic Position

With **18.7%** market share, Fiat is the leading and **the most preferred brand (for 4 consecutive years)**
Most preferred automobile (for 7 consecutive years) Fiat Egea
Highest share of local production in the sector 95.7% share in total sales
19.5% of the total production in Turkey with 263,747 units
 Two **fastest-growing** brands in the industry in 2022: Alfa Romeo and Maserati

International Position

12% of Turkey's **total automotive exports**
Advanced R&D center with new vehicle development competence and responsibility within the Stellantis Group
 Automotive exports to various parts of the world with **Egea model under Fiat Tipo brand**
 Exports to the **North American and NAFTA markets with the Doblò model**

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss)¹	Profit/(Loss) Before Tax	Net Profit/(Loss)²	Share of International Revenues
65,545 +121% (2021: 29,684)	9,550 +109% (2021: 4,561)	8,562 +144% (2021: 3,512)	8,562 +161% (2021: 3,281)	46%

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

(2) Net profit/loss attributable to the equity holders of the parent.

Non-financial Indicators

ESG Commitments

- Scope 1 and 2 GHG emissions target: 25% reduction vs. 2019 baseline year by 2026 (reduction as of 2022: 18%)
- Fresh water consumption per vehicle by 2024: 1.56 m³/vehicle (2022: 2.74)
- Commitment for % of women on the board of directors seats: 25%¹ in five years (2022: 20%)
- Target to increase % of women employees:
 - 2026 target for total number of employees: 35% (2021 baseline year: 25%, 2022: 31%)

- Senior executive positions 2026 target 20% (2021 baseline year: 13%, 2022: 15%)
- STEM positions 2026 target: 30% (2021 baseline year: 18%, 2022: 18%,)
- Commitment to reach 30,000 women and girls until 2026 through STEM community programs
- Target % of employees with physical disabilities by 2026: 15%

International Platforms

- UN Women's Empowerment Principles (UN WEPs)
- Action Coalition Leaders on Technology and Innovation of the UN Generation Equality Forum

Sustainability Indices

- BIST Sustainability Index
- Refinitiv
- CDP Climate "B-", CDP Water "B" lists

(1) Policy acceptance date: January 2022

Website



Annual Report



Sustainability Report



Tofaş, which dates back to 1968, is one of Turkey's leading industrial companies with an annual production capacity of 400,000 vehicles, nearly 6,000 employees, a broad network of dealers and far reaching R&D and product development capabilities. Fiat brand is the leader of the Turkey's automotive market. Tofaş undertakes the representation of Fiat, Fiat Professional, Alfa Romeo, Jeep®, Maserati and Ferrari brands in the domestic market.

Tofaş maintained its number one position in the domestic automotive market.

Tofaş retained its leadership in the Turkish market despite the challenging conditions that persisted through 2022 and achieved 19.5% market share in the passenger car and light commercial vehicle segment. The Company ranked first with a 17% market share in passenger car sales and a 25.7% market share in light commercial vehicles. Fiat brand, on the other hand, ended the year in leadership position in terms of total sales of passenger cars and light commercial vehicles with a 18.7% market share by selling 146,435 vehicles.

In 2022, Egea remained as the most popular vehicle in Turkey in a repeat of the rankings of the preceding six years. Tofaş reached produced the 1 millionth Fiat Egea in 2022, during which the company put on the market Egea's automatic transmission hybrid engine versions in Sedan, Hatchback, Cross and Cross Wagon body types.

Despite the material availability issues of the supply chain that continued to disturb the global automotive industry in 2022, Tofaş reached a production figure of 263,747. With 123 thousand vehicles, Tofaş was accounted for 12% of Turkey's total automotive exports.



Focused on sustainable future, Tofaş creates added value with its technology, mobility and R&D activities.

Tofaş is the only primary manufacturer offering full connectivity service in our country with "Fiat Connect", which provides individual drivers and fleet managers with life-easing safety features and advantages such as smart insurance. During 2022, Fiat Connect technology became default across the entire Fiat Egea model line and "Mobile Payment" capability was introduced, which is applicable at Fiat service shops and Opet gas stations.

Automotive software development branch of Tofaş R&D Center opened in İzmir.

Product development and software branch of Tofaş R&D Center set up in İzmir Institute of Technology Technopark Software Hub became operational in 2022. With the new center in İzmir, Tofaş targets to expand the scope of its operations in automotive software and intensify its various responsibilities in the Stellantis universe such as component and system design for various makes and models, virtual/physical verification, prototyping, etc.

The priority of Tofaş, which considers all its activities in terms of their social, environmental and economic aspects, is to create a constantly improved value-generating management model. Sustainability approach and practices are addressed as a whole by involving all stakeholders of Tofaş. Tofaş succeeded in being the first Turkish company to be included in the CDP Global climate leaders list.

Green Procurement Program secured 50% improvement.

Tofaş regards it a fundamental responsibility to conserve natural resources and minimize the environmental impacts of its operations. The Company focuses on taking under control and minimizing the indirect environmental impacts emerging across the entire value chain, as well as its own direct impact upon the environment.

As being included in the Carbon Transition Program, which was launched by Koç Holding to become carbon-neutral by 2050 and which covers concrete and feasible steps for combating the climate crisis, Tofaş takes the necessary actions within the scope of this project. With its pioneering identity in the industry and the

goal of being prepared for a zero-carbon future, Tofaş continues to work in line with the roadmap it follows, by including all its stakeholders in the process, within the framework of its business model based on sustainable future strategies. Tofaş spreads the principles of low-carbon economy and use of environment-friendly technologies espoused to support climate action across its suppliers. Within the scope of the “Green Procurement” movement commenced in 2017, more than 100 actions were defined that improved environmental and energy issues as a result of environmental impact reduction efforts carried out with the first group of suppliers selected from different sectors. As of 2022, 80% of these actions were brought to completion and improvements as high as 50% were observed particularly in environmental performances.

Tofaş supports women’s empowerment in technology and innovation.

Tofaş considers it as a main responsibility to create a working environment that is safe, healthy and conducive to learning and development for all its employees. In keeping with the UN Women’s Empowerment Principles (WEPS) that it has become a signatory to in 2017, and the Tofaş Code of Ethics, the Company considers all differences in gender, age, ethnicity, faith, lifestyles and expressions, mental and physical traits as wealth. Tofaş reflects this perspective in all its HR processes and policies, and it is important for the Company that its dealers and suppliers also abide by these principles.

By 2026, Tofaş aims to bring the ratio of women employees to 35%, and that of physically handicapped employees to 15%. In 2022, Tofaş joined among the Action Coalition Leaders on Technology and Innovation of the UN



Generation Equality Forum and made commitments to empower women and girls in technology and innovation together with the Koç Group companies. Tofaş targets to increase the ratio of women employees in STEM fields from 18% in 2021 to 30% and the ratio of women in STEM management positions from 13% in 2021 to 20% by 2026. Another target Tofaş set in this area is to reach 30,000 girl students in an effort to increase the number of girls studying STEM fields by 2026.

Forward-looking expectations

The long-term goals of Tofaş, which is a strong R&D center, manufacturer and distributor, include further building on its production capabilities, technological muscle and added value created for stakeholders by reinforcing its human resources and administrative competencies, and achieving sustainable growth.

Various factors such as advancing technology, digitalization and climate crisis modify not just ways of doing business but also lifestyles, and therefore customers’ expectations. The aim of Tofaş is to maintain the sustainable success it

has been achieving for more than half a century by becoming a “global company” that generates value for its customers, employees, business partners, shareholders and the society at large.

Koç Fiat Kredi

Koç Fiat Kredi’s total loan portfolio stood at TL 4.80 billion with TL 4.52 billion provided for the purchase of around 21,000 cars during the year, financing 21.5% of Tofaş’s retail sales in 2022.

Koç Fiat Kredi continued to fund its growing loan portfolio through TL-denominated bank loans and issuances of bonds. Funds secured through bank loans amounted to TL 4.12 billion as of the end of 2022. The securities issued had a nominal value of TL 542.5 million.

The Company’s NPL ratio was down from 1.53% at year-end 2021 to 1.25% at year-end 2022 on the back of successful collection performance.

In 2022, the Company’s national short-term credit rating was confirmed as (TR) A1+ and its long-term national credit rating as (TR) AA, as they were in 2021.



Forward-looking expectations

Koç Fiat Kredi modernized the Company's after-sales processes with the first and second phases of the operational application infrastructure upgrading, the development process of which was initiated in 2021 and was brought to completion at end-2022. The project that transitioned after-sales processes to micro-service architecture resulted in efficiency with respect to maintenance and license fees, while attracting new generation workforce to the Company. Modernization of pre-sales processes that makes up the final phase of the project is planned to be commenced in 2023.

In tandem with the modernization project, the mobile application project that will let customers perform all their transactions at a single point was also finalized during 2022. Koç Fiat Kredi continues to create value for its customers with the mobile application and ongoing CRM campaigns.

Having posted TL 256.1 million in 2022, Koç Fiat Kredi targets to achieve increased penetration in Tofaş's sales and to increase its profitability in the coming years on the back of operational efficiency that will result from new technology investments.

Koç Fiat Sigorta

Launched as an agile team project in parallel with the future customer expectations in the automotive industry as well as Tofaş's priorities, Koç Fiat Sigorta initiative was transformed into a company in 2022 as a new business unit under Tofaş Mobility Solutions Directorate and a subsidiary of Koç Fiat Kredi.

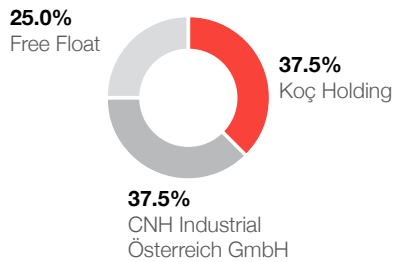
Through Koç Fiat Sigorta that opened up a new business field for Tofaş and serves as a good example of intrapreneurship, Tofaş passed an important turning point within its vision of end-to-end perfect experience delivery by underwriting its

customers' insurance needs in relation to mobility and all other areas. While Koç Fiat Sigorta, which is established with the potential of becoming the country's largest agency, grows on Tofaş's strong dealer network and other channels and offers all mobility insurance products customers need, it will also provide information to customers regarding their policies via the Care Center. Koç Fiat Sigorta also aims to play a part in the formulation of insurance processes for mobility products in the future.

TürkTraktör is the uninterrupted sector leader for 16 years.

TürkTraktör

Ownership Structure



Domestic Position

16 years of **uninterrupted leadership** in tractor market
66% of Turkey's **tractor production**
88% of Turkey's **tractor exports**

International Position

The sole design and main production center for New Holland TD and Case IH JX series tractors

The sole production center for New Generation Utility Medium series tractors and transmissions

The sole production center of Utility Light series tractors and transmissions

The sole engineering and production center for TD series transmissions

The main production center of S8000 series engines

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) ¹	Profit/(Loss) Before Tax	Net Profit/(Loss) ²	Share of International Revenues
21,835 +88% (2021: 11,644)	3,241 +100% (2021: 1,618)	2,863 +90% (2021: 1,510)	2,971 +125% (2021: 1,322)	32%

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

(2) Net profit/loss attributable to the equity holders of the parent.

Non-financial Indicators

ESG Commitments

- Commitment for % of women on board: 25%¹ in 5 years (2022: 8%)
- Commitment to increase % of women in STEM positions (2021 baseline year: 28%, 2022: 28%, 2026 target: 50%)
- Commitment to reach 30,000 women and girls between 2022-2026 through STEM community programs

International Platforms

- UN Women's Empowerment Principles (UN WEPs)
- Action Coalition Leaders on Technology and Innovation of the UN Generation Equality Forum
- UN Global Compact (UNGC)

Sustainability Indices

- BIST Sustainability Index
- Sustainalytics ESG Rating

(1) Policy acceptance date: April 2022

Website



Annual Report



Sustainability Report



Being the first manufacturing company of the Turkish automotive industry that is still pursuing operations, TürkTraktör started its industrial life in 1954. With its annual production capacity of 54,000 tractors at its Ankara and Erenler plants combined, TürkTraktör continues to steer the agricultural mechanization market. Working on product development and new technology implementation at its R&D centers in Ankara and İstanbul, TürkTraktör has 201 active patents, 11 of them international. TürkTraktör has established itself firmly among Turkey's most important enterprises with exports to more than 130 countries. Having been engaged also in the construction machinery segment since 2013, the Company serves its customers with its countrywide dealer network and efficient after-sales services.

TürkTraktör backs up its uninterrupted leadership in the Turkish tractor market with the motto “Transforms Agriculture to be Future Ready”.

As it gets closer to its 70th year, TürkTraktör continues to work with the purpose of getting the farmers future ready and handing down a more livable world to future generations. TürkTraktör has been the unchanging leader of the Turkish tractor market, which is the world's fourth largest market, for 16 years. As of year-end 2022, the Company commands 34% share with its market leader New Holland brand and 8.1% share with its Case IH brand that ranks 3rd in the market.

Having renewed its record in exports, TürkTraktör remains in the field with special edition models manufactured to celebrate the millionth tractor.

In 2022, TürkTraktör manufactured 44,619 tractors and got 66% share out of the tractor production in Turkey. The Company was single-handedly responsible for 88% of Turkey's tractor exports with 17,095 units exported, in a



reproduction of its 2021 export record. In addition to that, two limited edition CASE IH Farmall 110A and New Holland TR5.110 EC models with Phase 4 engine emission level were manufactured in 2022 to celebrate the millionth tractor that roll off the production line last year, serving as an attestation to the Company's manufacturing strength and a milestone.

Previously imported TR6 series cabins started to be produced at Erenler Plant during 2022. Using its capacity more efficiently while increasing the localization rate of produced components, TürkTraktör, the company leading agricultural mechanization, introduced the industry's first AGV (Automated Guided Vehicle) production line capable of flexible production without requiring a charging station and thus signed its name under another groundbreaking initiative.

During 2022, investments were finalized for a new transmission box range and production started. From August, New Generation Utility Medium tractors, the first product to use the new generation transmission box range, started to be exported. TürkTraktör is the sole manufacturer of this tractor series that will contribute an annual addition of 2,000 tractors to exports in the coming years.

Three years into domestic heavy-duty machinery production, TürkTraktör keeps consolidating its market position.

Displaying an increasingly successful performance in the construction machinery segment, TürkTraktör broadened its investments in this field by commencing domestic production at the start of 2020. Having started production of domestic backhoe loaders at its Ankara Plant, TürkTraktör continues to deliver innovative solutions to its customers by undertaking manufacturing for New Holland and Case brands at the facility that has an annual production capacity of 1,000 units. Besides locally produced backhoes, the Company offers its customers a broad array of construction machinery from different segments covering excavators, wheel loaders, mini excavators and mini loaders of New Holland and Case brands. The revenues TürkTraktör generates on construction machinery increased by 112% year-on-year.

TürkTraktör gets one step ahead with the new generation environment-friendly Phase 5 emission level tractors

Having aligned its existing product range and the new models launched with the Tractor Mother Regulation (TMR), TürkTraktör continues to deliver safety and maximum comfort of driving to farmers. The Company started offering the high-performance tractors producing less CO₂ emissions thanks to their engines with Phase 3B and Phase 4 emission levels in 2022 and markets tractors that comply with Phase 3, Phase 4 and Phase 5 emission standards guidelines on the export front. TürkTraktör exports to more than 130 countries.

TürkTraktör remains in the field also with its agricultural equipment.

Offering solutions also with its wide range of model options for different needs, TürkTraktör introduced Sliding Chassis Precision Planter designed by its R&D team. The Company expanded its agricultural equipment product range with the addition of New Holland Forage Harvester and New Holland and Case IH HD Big Baler during 2022.

Commanding leader position in the combine harvester segment, TürkTraktör sustains its successful performance also in non-tractor segments. The Company's revenues derived on combine harvesters and agricultural equipment went up by 78% in 2022 as compared to the previous year.



Digital transformation solutions for agriculture come from TürkTraktör

TürkTraktör keeps working to contribute towards facilitating the transition of the Turkish agriculture and farmers to high technology and achievement of higher efficiency in agricultural production. At the same time, as the authorized sales and service distributor in Turkey of Trimble, one of the world's pioneering companies in agricultural technologies, the Company keeps delivering services that will increase farmers' working performances to Turkish farmers. Automatic steering, telematic solutions and farm management systems are compatible with New Holland and CASE IH tractors and farmers can reach uninterrupted service with the after-sales services.

Bringing cost, labor and time-saving advantages in the spraying of expansive areas, offering wide range of usages, ease of use and maintenance, high efficiency and environmental protection, TürkTraktör drone services provide drone-assisted through 5 pilot. The service network in this area is targeted to be broadened in 2023.

First launched in 2019, "My Mobile Field" application continues to support our farmers as a digital decision-making mechanism. With its new 2.0 version introduced in 2022, the application provides convenience to users with its various improved features including irrigation recommendations with humidity and irrigation mapping that uses machine learning; corn yield and crop estimations, crop pattern mapping, field comparisons that use image processing, and digital campaigns. My Mobile Field, TürkTraktör's application presenting agricultural producers with digital decision-making support, offers service to approximately 113,000 users.

TürkTraktör stays one step ahead with its social responsibility projects.

TürkTraktör is one of the central actors of “For My Country” project that aims to expand the notion of social responsibility to instigate a more participative attitude regarding social issues and realize initiatives that will support local development and help enhance living standards. In 2022, as it did in previous years, the Company carried on with its efforts to raise awareness of the society and farmers with regard to the sector and spheres of influence, alongside educational, employment and gender equality initiatives undertaken.

In keeping with the vision of leading transformation to make its sector and spheres of influence future ready, TürkTraktör commits to ensure gender equality and work devotedly for women’s empowerment by touching 30,000 people in the next 5 years (2022-2026) through the “Miracles of Sprouts Technology and Innovation” project launched in 2022, which will entail initiatives and partnerships to be realized in technology and innovation, along with internship and employment opportunities and development programs that include vision and expertise education, coaching/mentoring support, Ideathon/Hackathon experiences.

Under the collaboration established with Women in Technology (WTECH), vision and expertise education will be offered to 4,000 women studying in STEM (science, technology, engineering and mathematics) departments of universities during 2023. The cooperation established with the



Turkish Entrepreneurship Foundation (GİRİVAK), on the other hand, is aimed at provision of awareness training and supporting innovative ideas with Ideathon experience. Along this line, TürkTraktör provided mentoring and/or coaching support to over 200 young people via its internal mentors and coaches during 2022.

Sustainability strategy “Future Impact Plan” goes live.

TürkTraktör is included in the Carbon Transition Program launched by Koç Holding to become carbon-neutral by 2050, which covers concrete and feasible steps for combating the climate crisis. In 2022, activities were carried out in line with low-carbon transition efforts whereby carbon footprint was calculated and Scope 1, 2, 3 targets were set within the scope of the Carbon Transition Program. A constituent of Borsa İstanbul (BIST) Sustainability Index since November 2016, TürkTraktör also qualified for BIST

Sustainability 25 Index first compiled in November 2022 and has become one of the top 25 companies displaying highest sustainability performance. The Company’s current sustainability score is 75, which is calculated according to criteria defined by Refinitiv.

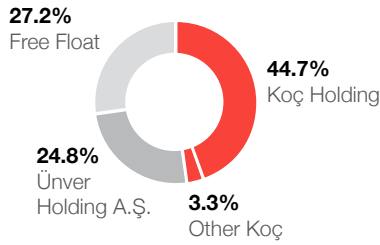
Forward-looking expectations

Working to drive the country’s agriculture and farmers forward today as it has done in the past with the awareness of the responsibilities deriving from its deep-rooted history and leadership in the industry, TürkTraktör conducts various activities along this line which are focused on research and development, innovation, digital transformation and sustainability. As it gets closer to its 70th year, TürkTraktör sums all these activities up in the phrase “Transforms Agriculture to be Future Ready”. The Company has espoused it as its main target to get the farmers future ready and hand down a more livable world to future generations.

Otokar

A leading land systems and bus manufacturer, Otokar expanded its electric bus range with 2 new vehicles.

Ownership Structure



Domestic Position

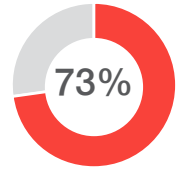
14 years of uninterrupted leadership in the bus market

International Position

Bus exports to **more than 50 countries**
Export of military vehicles to more than 60 users in **over 40 countries**
Subsidiary companies in **4 countries**

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) ¹	Profit/(Loss) Before Tax	Net Profit/(Loss) ²	Share of International Revenues
9,604 +113% (2021: 4,509)	1,611 +69% (2021: 953)	1,077 +19% (2021: 905)	1,239 +19% (2021: 1,042)	



(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

(2) Net profit/loss attributable to the equity holders of the parent.

Non-financial Indicators

ESG Commitments

- Commitment for % of women on board: 25%¹ in 5 years (2022: 11%)

International Platforms

- UN Women's Empowerment Principles (UN WEPs)

Sustainability Indices

- BIST Sustainability Index
- Refinitiv

(1) Policy acceptance date: December 2021

Website



Annual Report



Sustainability Report



Since its establishment in 1963, Otokar has been providing tailored solutions for its customers in the automotive and defense industries with its own technology, design and applications. Producing buses for public transportation, light trucks for logistics, wheeled and tracked armored vehicles and tower systems for the defense industry, Otokar operates with nearly 3,000 employees at its plant which covers an area of 552,000 m² in Sakarya.

Defense industry

Its military vehicles being operated by approximately 60 customers in 40 countries, Otokar received new orders for vehicles and spare parts from different geographies. The Company exhibited its broad product range and capabilities in defense industry trade shows and events organized around the world. In publicity activities carried out in many countries from South Africa to Indonesia and Chile to France, Otokar's integrated logistics support systems and delivery times were noted alongside its broad product range.

Commercial vehicles

In 2022, Otokar consolidated its leadership in the bus market and has been the most popular bus brand in Turkey for the 14th time.

Otokar completed the deliveries within the scope of the tender held by İstanbul Metropolitan Municipality for the procurement of 100 articulated buses, which were put into service.



In 2022, the Company promoted its new microbus, the 6-meter long Centro and received the first order from Balıkesir Metro Metropolitan Municipality.

Otokar broadened its electric bus family in 2022 and added e-Centro and e-Kent Articulated buses to its product range. The Company publicized its electric buses in various countries including France, Poland, Italy and Germany in Europe that represents its primary target market, as well as in Turkey. At IAA, one of Europe's major commercial vehicle trade shows, Otokar's electric bus was used in passenger transport for 6 days. Otokar received electric vehicle orders from Italy, Spain, Romania and Serbia.

Under the agreement signed for the local production of IVECO BUS buses, Otokar continued its bus production and deliveries in 2022.

Carrying on with its growth in the Turkish truck market, Otokar added the 12-tonne Atlas 3D vehicle to its product family. The Company also initiated efforts for exporting Atlas.

Standing out in the industry also with its design and R&D processes, Otokar's Territo bus was granted the "Excellent Product Design" award at the German Design Awards, one of Europe's most prestigious recognition programs. In addition, Otokar Kent buses have been the winner in the "Mobility" category with two different models at the BIG SEE Awards.

Investments

Otokar carried on with its R&D investments commenced in previous years to capture the fast growth targeted to be achieved with its proprietary vehicles also in 2022. The Company's investment expenditures in 2022 amounted to approximately USD 24 million including capitalized R&D expenditures.

Agile transformation and digital transformation

Having set out on its agile transformation journey in 2021, Otokar conducted 18 projects focused on increasing efficiency in production, quality and OHS. Training was given to nearly 500 people within the Company and 11 projects participated by 158 people were completed.

Working on digital transformation projects in production technologies and OHS, the Company executed different projects ranging from forklift systems to cyber security in 2022. Currently, Otokar also takes part in international projects that deal with AI-based process optimization and synthetic imaging technology.

Sustainability

Otokar plays an active role in Koç Holding's Carbon Transition Program aimed at becoming carbon-neutral by 2050. In 2022, in an effort to reduce its emissions, the Company started power generation using solar panels at its plant in Sakarya and initiated work for a new solar power plant investment at the same plant. The power plant is slated for going into service by early 2023.



Having also conducted a product lifecycle assessment for its e-Centro bus in 2022, Otokar claimed the big prize in the environment category awarded by Kocaeli Chamber of Industry for its environmental initiatives and efforts.

During 2022, Otokar penned its manifesto regarding diversity, equality and inclusion and initiated internal informational and awareness efforts. A dedicated feedback mechanism was created for conveyance of intra-Company opinions as part of the activities focused on gender equality, generations and disabilities.

In the "Great Place To Work" survey, Otokar was awarded in the "Best Employer" category. Extending support to projects that contribute to vocational education in OHS, the Company signed a protocol with Sakarya Governorship Provincial Directorate of National Education for cooperation in vocational education.

On the back of its sustainability efforts, Otokar qualified for seven consecutive times to be included in the BIST Sustainability Index as per the Index Selection Criteria set by Borsa İstanbul.



Forward-looking expectations

Otokar targets to preserve its leadership in the domestic bus market and aims to increase its market share particularly in Europe with its electric product range. The Company will also continue to work on vehicles powered with alternative fuels and autonomous technologies.

Adhering to its targets of growing its vehicle park in its export markets and tapping co-production opportunities with local partners abroad through technology

transfer on the defense industry front, Otokar will continue to offer its products, capabilities and facilities for the benefit of our country.

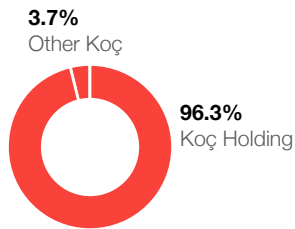
Otokar targets to maintain employee engagement and develop its human resources through reskilling; the Company will carry on with its sustainability initiatives in environment, innovation and corporate governance areas.

Headed towards becoming a global company, Otokar aims to sustain its growth also in the coming year together with its subsidiary companies in France, United Arab Emirates, Romania and Kazakhstan.

Otokoç Otomotiv

Otokoç Otomotiv, having a leading position in car rental in the domestic market, continues its operations in 9 countries.

Ownership Structure



Domestic Position

9% market share in the total automotive market with **74,053** new vehicles sales
Leader in second hand vehicle sales among corporate brands with sales of around **26,890** units
Leader in car-rental

International Position

Management of the vehicle park with **55,259** vehicles with **583** employees at **61** points in **8** countries
The **leader** of the car rental industry in Azerbaijan and Kazakhstan
The **leader** of the long-term car rental industry in Greece and Georgia
International operations account for **27%** of EBITDA
One of the key investment partners of Avis Budget Group and its **largest licensee**

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) ¹	Profit/(Loss) Before Tax	Net Profit/(Loss) ²	Share of International Revenues
42,556	6,795	5,524	4,428	
+121%	+153%	+173%	+177%	
(2021: 19,262)	(2021: 2,691)	(2021: 2,025)	(2021: 1,601)	

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

(2) Net profit/loss attributable to the equity holders of the parent.

Non-financial Indicators

International Platforms

- UN Women's Empowerment Principles (UN WEPS)

Website



Established in 1928 as Koç Holding's first automotive sector investment, Otokoç Otomotiv is Turkey's leading automotive retailer, car rental and car sharing company. Otokoç Otomotiv is a one-stop source for mobility solutions. The Company operates with the Otokoç, Otokoç 2.El, Otokoç Parça and Lastick brands in automotive retailing, with the Avis, Avis Filo, Budget and Payless in car rental, with the Zipcar in car sharing and with the Otokoç Sigorta in insurance services. Conducting operations in Turkey, Greece, Kazakhstan, Azerbaijan, Northern Iraq, Hungary, Georgia, Northern Cyprus and Ukraine, Otokoç Otomotiv operates in a total of 419 points - 85 of which are abroad - in 9 countries.

74,053 vehicles sold in 2022

Otokoç Otomotiv commanded a share of 26% in Ford sales, 26% in Ford Trucks sales, 32.5% in Fiat sales, 38.9% in Alfa Romeo and Jeep sales, 30.2% in Volvo sales and 51% in Maserati sales in automotive retail during 2022. With the efforts of its 3,073 employees, the Company commanded a 9% share in the total Turkish automotive market. In second hand vehicle sales, Otokoç maintained its leadership among the corporate brands with sales of 55,259 units.

Turkey's market leader in the car rental sector

Otokoç Otomotiv, which is the world's largest licensee for the Avis Budget Group (ABG), achieved a 81% increase in the turnover of its car rental business unit in Turkey, and has maintained its leadership.

Operational developments

2022 operational developments at Otokoç Otomotiv that is undergoing agile transformation are summarized below:

- In Car Sharing: Need-based remodeling of services as Ziptrip and Zipflex:



- In Car Rental: caravan rental, caravan ecosystem design, environment-friendly rental, delivery wherever desired, booking system using AI-based chatbot, significant work with the pilot team in substitute vehicle provision process in rentals and transformation as a unit
- In Second-Hand Business: Expanding the private showroom network and increasing the number of locations, individual and institutional tenders, end-to-end online second-hand vehicle sales, contactless sales, cash purchases, acquisition of 4 new locations.
- In Operational Leasing: Avis Fleet Connect project that constitutes an important milestone for driver security and saving purposes for fleets; "MyAvis" product allowing digital proposals and orders, Avis Fleet Maestro for individuals and organizations preferring to acquire their fleets as self-owned vehicles, which provides end-to-end fleet management and offers tracking and need-based services in various aspects including safe driving, fuel consumption, productivity and so on also using connected vehicle technologies.
- In Automotive Retailing: Mobile service offering on-site repair and maintenance services, first agile branch projects.
- Internationally: Rental car sector leader

in Azerbaijan and Kazakhstan, long-term car rental sector leader in Greece and Georgia.

Other important developments

The employee engagement score of Otokoç Otomotiv improved by 6.6 points to 82.8 in 2022, marking the Company's highest-ever engagement score. In Greece, on the other hand, employee engagement score increased by a staggering 18 points and reached 83 in 2022.

The Company received "Kincentric Turkey Best Employer 2022" award.

In the 1st League category of the "International Region Net Promoter Score" measurement carried out by Avis Budget Group with an independent research company in 2022, Avis Turkey finished the year as the leader, while Avis Greece ranked 2nd. This achievement was crowned with the international award received in the customer complaints category at the "European Centricity Awards".

Otokoç Otomotiv set out on its agile transformation journey in 2021. At the start of the journey, the Company measured its agility using the Business Agility Institute's questionnaire and started the road with 3 stars. In the measurement repeated in 2022, it maintained its 3 stars. Progress was achieved in the transformation of the car rental business unit, as well as with pilot teams and the first agile branch efforts; as of year-end 2022, 267 people in 40 teams are working agile.

The revenues Otokoç Otomotiv generated on innovation startups grew by 29.2% as compared to the previous year, and exceeded TL 57 million in the past 3 years combined.

Sustainability

Otokoç Otomotiv Sustainability Committee carries out its activities in conjunction with the Energy Efficiency, Audit and Risk Committees set up the same year. In 2022, focus was on Sustainability Strategy.

In addition to the solar panel put into use at Otokoç Antalya Branch, a 1,050,000 kWh solar panel was installed at Otokoç Adana Branch in 2022. These panels will avoid 455 tonnes of carbon emissions. An additional 264 tonnes of emissions were avoided thanks to energy efficiency actions such as compressor, LED conversions and time adjustments made to lighting equipment.

As a result of the sustainability sprint commenced in 2021 and accompanying Green Energy initiatives, the electricity used at the Head Office and branches (30 locations) are being supplied from renewable sources since August 2022.



Under the ISO 14064-1 GHG Emissions Reporting Standard:

Scope 1, 2 and 3 GHG emissions in 2021 were calculated and verified by an independent accredited institution. In 2022, ISO 14001 Environmental Management System, ISO 9001 Quality Management System, ISO 10002 Customer Satisfaction Management System and ISO 45001 Occupational Health and Safety recertifications were obtained.

Backed by Otokoç Otomotiv, Opet and Entek Elektrik, WAT Mobilite was incorporated to be engaged in electric vehicle charging station network operation as a strategic step in the electrification transformation that the automotive industry is undergoing. The mobility ecosystem will keep growing with the joint forces of its stakeholders.

In line with the Company's vision, collaboration was established with ALBA Elektrikli Ulaşım Sistemleri, a domestic micro mobility manufacturer. Initiated as a co-innovation project and covering e-bikes and scooters, the project is ongoing in pilot run with short-term rental and sales business models. 2023 vision of the project will cover long-term rental and sharing business models.

The first startup investment was made in the US-origin Bluedot, a technology startup offering solutions that connects to charging station companies' infrastructure through APIs without requiring additional effort and gives users access from the mobile app, provides them with payment infrastructure and so on.

Horizon EU - EcoMobility project covers 44 global companies, 6 of which are from Turkey and include Otokoç Otomotiv and TUBITAK; a grant will be received under the project.

Under its WEB 3.0 strategy, Otokoç Otomotiv set out to function as a sustainable experience center servicing all consumers with the Otokoç Metazone land purchased on Decentraland, a decentralized metaverse. With this initiative, the Company has aimed to build various spaces that will help develop experience for several sectors and will contribute to brands and creative economy.

To collaborate with major international investors as well as with domestic investors in the future mobility system, a "Growth Board" was formed with individuals producing inspiring work in their respective fields. The Board holds quarterly meetings and carries out 360-degree assessment of startups.

The Company partners with the Association for Educational Activities for Hearing-Impaired Individuals for the inequalities hearing-impaired individuals suffer from and with UN Women and Women in Sales Network Program and Professional Women Network (PWN) İstanbul for gender inequality issues. “Cam Tavan Arabada Güzel” (Glass ceilings are for cars only) project was launched on March 8th International Women’s Day for ensuring gender equality with the goal of a more egalitarian and inclusive world by drawing the attention to “Glass Ceilings”, a metaphor used to represent all sorts of invisible barriers that prevent women from realizing their full potentials.

While championing animal rights with the “SemtPati” (NeighbourhoodPaws) project, support is extended to Tohum Autism Foundation and internal awareness raising activities are organized.

Throughout the year, communication initiatives were carried out for establishing and proliferating the “Otokoç 1 Dünya” employer brand launched in a bid to attract the talents compatible with the Company’s vision and to strengthen employee experience. Targeted campus events were attended and 35 different career events served to get together with the youth. 115 young talents joined the Company under programs aimed at employing young talents, such as Sales School, Half-Time Sales Consultant, Upgrade Long-Term Internship, ShineUP Summer Internship Programs and SpeedUp Management Trainee Training Program. Contents of career accounts on social networks were enriched with posts reflecting the world of Otokoç Otomotiv and increasing the visibility of Otokoç Otomotiv employees. Internal coaching process was designed and put into implementation. Members of senior management started receiving reverse-coaching from manager-to-be employees.



Otokoç Otomotiv launched the “Branded Customer Experience” program to realize customer experience transformation concurrently with the agile transformation process. Initially put into implementation in the Short Term Car Rental business unit, the program will continue with the Retail business unit in 2023 and will subsequently be rolled out in other Otokoç Otomotiv brands. The “Branded Otokoç Otomotiv Customer Experience” program is intended to result in a customer-oriented governance model in line with the customer strategy and promise. With the aim of ensuring service uniformity at all customer touchpoints and deploying standards, a cultural transformation is targeted to be achieved through customer measurements and customer journey maps to be redesigned, which will be ongoing and supported with internal trainers.

Forward-looking expectations

It is targeted to increase the share of the whole Company’s revenues generated on online sales from 13% to 18%. The Company moves towards becoming the largest second-hand vehicle brand competent in omnichannel that first comes to people’s minds.

Otokoç Otomotiv aims to get all its domestic operations working agile in 2023. Focus will be placed on projects for maintaining shared values and principles within the scope of the transformation of the working manner and cultural transformation alike.

Work is in progress for realizing the “SuperApp” project which combines all brands in the Company’s portfolio within a single mobile application.

The Company will sustain and further evolve the pioneering role it has assumed with the “Avis Caravan” service for the development of caravan tourism in Turkey and the formation of the necessary ecosystem with “Karavanya” world.

The Future Fit project, which is on the Koç Group’s transformation agenda and focuses on topics such as working efficiently with qualified workforce and identifying new skills when needed, was commenced in 2022 and will be brought to completion during 2023. Initiatives resulting from the project will be followed through and put into implementation over a three-year period.

Consumer Durables

We strengthen our global presence by providing the unique combination of technology and design.





Consumer Durables

Developments in the consumer durables sector

The global white goods market shrank 7.5% in revenues to USD 230 billion due to the energy crisis that resulted from the conflict between Russia and Ukraine and the negative impact inflationist pressure dominating global markets had on purchasing power in 2022.

In Europe (the European market excluding Turkey and Ukraine), Turkey's main export market, the white goods market narrowed down by approximately 9% in volume in 2022 as compared to the previous year.

In 2022, the Western European market contracted by approximately 8%, contributed also by the marked shrinkage in the UK. The contraction of the UK market was approximately 14%, while that of the German market was 7%, and French market was 6%; Italy shrank by 7%, Spain by 5%, the Netherlands by 7%, Belgium by 11% and Austria by 4%.

The Eastern European market excluding Ukraine displayed a weak performance similarly to Western Europe, recording approximately 10% contraction in 2022. While sales volume in Russia, which is the largest market in the region, dwindled by approximately 14% year-on-year, around

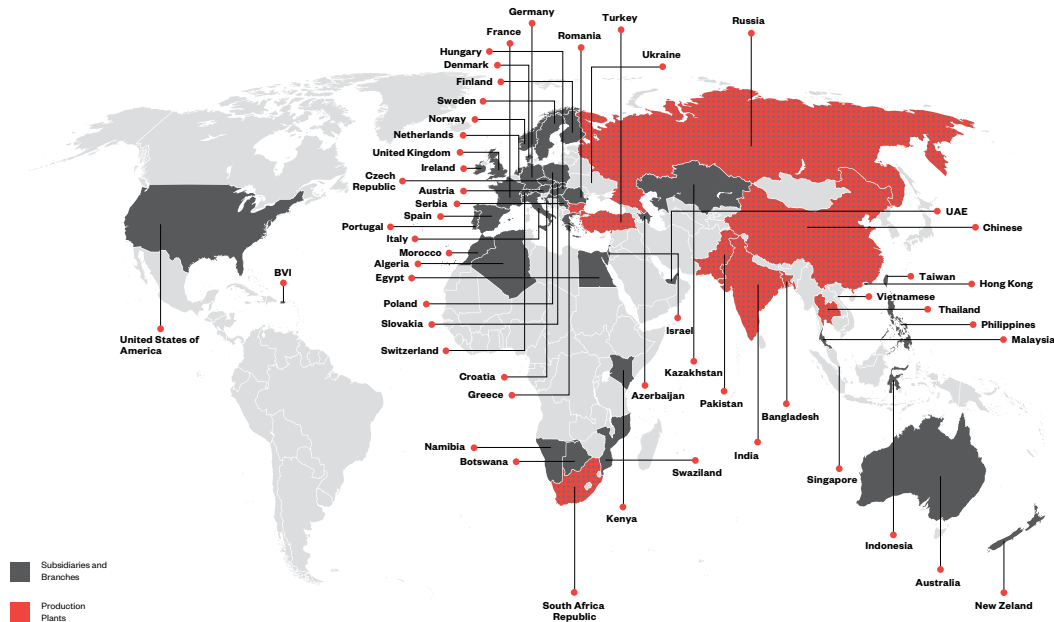


7% decline was recorded in Poland, the region's second largest market. The Romanian market posted about 13% shrinkage. In addition to the above, the Ukrainian market is estimated to have downsized by 45% due to the impact of the war.

The South African white goods market, which is one of our main markets apart from Europe, slimmed down by 10% as compared to 2021.

In 2022, domestic sales stood at 8.3 million units in the Turkish white goods market, for an annual decline of 2%. Exports ended the year at 25.7 million units, down by 1% year-on-year. Total production became 32.8 million units, 4% lower than what it was in 2021.

TV market grew by approximately 7%, whereas the air conditioning market contracted by nearly 10% in volume.



The Koç Group in the Consumer Durables Sector

The Koç Group realizes 47%¹ of the total exports of Turkey in white goods sector.

Companies and Domestic Positions

Arçelik

- #1 in white goods
- #1 in TVs
- #1 in air conditioning

Bilkom

Distribution of information and communication technologies to more than 4,000 sales points

Competitive Advantages

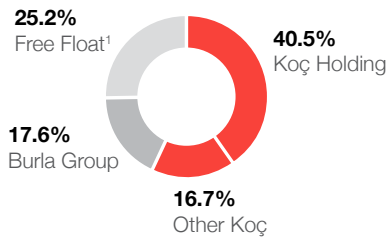
- Low-cost production centers: Turkey, Romania, Russia, China, South Africa, Thailand, Pakistan, India and Bangladesh
- Turkey's most extensive sales and after-sales service network supported by strong brand value
- Production facilities included in the "Global Lighthouse Network", where WEF - World Economic Forum determines the world's leading production facilities in Industry 4.0
- Solid position in the countries where it pursues operations; 2nd largest white goods company in the European territory including Turkey (Beko: One of Europe's top three white goods brands and the leader of the white goods category in the UK)
- Export to the world with 80 subsidiaries and global sales & marketing organization located in 52 countries.

(1) According to the data of the members of the White Goods Manufacturers Association, 6 main products are included in the white goods.

Arçelik

Arçelik offers products and services globally with 30 production facilities in 9 countries, 80 subsidiaries in 52 countries and its global brands.

Ownership Structure



(1) Including the shares with a nominal value of TL 51,919,907 repurchased by Arçelik (7.6835% stake).

Domestic Position

Leader in white goods
Leader in TVs
Leader in air conditioning

International Position

Market leader with the Arctic brand in Romania and Defy in South Africa

Beko - Global brand:

Among **top three** in six major appliance categories combined in the European territory including Turkey

Leader in the UK white goods market

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) ¹	Profit/(Loss) Before Tax	Net Profit/(Loss) ²	Share of International Revenues
133,916 +96% (2021: 68,184)	8,651 +71% (2021: 5,053)	4,218 +16% (2021: 3,623)	4,325 +41% (2021: 3,065)	70%

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

(2) Net profit/loss attributable to the equity holders of the parent.

Non-financial Indicators

ESG Commitments

- Achieve Net-Zero Emissions by 2050
- Reduction in Scope 1, 2 and Scope 3 direct use-phase emissions by 50.4% in its own operations by 2030, in light of the Science-Based Targets determined according to the 1.5°C scenario, for which approval is pending (baseline year: 2018)
- Increase the ratio of recycled content in all plastics used in products and components within the scope of the Business Plastic Initiative (in Turkish: İPG).
- Increase the ratio of recycled plastic content in our products to 40% by 2030
- Commitment to % of women in board seats: 25%¹ in 5 years (2022: 17%)
- Commitment for % of women on board: 26% in total, 30% in executive positions by 2030

International Platforms

- UN Global Compact (UNGC)
- Science Based Targets initiative (SBTi)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- UN Women's Empowerment Principles (UN WEPs)
- Business Ambition for 1.5°C
- Race to Zero
- WEF Alliance of CEO Climate Leaders
- Climate Group EP100
- World Business Council for Sustainable Development (WBCSD)

Sustainability Indices²

- BIST Sustainability Index
- First place in the sector scoring 92/100 in Refinitiv 2022 ESG
- CDP Climate A- list, CDP Water A list
- Dow Jones Sustainability Index, the highest score in its sector for 4 years in a row
- In the list of the Top 100 Most Sustainable Corporations compiled by Corporate Knights
- One of the 45 global companies awarded the Terra Carta Seal
- S&P ESG Rating 76/100
- AAA rating in the MSCI list and in the FTSE4Good list since 2016

(1) Policy acceptance date: May 2021

(2) For other indices and achievements, see page 112-115

Website



Annual Report



Sustainability Report



Plastic Commitment (İPG)



Arçelik A.Ş. carries out production, marketing, sales and after sales customer service activities in white goods, consumer electronics, small home appliances and kitchen accessories and is the leader in the six major appliance categories combined in the European territory.

Consistent growth in global leadership journey

Arçelik sustains its global growth journey with more than 45,000 employees, 12 brands, 80 associated companies in 52 countries, 30 production facilities in nine countries and 29 R&D centers. Arçelik, the market leader in Turkey, also maintained its leader position with the Arctic brand in Romania and Defy in South Africa. Beko, its global brand and the market leader in the European territory in six basic appliance categories combined, maintained its leadership position in the UK and France white goods markets.

Continuing to increase its presence and operations in the global business environment and to create value for its stakeholders, Arçelik, in 2022, laid the foundations of the facility that will commence white goods manufacturing in Egypt with an investment of USD 100 million. This new plant in Egypt, where marketing and sales operations are carried out under Beko brand since 2012 is intended to become the regional manufacturing hub for exports targeted at the Middle East and Africa region. The plant will initially manufacture air conditioners, combi boilers, ovens, built-in appliances and stoves.

In addition, Arçelik purchased the US-based white goods producer Whirlpool's two companies operating in Russia and in ten other countries in the region, and air conditioner and washing machine production plants in the city of Lipetsk.



The right to use “Indesit” and “Hotpoint” trademarks in in-scope countries (Russia, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, Armenia, Georgia, Azerbaijan, Kazakhstan, Belarus, Mongolia) were conferred upon Arçelik and acquired companies for a certain period of time.

Arçelik develops technologies for the future with its sustainability vision.

Based on its vision spelled out as Respecting the World, Respected Worldwide, Arçelik regards sustainability as a business model and designs the future now. As it develops technologies for the future, the Company works to combat environmental and social issues, enhance its work quality and be a part of the solution to societal problems on the back of its global reach and extensive network of stakeholders.

In its projects in 2022, Arçelik prioritized energy saving technologies, water saving Save Water technology, the technology keeping the fruits and vegetables fresh longer owing to its day cycle feature, microfiber filtration technology that filters up to 90% of microplastics, use of recycled materials in its products and packaging, sensors, advanced data analytics, cyber security algorithms,

remote access protocols, engine and engine drive systems, system and component-based modeling and advanced analysis methods.

Sustainability is the ultimate driving force of Arçelik's future vision and reputation on a global scale. Arçelik's sustainability vision is founded on three tenets:

- Reduce its environmental footprint,
- Create value for the society
- Achieve sustainable performance along the value chain.

Emerging markets are now responsible for two thirds of global emissions. It is foreseen that the strong rise in demand to be driven by the rapidly growing middle class in the Asia-Pacific and Sub-Saharan countries will give rise to higher energy consumption. A great deal of the demand for energy will stem from increased volume of equipment, devices, lighting and other products. For this purpose, Arçelik does not just enhance its production and work processes, but also works on methods that will achieve a transformation in every household penetrated. At the same time, Arçelik has committed to the Science Based Targets Initiative to reduce the emissions arising during the production and usage phases of products.

Through the energy-efficient products it does, and pledges to, manufacture, Arçelik works with the aim of changing consumers' lifestyles and creating a meaningful impact on the future in the long-term not just in regions with stricter regulations such as the European Union but also in markets where sustainability transformation is a challenge and needs to be supported. The Company commits to offer energy-efficient products beyond legal requirements (regulations) even in emerging countries.

To achieve these targets, Arçelik makes use of sustainable finance sources. Key steps in this vein include the first green bond issuance with a nominal value of EUR 350 million and a maturity of 5 years traded in global markets and EUR 83 million green loan portion of the loan agreement signed for EUR 150 million with the European Bank for Reconstruction and Development (EBRD) in 2021. These green funds are being used to finance environmental sustainability and R&D projects; significant projects started to be realized towards the achievement of net zero emissions along the entire value chain by 2050. In 2022, the first "Green Bond Allocation and Impact Report" covering the years 2018 through 2021 was posted on Arçelik's corporate website. Link: <https://www.arcelikglobal.com/media/6933/arcelik-2018-21-green-bond-allocation-and-impact-report.pdf>



Global leadership in sustainability

- Arçelik has been the top scorer (December 2022 S&P Global Corporate Sustainability Assessment score: 87/100) for the fourth time in the Household Durables category of the Dow Jones Sustainability Index that evaluates sustainability performances of corporations. Moreover, it also successfully qualified for inclusion in the Dow Jones Sustainability Index for six consecutive years.
- Arçelik made it for the third time to the Corporate Knights Global 100 Most Sustainable Corporations in the World 2022.
- Arçelik was included in CDP's 2022 Climate A- list and Water A list.
- Arçelik was assessed to be at low risk of experiencing material financial impacts from ESG factors which was assigned an "ESG Low Risk Level" by Sustainalytics¹ with a score of 12.8, and also captured the number 1 spot in its sector.
- Arçelik received a score of 50/100 in the 2022 rating of Vigeo Eiris (V.E.), part of Moody's ESG Solutions.
- Having scored 70/100 at the EcoVadis Sustainability Assessment, Arçelik was placed in the top 5% companies assessed by EcoVadis and earned a Gold EcoVadis Medal.
- Arçelik was awarded Prime degree at ISS ESG.
- Since 2014, Arçelik is included in the BIST Sustainability Index comprised of companies traded on Borsa İstanbul and displaying the best performance in corporate sustainability.
- Arçelik received a score of 92/100 and ranked 1st in the sector based on the assessment by Refinitiv, a global rating agency that performs the assessments for Borsa İstanbul Sustainability Index, according to 2021 data.

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- Arçelik has been a constituent of FTSE4Good Emerging Markets Index since 2016, which lists companies with strong environmental, social and corporate governance performance as measured by FTSE Russell², a global index provider that is part of the London Stock Exchange.
- Arçelik has been rated AAA in the MSCI Sustainability Index in 2015, and consistently AAA since 2016.

Within the scope of its sustainability efforts and initiatives in 2022, Arçelik:

- Submitted its 2030 goals approved by the Science-Based Targets initiative (SBTi) aligned with “well-below 2°C” trajectory. These goals were revised and new targets aligned with 1.5°C ambition were submitted for approval. Accordingly, the company committed to reduce its Scope 3 emissions resulting from the use of its sold products as well as Scope 1 and Scope 2 emissions by 50.4% by 2030 as compared to 2018 baseline year. SBTi’s approval for revised targets is pending.
- Continues to conduct projects for achieving its net-zero emissions goal along the entire value chain by 2050. In March 2022, the company pledged to SBTi that it will attain compliance with the SBTi Net Zero Standard within 2 years.
- Assumes duties actively within WEF CEO Climate Alliance and UN Global Compact CFO Taskforce of which Arçelik CEO and Arçelik CFO are members respectively.



- Arçelik’s washing machine plant in the city of Ulmi in Romania joined within the ranks of ten “Sustainability Lighthouses” of the World Economic Forum (WEF) Global Lighthouse Network that covers best actors worldwide in terms of Industry 4.0 efforts, thanks to its effective sustainability initiatives in water and energy management.
- Arçelik’s washing machine plant in the city of Ulmi in Romania was named one of the best examples of smart energy management systems by Corporate Knights.
- Emphasizing sustainable water management efficiency, Arçelik announced that it supports CEO Water Mandate, an initiative of the UN Global Compact to urge business leaders to take action for water management.
- Arçelik, via its global brand Beko, partnered with Water.org to support a social responsibility program that will give 10,000 Kenyans access to safe water and sanitation solutions. Under the partnership that will last for two

years, Beko will sponsor Water.org and its local partner AMFI Kenya, the Association of Microfinance Institutions-Kenya. Hence the company will contribute to expansion of solutions through microloans that will give populations deprived of safe water sources access to safe water.

- Prioritizing responsible production/ responsible consumption at the heart of the branding journey on which it has set out with the slogan “Designs Goodness with Love”, Arçelik has launched its “İYİ-GE” (Develop Goodness) shared-wisdom platform as it seeks answers to the question “What can we do for our planet?”. The İYİ-GE Committee formed for the Platform initiated the “Climate-Friendly Movement” that will cover all its stakeholders.
- Arçelik opened its first “Climate-Friendly Store” in Turkey. The store is Turkey’s first platinum-level LEED green building certified store.

(2) FTSE Russell (FTSE International Limited and Frank Russell Company) confirms that Arçelik Corporation has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

- In cooperation with WWF-Turkey (World Wildlife Fund) and the Marine Life Conservation Society (DYKD), Arçelik launched a project for ghost fishing nets that threaten marine biodiversity. Under the “Ghost Fishing Nets Project”, abandoned fishing nets located in exploratory dives off the Princes’ Islands in the Sea of Marmara were collected by divers in dedicated dives. Collected fishing nets will be recycled and used in Arçelik products. Awareness raising seminars will be organized for fishermen and locals and a local communication mechanism will be set up to report abandoned, lost nets. In addition, a study on the campaign’s impact on the environment and marine life will be determined and reported with the contribution of academics.
- Arçelik targets to increase biodiversity in the land of the Arctic Ulmi plant located near Natura 2000 key biodiversity area (KBA) by 2027. Actions will be implemented and improvement will be achieved for alleviating the pressure on biodiversity and supporting the natural development of habitats.
- Arçelik was named a “Best Practice” in the area of human rights by WBCSD, of which it is a member, for its human rights unit set up in 2021 and efforts and steps for betterment of human rights processes.
- Targeting global leadership in R&D and innovation, Arçelik organized an “Open Innovation Day” participated by numerous startups, business leaders and investors from around the world and Turkey under the Garage Innovation Hub roof.
- Via its Beko brand, Arçelik held the “Hack the Normal” hackathone around sustainability main theme with a focus on Europe, which will facilitate and inspire development of new ideas on circular economy, climate change and water management.



- Arçelik declared gender equality commitments in technology and innovation as part of UN Women Generation Equality Forum, of which Koç Holding is one of the global leaders. The company’s commitments to be achieved by 2026 in this context are as follows:
 - Increase the % of women in STEM positions from 16% to 35% in its global organization,
 - Provide technology-design, information technology and software education to 100,000 girl students in the secondary school age (aged 10 to 14) in all 81 cities of Turkey with the Digital Wings Project,
 - Expand the project launched in 2019 under the name “You are an Engineer, You are With Us” with the target of equipping women students in engineering and technology departments of universities with new generation R&D skills to Romania, Pakistan and South Africa, as well as within Turkey, under the name “WE-inTech” in 2022,
 - Reach 5,000 women by 2026 through global entrepreneurship programs to be held and be instrumental in channeling USD 4 million in funds to women-led startups,
 - Increase % of women dealers from 4.8% to 25% with the Beko 100 Women Dealers project,
 - Increase % of women technicians in Turkey from 6.7% to 14% with the 500 Women Technicians project.
- Arçelik’s CEO was elected the new president of Home Appliance Europe (APPLiA). He has also been elected to the Executive Committee of the World Business Council for Sustainable Development (WBCSD) from 2023.

Below are highlights of the projects the Company carried out to date in line with its 2030 targets based on its sustainability approach:

- Washing machine and washer-dryer drums and air conditioning units created by recycled PET bottles,
- White goods plastic materials produced by recycling textile wastes and waste fish nets,

- Refrigerator using bioplastics obtained from soy, corn and eggshells, which have a footprint reduced by 80% as compared to petroleum-based alternatives,
- Coffee machines using coffee grounds and tea makers using tea fibers, developed with the biocomposite technology,
- White goods plastic materials using recycled plastic,
- Transition to 100% recycled and recyclable cardboard in the boxes of small home appliances,
- Creation of the first major domestic appliances line-up worldwide with EPS-free packaging,
- Capability to filter up to 90% of microplastics that damage the marine ecosystem and threaten health by making its way into the food chain with the world's first-ever washing machine fitted with FiberCatcher® filter, an integrated microfiber filtration system.
- Save water while uncompromising on efficient cleaning with the washing machine, dryer and dishwasher designed with SaveWater technology
- Approximately 30% less energy consumption as compared to A energy class in Aquatech washing machines through decreased drum spins during the cleaning process by showering the contents with the premixed detergent and water.

Forward-looking expectations and growth strategy

Arçelik formulates its future strategy under four main pillars focused on economic growth under the sustainability roof:

- Strengthening in key markets
- Achieving increased geographical penetration and capitalizing on new growth opportunities
- Enriching the product portfolio,
- Improving after-sales services
- Maintaining sustainability focus

The Company carries on with its investments to consolidate the position of Beko, which is a leading brand in Europe, and to respond to evolving customer demands. Besides the purchasing of Whirlpool's Russia plant and the operations of these brands in 11 Asian countries, the Company also taps investment opportunities in the Middle East and Africa due to their proximity to its main export markets. Along this line, the company laid the foundation of its white goods plant in Egypt in December 2022.

In pursuit of increased geographical penetration, the Company carries on with its growth investments through its partnership with Hitachi and with its Beko brand in the Asia-Pacific region that presents a young population ratio, high purchasing power and developing economies. With its solid economy and large population, North America is a market that is home to an Arçelik subsidiary. Latin America harbors population potential and competitive opportunities. Given these opportunities, the Company also considers investment, acquisition and merger options in the Americas.

With respect to enriching its product portfolio, Arçelik is targeting to increase its market share particularly in small home appliances and built-in appliances market. Amid the climate crisis, energy- and water-saving smart and connected home appliances, healthy living products and products made of recycled materials attract the consumers. In parallel, Arçelik is guided by energy efficiency and circular economy principles in its products in line with its publicly disclosed targets within the scope of its sustainability strategy. Through wider production and sales of energy-efficient products, it is aimed to reduce the emissions resulting from their use. Arçelik aims to be a part of the transformation process with its investments and energy efficient products in countries where there is a burgeoning middle class over the next 10 years. While targeting water recovery in its operations against the water scarcity risk that stands out as one of the critical physical risks of climate change, the Company develops product-based water-efficient technologies at the same time. Moreover, it aims to help give more people access to water and sanitation in countries with limited water access. Arçelik also focuses on B2B sales and generates a continuous revenue source in this department; the Company develops business models in view of a given country's needs by enriching its products and services in after-sales services.



The largest manufacturer of air conditioning units under one roof in Turkey and Europe

Arçelik-LG, which started its operations in 2000 with a production capacity of 300,000 units, is the largest manufacturer of air conditioning units under one roof in the Middle and the Near East and Europe with an annual production capacity of 1.5 million units, with an average of 900 employees throughout the year.

The Company is the leader in Turkey with its Arçelik brands thanks to its innovative and competitive approach, strong technological infrastructure as well as wide distribution and service network. Approximately 48% of air conditioners produced by Arçelik-LG are exported to a number of countries, primarily Europe and Africa.

No let-up in the number of firsts and new products in 2022

Arçelik-LG carried out R&D work to improve the indoor air quality and to minimize the gradually proliferating allergic diseases. The product fitted with anti-allergen filter developed along this line was put in serial production and put on the market. The product filters particles of 5 microns and larger, and eliminates pollens in the environment by 99.9%. The product has received biocidal approval from the Ministry of Health.

RePPet raw material developed based on ongoing R&D activities in sustainability started to be used in plastic chassis



parts of AC interior units, and the ratio of recycled plastic content in the raw material was increased from 10% to 42%. Thanks to this initiative, 220 tonnes of recycled plastic raw materials were used, which enabled recycling of 5.2 million PET bottles during 2022. With this project, Arçelik-LG was awarded the 1st prize in the circular plastic management category at the Sustainable Business Awards 2022.

In 2022, project “Fighter” was launched to respond to bulk sales of growing importance in the climatization sector and to the need for entry-level products seeing intensifying competition. The project served to introduce high energy-efficient and high quality products with a capacity of 7,000, 9,000 and 12,000 Btu/h.

With a human focus, Arçelik-LG works with “Zero Risk” target in relation to occupational health and safety. Accordingly, the “Ergo-Line” project under which ergonomic practices that will eliminate occupational safety risks during production was awarded in the “OHS Special Award” category at the Stars of Occupational Safety” awards organized by MESS, Turkish Employers’ Association of Metal Industries.

During 2022, investments were made for increased efficiency and renewal of production belts, and introduction of large-capacity, new generation commercial air

conditioners. On the back of ongoing R&D projects, the final stage was reached in the introduction of “Single CAC” and the “Multi Split” products that use environmentalist R32 coolant.

Despite all the uncertainties experienced in supply chain management, supply channel configurations were modified that resulted in a more shock-resistant structure and thus, 99.8% success rate was captured in on-time shipment of products to sales channels and customer delivery.

Forward-looking expectations

Exceeding customer expectations in high energy-efficient, high quality and competitively priced products that contribute to sustainability, Arçelik-LG aims to achieve growth in exports by penetrating new markets, while sustaining its leadership in the domestic market with increased share.

The Company will carry on with research and development, focusing on expectations and opportunities born out of user and technology trends with the aim of developing innovative products. The Company targets to carry on with its investments in the commercial AC segment and widen its domestic products range with the addition of new products.





The number one distributor in Turkey's electronics retail sector

With its experience of 38 years and its expert staff, Bilkom is one of our country's leading distributors of Information and Communication Technologies (ICT), distributing products of leading global brands directly and indirectly to over 4,000 different points spread throughout Turkey.

Bilkom targets to make up-to-date technology accessible and to improve the quality of life through technology.

The fact that as of end-2022, one out of every five smartphones and five tablets sold in electronics retail stores, and one out of every three smart watches sold across Turkey are distributed by Bilkom fortifies the Company's number 1 position in its own industry.

Ranked 105th in Fortune Turkey 500 list, Bilkom is placed 1st in "Distributor-Hardware-Tablet and Portable Computers" categories in the Bilişim 500 (ICT 500) list according to 2021 data.

Value added and focused distributor

Under its value-added service package named "Bilkom Plus", Bilkom offers services such as 360-degree brand management, business development, licensed domestic production, channel



program development, consumer experience management and far-reaching countrywide after-sales services up to the endpoint to select and pioneering global brands that lead the digital and mobile transformation in the world such as Apple, Huawei, TCL, DJI Enterprise, Fitbit by Google, Razer, Meross and Hypergear.

Sustainable profitable growth

Carrying on with its activities with sustainable profitable growth focus, Bilkom's revenues in TL terms increased by 106% year-on-year in 2022 to reach TL 11.2 billion (USD 668 million); the Company's combined growth rate for the last three years was registered as 50%.

Of the 114 employees on its payroll, the percentage of women employees at Bilkom is 52% and that of Millennials is 78%. With an employee engagement score of 85% earned by its new generation flexible working model, agile management concept and innovative HR practices implemented, Bilkom received the 'Continuous Excellence' award from Kincentric.

Digital investments

In line with its motto spelled out as 'Digital Life Coach', Bilkom supports digitalization as a tool to foster operational efficiency

and sustainable growth. The Company aims to become a "Digital Role Model Company" with its digital transformation and data analytics projects to which approximately 35% of its total investments over the past three years were allocated.

Forward-looking expectations

Bilkom entered the gaming category in 2022 with Razer, the leading global brand of the gaming ecosystem. Having also stepped into the IoT-based smart home systems, Bilkom targets to reproduce its leadership in wearables in the smart home systems category, and works on partnering with new brands in order to build on its digital and mobile life-oriented product portfolio with powerful brands. Regional expansion, online channels, supply chain organization and service sales are among Bilkom's future innovation focuses. The internationally awarded closed marketplace platform, "Lonca Market", launched as an online innovation project, continues its investments. Making investments for domestic production in television and smartphone categories, Bilkom capitalizes on new production opportunities that will reinforce its "Manufacturer-Distributor" identity.



Finance

We offer the most creative solutions to our customers on every platform through our investments in digital transformation and widespread branch network.



Finance

Developments in the banking sector

In 2022, global inflation and soaring energy and food prices driven also by aggravated geopolitical risks negatively affected economic growth. Global recession possibility is considered a significant risk factor. Central banks worldwide tightened their monetary policies in an effort to curb high inflation, which acted as another factor that restrained economic activity.

The Turkish economy sustained its solid growth in the first half of 2022 particularly with the support of domestic demand. In the second half of the year, on the other hand, external demand weakened owing to the negative impact of global risks, and economic activity lost some pace. Despite higher service revenues, current deficit kept expanding due to increased energy imports.

The Central Bank of the Republic of Turkey (CBRT) kept its stance of year-end 2021 unchanged until July 2022. From August, loosening steps were taken in the monetary policy to sustain the momentum captured in industrial production and the rise in employment as uncertainties around global growth intensified. The policy rate was cut by 500 bps in the August-November period. In December, the CBRT considered the policy rate, which was 9%, to be sufficient and decided to end the rate cutting cycle initiated in August.

Under the “liraization” strategy founded on constructing the financial system upon TL instruments, regulatory agencies introduced numerous actions and schemes. Following the introduction of the



currency protected deposit scheme, the CBRT set target ratios for banks including the conversion rate of FC deposits to TL and the percentage of TL deposits in total deposits. These ratios are used as indicators in determining the additional reserve requirements for FC liabilities and commissions payable on these required reserves. Furthermore, FC deposits and TL commercial lending of banks were subjected to allocation of long-term, fixed-coupon TL securities based on growth rate, disbursed amount and interest rates. In this case, conversion rate and TL deposit rate are used as target ratio for additional allocation.

These requirements enforced under the “liraization” strategy increased the share of Turkish currency in banks’ balance sheets. The overall sector’s TL lending grew by 78% in 2022, driven mainly by TL corporate loans and credit cards. Public and private banks displayed similar rates in TL loan growth. FC loans, on the other hand, shrank by 16% in USD terms. The steps taken within the scope of currency

protected TL deposit scheme and liraization strategy pushed TL deposits up by 150% and FC deposits down by 14%. The sector’s NPL ratio improved by 100 bps as compared to end-2021 and declined to 2.1% owing to continued strong course of economic activity, support lent by collections and credit growth.

During 2022, liquidity and capital adequacy ratios of the banking sector maintained their levels. As of 2022 year end, the sector’s liquidity coverage ratio was 153% and capital adequacy ratio was 19% including impact of regulatory forbearances. Net profit of the sector was up by 362% to 404 billion, and return on equity was registered as 40%. Private banks increased their net profit 360% annually, while public banks followed suit with 566% with the additional low base effect.



The Koç Group in the Banking Industry

In 2022, Yapı Kredi increased its market share to 17% in TL cash loans and 15% in customer deposits among private banks.

Companies and Domestic Positions

Yapı Kredi

#3 among private banks

Yapı Kredi Subsidiaries

- Yapı Kredi Leasing
- Yapı Kredi Factoring
- Yapı Kredi Invest
- Yapı Kredi Asset Management
- International operations: Yapı Kredi Nederland, Yapı Kredi Azerbaijan

Koçfinans

The growing player in the area of integrated financing solutions

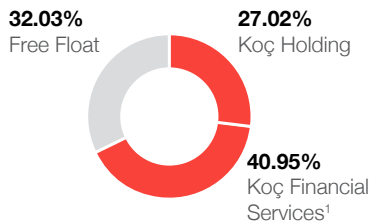
Competitive Advantages

- Experience dating back 78 years
- Innovative service and branch network
- Pioneer in digital solutions
- Customer focused growth strategy
- Strong and diversified funding base
- Meeting all of the financial needs of its customers under one roof



Yapı Kredi sustained its successful profitability and balance sheet management performance, and remained the leading bank with its prudent provisioning, further strengthened liquidity and capitalization.

Ownership Structure



(1) Koç Holding has a direct shareholding of 84.53% in Koç Financial Services.

(2) Position and market shares among all banks for credit cards, and among private banks for others.

Domestic Position²

16% market share in total assets
22.8% market share in total cash and non-cash loans
17.0% market share in TL cash loans
15.1% market share in customer deposits
16.9% market share in credit cards

Subsidiaries

Yapı Kredi Leasing
17.0% market share
Yapı Kredi Faktoring
13.6% market share
Yapı Kredi Invest
16.7% market share
Yapı Kredi Asset Management
12% market share
Yapı Kredi Bank Nederland
Yapı Kredi Bank Azerbaijan

Financial Indicators (BRSA Consolidated-TL billion)

Total Assets	Total Cash Loans	Net Profit	Return on Average Tangible Equity	Cost / Income
1,184 +52% (2021: 781)	606 +50% (2021: 403)	52.7 +403% (2021: 10.5)	56.6% +37 pp (2021: 19.6%)	22% -9 pp (2021: 31%)

Non-financial Indicators

ESG Commitments

- Target to reduce Scope 1 and 2 GHG emissions by 76% by 2030 as compared to 2019 baseline year (39% reduction as of 2022)
- Commitment for % of women on board: 30%¹ in 5 years (2022 year-end: 17%)
- Commitment in July 2021 to set emission reduction targets within the framework of the "Business Targets for 1.5°C" of the Science-Based Targets initiative
- Three priority impact areas identified as per UN PRB: Climate change, financial health and inclusion, gender equality
- Disclosure of the targets defined according to UNEP FI Guidelines for Target Setting through UN PRB progress report in the annual integrated report

- Commitment to increase % of women in STEM positions (2021 baseline year: 35%, 2022 actual: 37%, 2026 target: 40%)
- Commitment to reach 80,000 women and girls between 2022-2026 through STEM community programs

International Platforms

- Science-Based Targets Initiative (SBTi)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- UN Women's Empowerment Principles (UN WEPs)
- Action Coalition Leaders on Technology and Innovation of the UN Generation Equality Forum
- UN Principles for Responsible Banking (UNPRB)
- UN Global Compact (UNGC)

Sustainability Indices

- BIST Sustainability Index
- Refinitiv
- CDP Climate Change and Water Security: "A-" in Climate Program, "B" in Water Program
- Sustainalytics ESG Risk Rating: 15.9 (In the category of best-in-class companies with low risk)
- Bloomberg Gender Equality Index
- FTSE4Good
- S&P Global - The Sustainability Yearbook 2022 (Member)
- Moody's

(1) Policy acceptance date: March 2021



Established in 1944, Yapı Kredi is a leading financial group together with its domestic and international subsidiaries. It carries out its activities under the segments of “Individual Banking” (consumer banking, private banking and asset management, and payment systems), “Corporate Banking” and “Commercial and SME Banking”. The Bank’s operations are supported by its domestic subsidiaries consisting of portfolio management, brokerage, leasing and factoring as well as international banking subsidiaries in the Netherlands and Azerbaijan.

Yapı Kredi strengthens its position in the sector while sustaining its support to the Turkish economy.

In line with its strategy, Yapı Kredi continues to reduce the concentration in loans and deposits, pursue fragmented and broad-based growth, and focus on transaction banking for fee and commission generation. Drawing on its sound capitalization and liquidity, the Bank keeps preserving and further improving its solid balance sheet composition.

The Bank’s cash and non-cash loans expanded by 51% to reach TL 850 billion. Cash loans amounted to TL 606 billion, up by 50%. The Bank’s TL cash loan market share among private banks went up to 17%. While loan growth was mainly driven by TL denominated loans, Yapı Kredi continued to support companies and exporters, and remained by the side of its retail customers. The Bank’s customer deposits volume amounted to TL 695 billion, increasing by 68%, and its market share among private banks reached 15.1%.



The rise in TL customer deposits was registered as 169% and the Bank took its market share among private peers to 16.2%. In line with its strategic goals, the Bank continued to increase the share of its demand deposits in total deposits also in 2022 and brought it up to 41%. The Bank captured 18.2% market share among private banks in TL demand deposits, up 110 basis points annually, and 14.6% in foreign currency demand deposits, up 62 basis points which contributed positively to funding costs.

The Bank continued to diversify its funding sources and secured approximately USD 1.8 billion through syndications, securitizations, bond issuances and bilateral loans.

Yapı Kredi signed two syndicated loan agreements in 2022.

In the first half of the year, the Bank secured a syndicated loan of USD 810 million which was participated by 37 banks from 19 countries. Tied to Yapı Kredi’s sustainability criteria, the loan will be utilized for foreign trade finance.

This deal includes performance criteria associated with reduction of the Bank’s Scope 1 and 2 GHG emissions, in addition to the “ESG risk management rating and power generation from renewables” criteria contained in sustainability-linked syndicated loans in 2021.

In the second half of the year, on the other hand, Yapı Kredi obtained a syndicated loan for the amount of USD 458 million, which was participated by 23 banks from 14 countries. Tied to Yapı Kredi’s sustainability criteria, this facility will also be utilized for foreign trade finance. This deal incorporates performance criteria associated with power generation from renewables by way of solar panels to be installed on the Banking Base building located in Gebze and reduction of paper consumption in approval processes as part of the Bank’s digitalization processes.

Despite the negative impact of the volatility in the markets and exchange rates in 2022, the Bank's capital base has been supported by internal capital generation backed by profitability and optimization; the consolidated capital adequacy ratio realized at 18.1%.

In the same period, Yapı Kredi captured a successful loan-to-deposit spread performance with its proactive asset-liability management strategy, and the net interest margin adjusted for swap costs rose to 9.1%, up by 593 bps. With the added contribution of strong growth in commissions, a 347% increase in pre-provision income was achieved. The Bank's cost/income ratio was realized at 22%. The Bank maintained its prudent approach despite limited net new additions to NPL, and preserved its solid provisioning in its asset quality with a net cost of risk of 147 bps. The Bank's total loan coverage ratio was 5.9%. In the light of all these developments, Yapı Kredi increased its return on equity to 56.6%.

In line with its customer-oriented banking approach, Yapı Kredi carries on supporting the country's economy. Yapı Kredi continues its digital banking focused approach that places people at the heart of its activities, and maintains its investments in this field by incorporating technology in its business processes to the maximum extent, in a manner which makes life easier for its customers and enriches their experience.

Yapı Kredi pioneered the sector with its World brand.

The Bank that is the first to introduce numerous banking products, principally credit cards, in Turkey, Yapı Kredi maintained its strong position in the credit card market in terms of outstanding volume and number of credit cards with



its World brand. The Bank reached a market share of 16.9% with credit card outstanding volume of TL 110 billion and market share of 15.2% with 15.1 million cards. Yapı Kredi pioneers the transformation in digital and card payment system with its World brand.

Yapı Kredi acts with the sense of responsibility to leave a more livable world to future generations.

Drawing on its solid capitalization, people-oriented innovative service concept without limits, and qualified human resource, Yapı Kredi keeps growing sustainably in its targeted areas. The Bank believes that economic growth can be achieved with a holistic perspective that tackles environmental and social sustainability issues in combination. With the steps taken along this line, it has successfully maintained its identity as the exemplary institution for the banking sector and the country for many years. Yapı Kredi espouses sustainability in every aspect and integrates it in all its business processes.

As a result of its gender equality initiatives, Yapı Kredi qualified for inclusion in the 2022 Bloomberg Gender Equality Index (GEI). The Bank has committed to reaching a total of 20,000 women entrepreneurs by the end of 2026 with advantageous products and services specifically for women entrepreneurs. Additionally, the Bank also joined among the banks supporting the Task Force on Climate-Related Financial Disclosures (TCFD) with members from 77 countries, which marked a continuation of its efforts for combating the global climate crisis. On another front, it was placed in A- (Leadership) band in the CDP Climate Change, the world's largest environmental reporting platform; scoring above global average of the finance sector. It has also joined the Business Ambition for 1.5°C platform of the Science Based Targets Initiative (SBTi) and committed to set GHG emission reduction targets that will limit global warming to 1.5°C.

Under the UN PRB of which it has been a founding signatory from its inception, Yapı Kredi identified its 3 priority impact areas using the Impact Assessment Tool:

- Climate change
- Financial inclusion and health
- Gender equality

In this context, the Bank aims to address the targets determined according to the target setting guidelines developed by UNEP FI and to disclose these targets through the UN PRB progress report in its integrated annual report.

Undertaking significant work also in relation to carbon emissions, Yapı Kredi minimizes environmental risks through its initiatives targeted at low-carbon transition and combating climate change. The Bank effectively manages its environmental and social impacts arising from its operations and its lending. Implementing ISO 14001 Environmental Management System at its Head Office, domestic subsidiary locations and some of its branches, the Bank calculates and reports its GHG emissions from its operations each year in line with the ISO 14064 standard. In addition, in 2022, the roof SPP project was implemented in the Banking Base building. In addition to the emission reductions achieved by the projects in 2022, it neutralized Scope 1 and 2 emissions by purchasing Carbon Neutral Certificate for Scope 1 emissions and IREC (International Renewable Energy Certificate) for Scope 2 emissions. Yapı Kredi makes use of all communication channels including webcasts and podcast channels to raise awareness of its customers to promote more eco-



friendly solutions, with the ultimate goal of reducing carbon emissions. In addition, the Bank also minimizes its environmental impact through its banking solutions.

Furthermore, Yapı Kredi works towards calculating the emissions arising from its credit portfolio and to set its reduction target in relation thereto within the scope of the Carbon Transition Program launched by Koç Holding.

Along this line, Yapı Kredi finalized the measurement of its carbon emissions arising from its credit portfolio. As the second step of the project, it carries on with its initiatives to set its medium and long-term emissions reduction targets. The bank aims to establish its strategy for the transition of its credit portfolio, within the framework of which it will be reformulating its lending policies.

In 2022, Yapı Kredi started to work on integrating climate risks in credit risks. The Bank aims to provide training to its relevant teams and to create an installed capacity for integrating risks arising from climate risks within its credit risk assessment processes.

Under the policies updated in 2021, Yapı Kredi announced that it will not finance greenfield coal-fired thermal power plants and greenfield coal mining projects. As it authors numerous pioneering initiatives within the framework of sustainability, the Bank keeps supporting the green transition by extending financial support to green projects and investments.

Forward-looking expectations

In 2023, the Bank aims to preserve its sound capital base while maintaining its leading sectoral position, solid balance sheet structure, successful assets-liabilities management and strong liquidity. In line with its strategies, the Bank will also continue to reach more customers while maintaining its broad-based growth target on both the loan and deposit sides.

In the medium term, it targets to be the best in its class in value creation with the support of its strong balance sheet and customer-oriented service model.

In today's world where the boundaries between physical and digital worlds are eliminated, Yapı Kredi aims to drive the transformation in digital and payment systems with World.

Undertaking initiatives that will cater to customer expectations and enrich their experience, Yapı Kredi will keep supporting its customers in any respect they need based on its people-oriented service concept. Along this line, it will continue to author projects that lift limits in every aspect of banking, as it has presented numerous trend-setting innovations to the sector drawing on



its solid position in the sector and its innovative character.

In the coming period, Yapı Kredi will work committedly to contribute to the society through initiatives in environmental, social and governance areas. In this framework, the Bank will support green transition in all respects, including the financing channels offered to the business world. Its financial solutions targeted at sustainable development will be carried on in the

form of various products and services centered on sustainable finance, such as green bonds, sustainability-linked loans, renewable energy and energy efficiency loans, electric vehicle loans, nature-friendly housing loans, and ESG mutual funds.



Koçfinans signs its name under sector-leading innovative projects in the financial technology and innovation world.

The Company offers loan solutions to individual and corporate customers in the automotive sector, as it charges ahead towards becoming the most recommended financial solution center by its customers.

The Company's portfolio volume reached TL 7.4 billion, up by 65% year-on-year, and total assets increased by 79% to TL 8.7 billion.

Customer and employee experience

Analyzing its customers' expectations that evolve with the increased use of technology and digitalization, Koçfinans employs new technologies and devises new business models and processes. Achieving successful results with 70+ net promoter scores (NPS), the Company's carries on with its customer-oriented cultural transformation. As a result of these efforts, the Company received 2 gold and 1 silver awards in "Customer Experience Awards Turkey" of the Awards International.



As the company carries on with its agile transformation under the branding "Çeviklîz" (We are Agile), it was assessed by the Business Agility and became the only company from Turkey to receive 5-star certification.

Approach to technology

The Company builds on its data analytics capabilities through partnerships of its R&D Center and fintechs in various areas including scoring, digital authentication and behavioral modeling. Koçfinans provides its customers with digital solutions with "Koçfinans Mobile", its new mobile application.

Robotic process automation (RPA) secured 90% efficiency in 28 processes.

While the Company stands by entrepreneurs with "Koçfinans Demoday", its support program for technology startups, it also aims to help create new digital business models.

Gender equality commitments

Within the scope of its gender equality commitments, Koç Holding implements projects committed to awareness and change in the pathway to equality in

technology and innovation. Accordingly, the Company commits to achieve and maintain 50-50% ratio of women and men employees, provide scholarship to women students attending engineering and science faculties, and collaborate with the universities in Anatolia.

Forward-looking expectations

Koçfinans aims to offer attractive financial solutions from the supply of vehicle up to the end user within the framework of evolving customer needs and digitalization.

In 2023, the Company will continue to invest in the future of the highly competitive finance ecosystem where financial solutions will be speedy, simple and work in integration with the product purchasing experience. Besides its focus on automotive financing, the Company will also carry on working towards new non-finance business models and opportunities. Accordingly, it aims to be a facilitative part of the product purchasing processes, as it expands its customer base on the back of integrated solutions such as insurance brokerage and interface banking that represent its new ventures.



Other Lines of Business

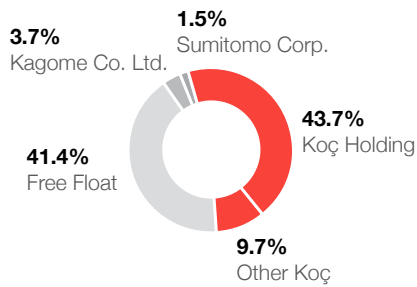
We serve our customers with high quality products, exceptional services and reliable brands.





The sector's leading brand, Tat Gıda carries on with its profitable and sustainable growth as it leads the transformation that will give everyone access to good and wholesome food.

Ownership Structure



Domestic Position

Leader in tomato products, tomato paste, ketchup and canned pickles by its revenue share

International Position

Exports of branded products to **nearly 40 countries**

The world's 10th largest production facility in terms of tomato processing capacity

Financial Indicators (TL million)

Total Revenues	Operating Profit/(Loss) ¹	Profit/(Loss) Before Tax	Net Profit/(Loss) ²	Share of International Revenues
2,787	383	290	295	
+155%	+206%	+88%	+87%	
(2021: 1,092)	(2021: 125)	(2021: 154)	(2021: 158)	

(1) Excluding FX gains/losses and credit finance income/expenses on trade receivables and payables.

(2) Net profit/loss from continuing operations attributable to the equity holders of the parent.

Non-financial Indicators

ESG Commitments

- Commitment for % of women on board: 25%¹ in 5 years (2022: 44%)

International Platforms

- UN Women's Empowerment Principles (UN WEPs)

Sustainability Indices

- BIST Sustainability Index
- Refinitiv

(1) Policy acceptance date: February 2022

Website



Annual Report



Tat Gıda started operations in 1967 in Mustafakemalpaşa, Bursa based on the late Vehbi Koç's export-driven agricultural production model concept. Bringing natural and high quality tomato and pepper paste, sauce, canned food and ready-to-serve meals to tables securely, Tat Gıda is one of the country's largest food companies. Tat Gıda has the world's 10th and Europe's 5th largest production facility in terms of daily tomato processing capacity. The Company has defined its purpose as leading the transformation that will give everyone access to good and wholesome food.

In keeping with its sustainable growth targets, Tat Gıda increased its production once again in 2022.

While expanding its domestic sales of branded products in 2022, Tat Gıda kept increasing its export-driven revenues within total sales. The Company broke new record as it brought the previous year's 503,000 tonnes of processed tomato quantity to 543,000 tonnes and thus realized 23% of the country's total industrial tomato production.

Having undersigned numerous firsts in the sector to date, Tat Gıda kept offering new products to consumers in 2022.

As Tat Gıda's consistent growth in the domestic market continued on the back of its recent investments in production capacity, technological transformation, new products and marketing, the Company preserved its leader brand position in tomato and pepper paste, tomato products, ketchup and pickles product categories in 2022¹. The Company is active in the food market with a broad range covering more than



200 different types of products and offers different products targeted at professional needs such as away-from-home consumption channel. Keeping a close eye on market trends, Tat Gıda expanded its portfolio with "Tat Ready to Eat Plates" line and Burger Sauce and Hot Sauce products in the sauce category. Tat Ready to Eat Plates took to the shelves as quick and practical meal solutions with their healthy contents that can be consumed either hot or cold, a first in Turkey.

Steps continue to be taken toward the target of growing and expanding the product range in export markets.

Export is a key enabler for Tat Gıda's sustainable and profitable growth targets. Branded products are exported to nearly 40 countries from Japan to USA. In 2022, export revenues went up by 52% in USD terms on a year-on-year basis and reached USD 58 million. Thus, the share of Tat Gıda's international revenues rose from 26% in 2020 to 31% in 2021 and 35% in 2022. This growth was driven by the secure supply chain, products

uncompromised on taste and quality, cooperation that relies on long-lived relationships with business partners in overseas markets, and innovative technologies. For this growth, Tat Gıda was placed 1st in Canned Products Exports 2021 by the Association of Fresh Produce and Fruit Exporters of İstanbul.

Weight is placed on digital transformation investments in agriculture and production.

Pioneering agricultural digitalization, Tat Gıda has long been making investments for agricultural modernization to secure productivity, ensuring sustainable raw material procurement in view of the issues resulting from the climate crisis, and offsetting its carbon footprint. In addition, carrying on with its "Contracted Farmer" program since the day it was incorporated, Tat Gıda upgrades tomato production in our country to international norms thanks to investments in digital agriculture technologies in its stakeholder-friendly ecosystem. Tat Gıda's pioneering initiatives in digital agriculture

(1) Nielsen; Data on tomato products, paste and ketchup excluding discount stores & supermarket data for pickles (2022)

earned awards from the TİSK (Turkish Confederation of Employer Associations) Joint Future and Fast Company Turkey most innovative companies platforms.

Having digitalized its production, Tat Gıda carried out transformation projects in various areas from traceability to automation and AI applications. During the roll-out of these projects at each facility, SIRI (Smart Industry Readiness Index), one of the most effective digital maturity indices in the world for the Fourth Industry Revolution, was taken into account. Tat Gıda keeps working to digitalize and ensure efficiency of each step of production in keeping with the importance it attaches to food security and sustainability with the aim of giving everyone access to good and wholesome food.

One of the steps taken to digitalize production from field to table is the traceability of the products' entire journey up to the tables with the TTRACE traceability platform that has blockchain infrastructure. Under the first phase of the project, tracing of the tomatoes started from the field to the plant for Tat Gıda Bursa Karacabey Plant.

Tat Gıda carries out diverse initiatives for energy saving and efficiency. The initial measurements reveal 15% reduction in electricity consumed in production thanks to the AI-based smart water management system, the first phase of which was put into implementation in the last quarter of 2022 and the scope of which will be broadened with the second phase in 2023.



The process for the 2 MW-solar power plant is carried out with the project partners. The project is intended to supply 100% of the total electricity need of the Torbalı Plant in İzmir from solar energy.

Agile transformation process is initiated.

The “Agile Transformation” process was initiated in the second half of 2022 in a bid to achieve the future targets of Tat Gıda and to rapidly adapt the Company to evolving world dynamics. With this transformation, Tat Gıda is targeting to monitor all its work processes more efficiently via competent, autonomous teams and by involving its stakeholders, and to build agile consciousness at the same time.

Forward-looking expectations

- Sustainable agricultural practices, the importance of which has been further unearthed with the climate crisis, responding to the ever-increasing consumer awareness in this respect, as well as digital agricultural practices that will allow traceability of every step of production with respect to healthy foodstuff production will make the highlights of the main topics Tat Gıda will dwell upon in the upcoming period.
- In 2023, Tat Gıda will continue to consolidate its operations in main markets on the back of investments in its innovative product range and production technology, to capitalize on growth opportunities materializing in international markets, and to upgrade its product portfolio in view of fast-changing consumer needs
- In 2022, Tat Gıda plans to strengthen its operations in main markets on the back of investments in its innovative product range, production technology and capacity, whereas it intends to capitalize on organic and inorganic growth opportunities and to upgrade its product portfolio in view of fast-changing consumer needs in the international markets.

Düzey

Düzey charges ahead to become the top distribution platform for the fast moving consumer goods sector.

Founded in 1975, Düzey is active in the fast moving consumer goods sector with its expert team of 1,300 people and field support team of 200 people assigned in chain markets across the country. Düzey takes the lead among Turkey's top B2B sales and distribution companies with its ability to reach any sales outlet in the country, multiple-brand distribution capacity, and capability to service all micro and macro customers thanks to the most extensive distribution network at its disposal.

Düzey has undertaken the sales and distribution of products in its portfolio with 1 main warehouse, 5 regional warehouses, 2 hybrid distributor warehouses, 58 sub-distributors and 66 mobile dealers.

Düzey keeps growing with its broadening categories, producers, new business models and private label.

Düzey carries out the sales and distribution of 27 brands of 13 manufacturers. In 2022, the Company added Mixmeyer, Pursu and Malatya Pazarı brands to its portfolio in addition to the existing brands in the food category that included Dardanel, Ferrero, Raffaello, Nutella, Kinder, Maret, Pastavilla, Pringles,



Tat, Becel, Sana and Zuber. During the reporting period, the Company also entered the non-food category and undertook the sales and distribution of Deep Fresh, Savon De Royal, Body Products, Cire Aseptine and TURMEPA products.

Düzey charges ahead with its initiatives to make effective use of its sales and distribution muscle in the conventional channel. To this end, the Company is getting ready to launch Ekin, its private label. Düzey targets to enter the pulses category with 7 types of products and to reach grocery stores and middle-scale supermarkets at first.

The most extensive distribution network in the fast moving consumer goods sector

Düzey offers service to its customers with a daily distribution capacity of nearly 400 in-city and nearly 40 inter-city vehicles.

During 2022, Düzey issued invoices to a monthly average of 50,000 outlets each on the conventional and modern channels, and realized the sales and distribution of 150,000 tonnes of food products and 2,000 tonnes of non-food products to a total of 130,000 outlets including other channels.

In 2022, Düzey recorded approximately 100% growth on an annual basis and posted TL 5 billion in revenues.

Düzey secures efficiency in distribution costs and competitive advantage in the sector by placing data analytics in its focus.

The Company regularly shares a large quantity of data flowing from sales channels and sub-distributors on a daily basis to speed up strategic decision-making processes of its business partners. In 2022, the Company also switched to the "Dynamic Route Model" and achieved 10% efficiency.

Forward-looking expectations

In line with its goal of becoming a digital platform, Düzey is getting ready to put the projects it designed for B2C and B2B channels into life. Targeting to step into the vending machine sector to deliver the products in its portfolio to a larger audience, Düzey is set to provide more cost advantages to its customers with its digitalization projects in 2023.





Koçtaş preserved and further strengthened its leadership in the home improvement sector.

Operating in the field of home improvement (DIY) retailing via its digital channels, and a total of 342 stores (45 Koçtaş, 297 Koçtaş Fix) across 53 provinces in Turkey, Koçtaş is a one-stop solution center bringing together all needs and ideas for improving and beautifying every living space. In 2022, the Company preserved and further strengthened its leadership in the home improvement sector despite the pandemic, and became the company with the highest number of stores.

Having concentrated on research during periods of uncertainty that came with lockdowns at the start of the pandemic, Koçtaş held numerous workshops with its employees and launched the “Koçtaş 2.0” project. Having set ambitious targets with the project that searches the answer to the question “What kind of a company would we set up if we were to found Koçtaş from scratch during the pandemic?”, the Company decided to grow on all multi-channels and many of the initiatives determined then have been enforced.

The R&D Center opened in 2018 by Koçtaş that has made a difference in the retailing sector with its investments in digital transformation and technological



infrastructure continues to implement innovative projects aimed at delivering excellent customer experience, which is one of the main focus areas of the retailing sector. Having received “On-site R&D” license upon successfully passing the Ministry of Industry and Technology audit and taking place among the first examples of the sector, the R&D Center adds momentum to the digital transformation of Koçtaş as well. Sustaining its expansion in Turkey with new physical store openings, Koçtaş has reached all corners of the country with its digital channels where it captured significant growth.

In 2022, the Company’s sales on all digital channels including kocktas.com.tr, Koçtaş mobile app and in-store quick order screens surged by 171.5% compared to the previous year.

Koçtaş has been reaping the benefits of its long-lasting investments in digital transformation and maximizes customer, employee and stakeholder satisfaction through projects and applications implemented in its own R&D center.

The Company integrated the “MiSS” (In-Store Sales Systems) developed at its R&D center and used by sales

consultants for in-store mobile sales and quick deliveries with the “MoNa” used in after-sales services, and thus acquired the capability to satisfy all customer needs over a single system.

The purpose of the “ER” (enhanced reality) project initiated at Koçtaş R&D Center in November 2021 is optimization of stock levels in stores and warehouses, and increase estimation accuracy by using algorithms that rely on machine learning. The project is designed to guarantee that the products are at the right place at the right time and in the right quantity, to reduce store and warehouse stock levels, and minimize lost sales. The first outputs of the project started to come out in July 2022.

So far, more than 70,000 repair people and over 330,000 customers registered in “Ustabilir”, a Koçtaş platform bringing customers and repair people together. In 2022, the number of repair people and customers registered with Ustabilir increased by 119% and by 120%, respectively.



Other important developments

- With the vision of being the largest “Online Marketplace” in the home improvement (DIY) sector, Koçtaş digital channels are targeted to be brought to a much larger population. The marketplace project is intended to strengthen the perception that koctas.com.tr is the first platform to come to mind in the home improvement (DIY) category. While the project serves to increase the Company’s volume on online channels, large-format store and small-format Koçtaş Fix store openings also preserve their significant role in the Company’s growth strategy.
- Following the customer and data analytics studies, Koçtaş expanded its 3000 m² “Medium Box” Koçtaş store format with Gaziantep, Isparta, Balıkesir and Ümraniye Akyaka Shopping Mall stores; the Company had opened its first store in this format in 2020 in Ankara, and the second one in 2021, applying store-based planogram principles.
- Training and recruitment processes in the stores were redesigned. Internship programs training the Future Koçtaş Employees (STEP) were rolled out across the stores.
- A new collaboration was initiated with a university with the “ThinkTech Project Assistants” project aimed at equipping individuals with IT and R&D experience and expertise and attracting talents to Koçtaş.
- Thanks to OHS measures implemented and installation of the digital infrastructure, lost time injury rate was down by 60%.
- Aiming to respond to consumers’ expectations for value-for-money purchases, Koçtaş began selling its products under the “Koçtaş Basic” private label on all its channels.

Sustainability indicators

- Via the “Lean SixSigma” approach, the Company keeps actively implementing its principle of sustainably increasing the efficiency of available resources, as well



as reviewing and improving its business model in view of evolving customer needs, competitive environment and digital transformation.

- Using automation systems in energy consumption under the Zero-Based Budgeting process, Koçtaş sets the in-store lighting system depending on the daylight outside. Lightmeters are used for lighting and energy consumption is prevented from exceeding a certain limit.
- Carrying on with its activities within the scope of the carbon transition program, Koçtaş sustains its efforts to reduce its emissions arising from consumption of natural gas and diesel as generator fuel, use of company vehicles, forklifts and lifting equipment, AC cooling gases, aerosols, use of fire extinguishing systems and electricity consumption.
- The number of stores holding ISO 14001 Environmental Management System went up from 4 to 13. The Company is also a member of the Green Office program of WWF-Turkey.
- Giving priority to develop and contribute to its employees in every respect, Koçtaş raises awareness on sustainability through various training programs addressing topics such as waste management and energy consumption.

- Koçtaş is the first company from the DIY sector to receive the Safe Service Certification from the Turkish Standards Institute.
- Contributing to primary school students all over Turkey in order to enable them to receive education in improved physical environments under the “Next to You” program, Koçtaş stood next to 25 underserved schools on the occasion of its 25th year in retailing. The Company extended paint and painting materials to support the remaking of interior walls of schools in need. Forward-looking expectations

Forward-looking expectations

Koçtaş aims to build on digital and data analytics capabilities of its human resource, to upgrade system infrastructure, and to introduce projects and practices targeted at achieving excellence in customer experience within the frame of its multi-channel strategy. While aiming to keep growing ambitiously on all sales channels in the coming period, it will also focus on increasing the share of its digital sales within total sales.

Setur

Setur is one of the first and pioneering tourism companies in Turkey.

Established in 1965, Setur is engaged in duty-free store management, and the tourism sector, offering domestic and international tour operation, hotel accommodation, air ticket sales, visa services, cruise travel, congress and event organization and international training organization services.

Duty-free stores

Duty-free stores operation carried out via 50 Setur duty-free stores at airports, land borders and seaports in 20 regions constitute a significant portion of Setur's revenues.

In 2022, Setur:

- Realized its first investment as part of its international expansion plans and reached an agreement for managing the duty free operation for 7.5 years in the Cologne-Bonn Airport, Germany's fifth largest airport. The Company will differentiate itself with the store design, the digital experience to be delivered, and practices contributing to sustainability, and will be delivering its service concept focused on customer satisfaction in the international arena from 1 June 2023.
- Opened Kapıköy Boutique & Perfumery store in October, and revamped the boutique spaces in Kuşadası and Bodrum stores prior to the season opening.



Tourism agency

In keeping with its strategy to grow in domestic tourism, Setur expanded its agency network by 25%. The Company currently offers service through 5 branches, 46 authorized agencies and 180 system agencies.

In 2022, Setur:

- Increased the number of in-scope hotels by 14% in domestic tourism segment and organized approximately 136,500 individual and 360,000 corporate customer stays,
- Effectively handled customer requests and achieved the highest satisfaction in the "Customer Satisfaction Survey" administered by Sia Insight, an independent research company, being the sector's leader for the third time,
- Rose to third place both in top-of-mind awareness (the first brand to come to mind) and spontaneous (unaided) recall in the tourism sector according to the results of the "Brand Awareness Research" annually conducted by Sia Insight,
- organized hotel accommodation for approximately 10,200 individual and corporate customers in the international market,
- handled 397,000 ticketing sales within the scope of ticketing operations,
- offered service to 16,000 people in 1,458 organizations via MICE unit.

Sustainability

Delivering its customers unparalleled event experience with its end-to-end event management processes, Setur MICE earned ISO 20121 Event Sustainability Management System Certification. Reflecting its vision to lead the sector also in sustainability, Setur has been the first travel agency from Turkey awarded with this certification.

Forward-looking expectations

Setur targets to expand its tourism and duty free operations with new store openings and hotel contracts in and outside the country, and to further increase its share in online sales volume, total profitability and productivity through digital transformation projects.

Setur completed its CRM infrastructure which is designed to get to know its customers through active use of data and technology and realize personalized communication according to interest-based segmentation. In 2023, the Company is planning to introduce its loyalty program, which will be differentiated from its competition and serve to profitable growth target by ensuring customer loyalty.



SeturMarinas

Setur Marinas is one of the few marina chains in the Mediterranean basin and the leader in Turkey with 20% market share.

Having started operations 44 years ago with the Çeşme Altinyunus Marina, today Setur Marinas is the leader in the marina sector with 20% market share in Turkey.

One of the few marina chains in the Mediterranean basin

One of the few marina chains in the Mediterranean basin, the Company pursues operations in ten marinas in total, which are Kalamış-Fenerbahçe, Yalova, Ayvalık, Çeşme, Kuşadası, Marmaris, Kaş, Antalya and Finike in Turkey, and on the Lesbos Island abroad. Setur has a total berth capacity of 5,419 yachts, 5,162 in Turkey and 257 abroad.

Setur Marinas secures significantly enhanced customer loyalty each year through the chain marina campaigns launched in early 2018.

Apart from offering the usual marina services, Setur Marinas' experienced staff assists yachters in many areas such as hotel and airline reservations, excursions, car rentals and insurance. Social areas such as trade centers, supermarkets



and restaurants located in the majority of the marinas offer visitors a pleasurable experience.

Digital transformation

Setur Marinas, which has rapidly adapted to the digital transformation and aims to be a pioneer in its sector in terms of digitalization, is closely followed by other marina businesses with its innovative approach to operational requirements. The Company is constantly breaking ground with the services it offers its customers such as making payments and undertaking contract transactions via mobile applications.

Social and environmental responsibility

An important mission of Setur Marinas is to promote, popularize and spread seamanship, marine tourism, sailing and other marine sports. To this end, Setur Marinas hosts sailing clubs and a number of yacht races and events, including the Aegean Yacht Rally that covers the mainland and islands of Greece.

Extending support in marine-related social issues, and owning initiatives for protecting the environment and the nature make another major area of responsibility for Setur Marinas.

Setur Marinas ensure harmonious execution of all its activities in line with its environmental policy and environmental strategy plan, and address global environmental issues such as climate crisis, plastic pollution, loss of natural resources and biodiversity within priority environmental risks. The Company carries out its activities making it a principle to make environmentally-sensitive investments based on its business model which integrates environmental sustainability in all activities.

Forward-looking expectations

In the years ahead, Setur Marinas aims to consolidate its leading position in Turkey by growing its market share and to increase the number of marinas it operates outside of Turkey and become an international brand in sustainable marina operation and digitalization. Along this line, the Company closely follows opportunities both domestically and internationally, and monitors global trends.



divan

The Divan Group offers a broad spectrum of services ranging from accommodation to food and beverages, catering and production of bakery products.

The Divan Group operates with a total of 17 hotels, three of which are located in Georgia, Azerbaijan and Iraq, 1 residence, 25 patisseries, 192 bakeries (187 of which are in Opet Ultra Markets), 25 restaurants, 2 stadiums, 4 banquet units and a production facility with an enclosed area of 15,000 m² located in Taşdelen.

The Divan Group operates with a total of 17 hotels three of which are located abroad (Georgia, Azerbaijan and Northern Iraq), 1 residence, 25 patisseries, 192 bakeries (122 of which are in Opet Ultra Markets), 22 restaurants, 2 stadiums, 2 banquet units and a production facility with an enclosed area of 15,000 m² located in Taşdelen.

Developments in 2022

In the second quarter of 2022, the Divan Group opened to service Divan Kuruçeşme, meetings and events venue that underwent a painstaking and lengthy construction.

The 150-room Divan Ankara Hotel started rendering service in Çankaya from May 2022.

During 2022, the Divan Group also continued to increase and further diversify



its catering units portfolio. In this context, the Company commenced operations at:

- Divan Brasserie Foyer located inside İstanbul Atatürk Cultural Center and Divan Pub City's İstanbul inside City's İstanbul Shopping Mall in April
- Lotus Bistro by Divan Café inside the Koç Group Sports Club in July
- Divan Patisserie Bodrum Milta Marina and In Bakery by Divan Kartal Koçtaş in September
- Divan Galataport Post Office in October, and
- Divan Brasserie Çankaya, its first restaurant in Ankara, in December.

In 2022, the Divan Group launched numerous new projects based on continued digital transformation initiatives related to customer experience, operational excellence, advanced analytics and decision-making. "AI-Based Dynamic Room Charge Setting" project was placed third in the Best in Future of Intelligence category at the IDC DX Forum 2022 Future Enterprise Awards organized by IDC Turkey.

Sustainability

In line with its vision erected on respect for the nature for sustainable future, the Divan Group has become a part of the solution

in the fight against plastic waste pollution within the scope of the Business Initiative for Plastic, of which it is a signatory, and achieved 83% progress in 2022 interim evaluation reporting.

As part of its sustainability initiatives, the Company also prepared the "Hospitality Industry Sustainability Overview and the Divan Group Potential and Strategies Report".

Forward-looking expectations

In 2023, Divan targets to strengthen cement its leadership position in the sector through new locations to be opened in the lodging, food and beverage sectors, as well as the new business models it will introduce.

Divan aims to maintain its pioneering stance in the sector through continued investments in unmatched guest experience, qualified human resource and digital transformation in line with its long-term sustainable and profitable growth goal.

The Divan Group targets to publish its first sustainability report in 2025.





Offering purchasing and supply chain management services combined with strategy, expertise and technology, Zer produces end-to-end solutions that enhance the resilience and flexibility of companies.

Drawing on its 20 years of experience in purchasing and supply chain management, its knowledge and insights in various sectors, expert team and technological solutions, Zer accelerates and facilitates companies' business processes and devises strategies that help them achieve cost saving amid the volatile conditions of trade and economy.

Long-lived gains enabled by trust- and cooperation-driven working model

Analyzing sector and supplier dynamics and offering specific expertise to sectors through all phases of purchasing and supply chain processes, Zer helps its business partners be farsighted and prepared even amid volatile market conditions.

In addition to ZerOnline, the corporate order placement channel that offers strategic procurement service to customers from numerous countries in the world through

Promena, Zer provides logistics, service and materials procurement, online and offline media services and is characterized as a company that takes the pulse of the business world with its expertise in multiple sectors.

The Company aims to broaden its ecosystem by creating collaboration opportunities with domestic and international companies, besides the Koç Group.

In 2022, Zer doubled the purchasing volume it handles.

In 2022, Zer doubled the purchasing volume it handles by expanding its customer base through initiatives in and out of the country. The Company worked painstakingly to ensure the correct pricing in supply chain and procurement management under erratic market conditions, took the necessary actions, and transparently presented its farsighted pricing and cost strategies via its digital platforms.

Zer supported the business sustainability of its business partners and suppliers on the back of its long-lasting partnerships, visionary agreements and mass purchasing volume, warranted by its solid financial structure.

The Company provided uninterrupted business flow to its customers through domestic supply possibilities enabled by alternative solutions. The inflationist market volatilities worldwide were managed through long-term purchasing agreements and careful price management.

Undersigning remarkable collaborations in and out of the country, the Company strengthened its consultancy muscle and increased the reach of its digital platforms. While domestic collaboration agreements were made with such companies as SAS, KPMG, and EY, cooperation was initiated with Scoutbee, Sourcing Champions and WNS, three important players in the international supply chain.

In line with its global growth goals, the Company increased the number of strategic business partners abroad, and penetrated brand new markets by entering Poland, Denmark, Czechia, Spain, Nigeria, Hong Kong, Bosnia and Herzegovina, France, United Arab Emirates as a supply chain actor.

As part of new product development, the agile working team was set up and started working for transforming ZerOnline into a B2B marketplace and an e-export platform.

Brand strategies were reviewed in line with growth targets and marketing and communication activities were carried out in various areas for increasing brand awareness aimed at target groups in and out of the country.

Zer was recognized with 44 global awards for its successful activities.

Forward-looking expectations

In 2023 that marks the 20th anniversary of its incorporation, Zer will focus on channels that will give increased reach to SMEs and particularly organized industrial sites by developing B2B marketplace and e-export platform within the country, while winning customers from new markets via Promena in the international arena.

With the aim of making its purchasing and supply chain management services available to a higher number of companies, Zer intends to constitute over 50% of its purchasing volume handled of non-Koç Group customers over the next five years, to increase the share of its international revenues within total turnover by building on its recognition and business capacity in global markets. Zer also aims to generate 40% of its total revenues on technology solutions carried out with an agile and sustainable management concept in purchasing and supply chain by increasing their use and awareness.





KoçSistem serves to more than 1,200 customers with its expertise and digital solutions.

KoçSistem, the leading technology company that focuses on the business needs of its customers and offers integrated solutions and services, contributes to digital transformation of Turkey with its over 75 years of business experience and digital transformation solutions delivered through more than 80 national and international business partnerships, expert employees who have spread over all 81 provinces, its wholly-owned subsidiary KoçDigital and the B2B Entrepreneurship Platform Techsquare.

Holding the titles of “Turkey’s Most Valuable IT Brand” and “Turkey’s Most Admired IT Company”, KoçSistem offers new generation technologies in various areas including cloud, security, business solutions, Internet of Things and advanced analytics to its industry leading customers in Turkey and in the global arena by building strong strategic partnerships with the world’s top technology developers. The Company digitizes the total value chain of organizations with its innovative portfolio that addresses the needs of all sectors.

Developments in 2022

KoçSistem started off serving nearly 150 new customers including companies such as Mapfre, Memorial Hospitals, Abdi İbrahim, Roche, Barvit, Doğadan, Danone, Siemens, Barilla, Mudo, and DYO in 2022



with its sectoral perspective and market-oriented product approach.

Serving to more than 1,200 customers operating in diverse sectors such as retail, finance, manufacturing, insurance, energy and automotive, the Company attained fivefold growth over the past five years.

Being brands that develop, implement and export technology, KoçSistem and KoçDigital have continued to provide economic benefits to our country and its institutions in 2022. KoçDigital creates value for institutions through its solutions such as “Platform360”, the largest industrial internet of things (IoT) platform of Turkey, “Production Management System”, “Energy Monitoring” and “Digital Mining”. Retaining its title as the leading artificial intelligence company in Turkey, KoçDigital pursues its analytical works with the target of sustainable artificial intelligence in various areas ranging from supply chain to human resources analytics. KoçDigital produced more than 250 successful projects. Established with the vision to train qualified human resources in analytics, the KoçDigital Academy organized training programs addressing business professionals at any level and reached more than 600 participants.

In its 16th year in operation, Koç Bilgi ve Savunma Teknolojileri began producing solutions for civilian sector organizations that use the marine ecosystem. The Company pursues operations in energy, agriculture and tourism sectors as well as in the defense industry.

Social responsibility

With its business partners AÇEV and YKY, KoçSistem carries on educating parents on the use of technology and raising awareness on this subject within the scope of the social responsibility project, the “Family Hour”, which it started for the healthy use of technology.

KoçSistem supports sustainability initiatives with the technology solutions it offers and community projects.

Forward-looking expectations

KoçSistem intends to remain committed to developing domestic technology in the centennial of Turkey with the first software R&D Center in our country, the “KoçSistem R&D and Innovation Center” and the “KoçDigital R&D Center”. KoçSistem will contribute to our country’s leap in technology by leading successful digital transformation projects for organizations, by increasing their competitiveness and by providing continued opportunities for exportation.



INVENTRAM!

Investing in future technologies and in areas involving innovation.

Besides managing Koç Holding's venture capital investments, Inventram also extends support in the investment processes of the Koç Group Companies First Venture Capital Investment Fund as well. The Company invests in future technologies and in areas involving innovation.

Inventram provides financial management, marketing, business development and sales support to startups and is differentiated in its sector with its 'new generation technology investment company' vision. Taking on an important role in Turkey's technology exports, Inventram has been the company to deliver deep technologies developed by Turkish entrepreneurs to the US and Europe with its capabilities in accessing international markets, adaptation and enabling them to position globally.

Developments in 2022

With the Portfolio Management Platform it has developed as part of digital transformation, Inventram engages in detailed data-driven monitoring and management of 8 companies in its portfolio.



The company's high-tech investments jointly with Koç Holding totaled approximately USD 30 million so far.

Investment portfolio

- Pursuing operations in the US, Sensobright LLC. provides a sense of touch over human tactile sensing resolution to robot technologies with the unique "artificial skin with tactile sensing".
- One of the investments in the US, Setex Technologies Inc. is the first commercial manufacturer of dry adhesive technology, and delivers its products ensuring strong adhesion through Amazon.com.
- 3D holographic display technology developed by the CY Vision Inc. established in the Silicon Valley delivers real 3D images on the windshields of vehicles.
- With the digital health mobile app co-developed with Johns Hopkins University, Digitheronix Corp. remotely measures post-traumatic stress disorder symptoms.
- The portable CoaRight device developed by Tarabios A.Ş. produces "lab equivalent" results in self-testing of coagulation parameters by the patients.
- Vispera is an image recognition and data analytics company, whose

internally developed technology helps manufacturing companies reliably track and monitor their products, shelf shares, inventory level and placements at sales outlets.

- Kuantag A.Ş presents brand protection and anti-counterfeit solutions for fuel and gases to global markets using the "quantum dot" and "sensor technology".
- Stoparkinson LLC (US) develops a wearable medical device that alleviates the symptoms of Parkinson's disease.

Forward-looking expectations

The long-term strategy of Inventram is to create new business areas focused on high technology where the Koç Group could establish itself a presence in the near future.

Operating in the investment ecosystem that has been rapidly developing across the world in recent years and working to expand its portfolio and help grow its companies based on its visionary approach, Inventram will keep investing in early startups and scaleups in 2023.





Bringing its experience in payment systems to the online payment system, Token offers end-to-end solutions to its customers.

Token Financial Technologies (Token) focuses on providing businesses with payment solutions aligned with the requirements of the modern world, enabling them to increase their digitalization, productivity and profitability with the new technologies it develops.

The Company keeps a close eye on the developments in payment systems and credit cards market, and designs its products to cater to changing needs in these fields.

Token is a company that has erected its business model on revenues derived from services such as banking apps that exclusively work through its devices, meal cards and so on, rather than one that aims to profit conventionally from product sales.

Developments in 2022

Token added speed to its work following the Tax Procedural Law Communiqué no. 527 that obligates replacement of all existing gas station outdoor payment terminals (OPT) gradually with new generation gas station OPTs by year-end



2023, and developed Beko 1000 TR. Being the first company to finalize the approval process, Token carried out the first pilot implementation in May 2022 and commenced sales in July being one of the first companies to receive the approval of the Ministry of Treasury and Finance. Besides satisfying the requirements set forth in the communiqué, the Company presented the industry with a product that is capable of responding to diverse needs of gas stations and is solid enough to ensure many years of use.

The Beko 1000 TR is Turkey's first OPT with integrated POS. The device also presents options that enable taking payments at the pump via credit card, cash and many other payment forms, offering great convenience to customers while preventing queues in the gas stations thanks to accelerated sales process. The Beko 1000 TR OPT that works in integration with the Beko 400 TR Android POS also improves the payment experience within the supermarket. Automatically transferring the plate number and amount to be charged on

the 400 TR screen, the system eliminates the need for manual data entry to the device and thus precludes erroneous transactions.

As part of the launch campaign, Beko 1000 TR was showcased in two trade shows, one in Turkey and the other in Germany, during 2022, where the product and solutions were presented, and cooperation opportunities and new markets were explored.

More than 4,000 Beko 1000 TR devices were sold since August when the product was put on the market. Token targets to supply the substantial portion of 64,000 new generation OPTs that needs to be replaced until year-end 2023.

A digital meal card designed to respond to consumers' new generation expectations, TokenFlex is regarded not just as a meal card solution, but a flexible technological infrastructure catering to different needs in payment systems. Work was commenced for its different applications such as transportation and loyalty card besides as a meal card.



Having exceeded 30,000 users and more than 16,000 member merchants in 2022, TokenFlex can be easily used with a fully digital application that runs on smart phones and is fully aligned with the expectations of the new world. The payment can be completed in seconds by scanning the 2D-code at the payment point using the camera within the app or by just bringing the NFC-enabled mobile phones close to the POS. All transactions are performed in contactless format, without a plastic card or coupon and thus, without harming the environment.

Token started work in relation to TokenFlex solution with the Koç Group companies. User feedbacks are considered for improving the app, and user-suggested business places are prioritized in membership. Token's target with TokenFlex is to penetrate various corporate networks in 2023 and achieve countrywide expansion in terms of users and member merchants alike.

In a bid to respond to market needs and sustain its pioneering role in the sector, Token gives priority to innovation and R&D activities. The technologies of the future are being designed thanks to its offices in ITU and METU Technoparks, competent R&D and the software teams working with an innovation-driven approach. At the first and largest TSM (Trusted Service Manager) center in Turkey, more than 6 million transactions that go through 800,000 devices are safely handled on a daily basis.

Token Payment Solutions

Token continues to expand its operations to different areas within the payments ecosystem; the Company created a business model in online payments that outgrew the projections due to the pandemic. In this context, the Company incorporated a payment and electronic money company in 2020 and received the CBRT license in August 2022.

Having started to offer an end-to-end integrated payment experience to its customers by transferring its experience in physical payment devices to the online segment, Token offers primarily virtual POS service and various other solutions such as storing card details for future purchases, payment via link, marketplace etc. under its Ödoro brand name, and the E-wallet solution will be introduced in 2023. The Company plans to broaden its corporate customer pool first, followed by activities targeted at SME and individual users.

International activities

Token pursues business development activities also abroad via Token International Holdings B.V. incorporated in the Netherlands, and Token Payment Services SRL incorporated in Romania. Following the pending approval from the Central Bank of Romania for its payment and e-money solution under Ödoro brand name in Romania, the Company aims to put it into service in e-commerce across all EU countries.

The Company aims to work with local integrators and banks in Romania and to put its POS and OPT solutions into wider use. As the next step, the Company targets to expand the products and services developed in Romania to Poland, Hungary and the Balkan countries.

Token made an expansion into Central Asia via the Azerbaijan office opened in April 2022. In the country, where financial regulatory framework is just being established, growth is targeted to be achieved in e-commerce and POS with the support of local and strategic partners as well. It is also intended to deliver products and services to neighboring countries with similar infrastructure such as Uzbekistan and Kazakhstan via the Azerbaijani company.

Forward-looking expectations

Aiming to reach unicorn valuation, Token has the competence to apply the online and offline technologies it has developed domestically in various geographies. The Company authors projects that will generate added value on the back of its brainpower and software strength. In the fast-transforming fintech sector, the Company develops sustainable business models that can easily adapt to changes by developing product-independent solutions that are compliant with the regulatory framework.

Token aims to integrate its secure payment-taking technology with sales automation, stock control and e-archive/e-invoice applications and to set up the infrastructure allowing SMEs to compete with chain stores. It also prioritizes transferring the unmanned payment system solutions it has developed for gas stations from amongst its innovative technologies to different sectors such as EV charging stations, ticket sales, parking payment and vending machines. The Company also monitors developments in mobile applications and includes them among its services.

The Company seeks to enrich the 2D payment platform that runs on mobile application it has developed under the brand name TokenFlex with applications facilitating fringe benefit solutions of businesses such as prepaid cards, fleet cards etc. Its targets also include expanding the products and services developed domestically to different areas within the payments ecosystem and overseas markets.

The long-term priority target of Token is to integrate cash registers and its POS-based offline platform with online payment and wallet services and enable SMEs to deliver payment and collection experience end-to-end with a single party.



Turkey's leading exporter of electric motors

Turkey's top exporter of electric motors, WAT Motor has been pursuing operations in electric industrial motors since 1965. In keeping with the transformation vision introduced in 2018, the company expanded its operations in the fields of motion control systems, renewable energy components, electrification elements and electric vehicle charging stations.

Delivering its products to domestic and overseas dealers and manufacturers under the brand names WAT and TEE, the company is the solution partner of many machinery manufacturers in electric motors.

In addition to its R&D center focused on electric motors located in Tekirdağ, the Company opened its second R&D center working on power electronics, control electronics and embedded software in İstanbul in 2022.

In 2022, the company's new product developments continued in line with energy efficiency and sustainability targets driven forward across the world by the climate and energy crises. Along this



line, the company introduced products in the IE4 efficiency class in addition to IE3 efficiency products in industrial electric motors. The company also stepped into the renewable wind energy field with the production of wind turbine components.

With the motor, motor drive and user screen (HMI) system solutions exclusively developed for Ford Otosan's Rakun product, WAT Motor established itself a significant position in the field of mobility electrification components and began taking action to penetrate different vehicle platforms.

In 2022, WAT Motor disclosed its sustainability program and reduced its CO₂e emissions by 332 tonnes on the back of the projects carried out at its production facility.

Having completed its investments for manufacturing of electric chargers thanks to its competence acquired in power electronics in 2022, the company will start manufacturing these products in Turkey from 2023 onwards.

Forward-looking expectations

When planning its activities, WAT Motor pays regard to the fact that future electric motors and power electronics industry will be substantially affected by various global trends including energy efficiency and sustainability targets driven forward by climate and energy crises, renewable energy, e-transformation that resulted from the fourth industrial revolution, communication and cloud computing, and precise motion control applications and electric vehicles. Accordingly, the company aims to keep growing its electric motor exports with high energy-efficient competitive products in new product platforms, while capturing leadership also in the domestic sector. Targeting increased profitability secured by growth in new business lines, the company will also uninterruptedly carry on with its investments in the future technologies for their proliferation.





WAT Mobilite

For diversification of its operations in the e-mobility ecosystem, WAT Motor and Opet, Otokoç Otomotiv and Entek co-founded WAT Mobilite company for EV charging station management operations. WAT Mobilite aims to deliver superior experience to electric vehicle drivers while pursuing carbon neutrality target, and accelerate integration of the e-mobility ecosystem to our era.

Value-added digital solutions, the latest technology that support commercial and passenger electric vehicles, reliable and high quality charging units and charging service that make life easier for EV drivers help offer a lifestyle that fulfills the needs of users from any segment.





RMK Marine keeps breaking new ground.

Focusing on commercial and naval vessel and super/mega yacht building projects, RMK Marine is one of the leading shipyards in the sector with its constantly upgraded infrastructure and capabilities.

Developments in 2022

RMK Marine undersigned successful initiatives in 2022:

- The agreement for building the first polar mega yacht in the Turkish yacht building sector was signed in March.
- The agreement for building the first LNG carrier tanker in the Turkish shipbuilding industry was signed in May.
- The first chemical tanker with hybrid propulsion and drive system in the Turkish shipbuilding industry was delivered in August.
- The agreement for the “Sail-Powered Ro-ro Carrier” with a breakthrough design aimed at the International Maritime Organization’s zero emissions target was signed in December.



Naval vessels

The Ukrainian Naval Forces’ corvette, whose building is in progress in line with the schedule, was successfully put to sea with a ceremony held on 2 October 2022.

The scheduled building of the corvette will continue until the end of 2024.

Forward-looking expectations

Given the yacht and ship building projects undertaken in 2022, RMK Marine will spend 2023 and 2024 with scheduled building operations and deliveries.

The Company will keep responding to project demands for innovative and eco-friendly designs that emerged from the awareness and interest it has secured in the market, and continue to realize environment-friendly commercial vessel and superyachts with low operating costs, fitted with cutting edge technological systems and entailing high level of integration and automation. In addition to that, it is targeted to uninterruptedly carry on with naval vessel building projects.





Ram Dış Ticaret contributes to exports and the economy with the added-value it creates and its specialized team.

Ram Dış Ticaret boosts its efficiency in foreign trade implementations with the digital transformation and paperless office projects that are being carried out, while developing new business models in new markets on the back of its agile organization.

Having added aluminum and metal sheet procurement to its portfolio to develop the solutions that best cater to customer needs, Ram Dış Ticaret expanded this service as planned and created a sustainable business model. The products of its supplier portfolio and the Koç Group companies are put on sale on international e-trade marketplaces. Bringing medical products, devices and consumables together, the Company improved its exports and created new sustainable business models.

Leading supplier of humanitarian aid services

The global supplier to the United Nations and other international relief organizations, Ram Dış Ticaret delivers exported aid kits to fulfill the humanitarian aid needs of refugees and people in need all over the world. In this framework, the Company supplied humanitarian aid supplies to the UNICEF central office in Denmark in



2022, and shipped humanitarian aid to Afghanistan and Ukraine.

Digital transformation and operation

In 2022, digital transformation integration efforts continued to be developed with key accounts and customs companies at full speed with respect to efficiency and performance. SAP data integration enabled 80% paperless operating, data security and process efficiency. Furthermore, “Certificate of Customs Approved Operator Status” was obtained that resulted in cost saving in customs procedures, and time saving was secured in customs procedures thanks to paperless declaration for blue line routes. End-to-end logistics and operational processes will continue to be handled at minimum costs also in 2023.

Iron and steel products

Continuing to supply flat steel products for the Koç Group and supply industry companies, Ram delivered 335,000 tonnes of flat sheet in 2022. The Company improved its cutting, slitting, and dimensioning services in flat sheet supply, and became a solution partner in fulfilling the needs of the automotive supply industry by adding aluminum and metal sheet procurement to its product and service portfolio.

An international gateway for SMEs

Founded with the mission of increasing and improving exports by SME-scale

producers besides the Koç Group companies, Ram keeps providing financial and governance support to the SMEs in this context. The Company extends support in market development, exports and e-exports to companies engaged in medical equipment and high technology with which it has agreements.

Sustainability

Ram exercises the utmost care in each stage of its business processes in line with the 2050 carbon neutrality targets and the Koç Group's sustainability principles. In its contracts with suppliers, the company opts for eco-friendly, biodegradable and reusable products and thus, encourages development of sustainable products.

Forward-looking expectations

Ram will develop joint projects with development banks and agencies providing funding globally, and will focus on delivering high value-added products, systems and services in healthcare, automotive and high technology for developing countries, as well as on upgrading the solutions offered in these areas and marketing.

On another front, the Company will focus on efforts for winning new customers, suppliers and value-added projects in Latin America and CIS countries that are declared as target markets for exporters.



Corporate Brand Projects and Sponsorships

İstanbul Biennial

The largest contemporary art platform in Turkey and one of the most important contemporary art events in the world, the İstanbul Biennial has been supported with the aim of creating awareness about contemporary art, and introducing contemporary art to those who may not yet have been exposed to it since 2007. The decision was taken that the sponsorship, which was first signed in 2007, would continue until 2036.

The İstanbul Biennial has hosted hundreds of thousands of visitors over many years by opening its doors free of charge to all visitors with the support of Koç Holding. As part of the biennial event, guided tours and children's workshops were held, reaching thousands of people.

Curated by Ute Meta Bauer, Amar Kanwar and David Teh, the 17th İstanbul Biennial was held between 17 September and 20 November 2022. Having showcased over 50 projects of more than 500 participants, the Biennial welcomed more than 500,000 visitors at a radio station in addition to more than 50 bibliopoles, bookstores, diners, movie theaters and hospitals all over the city, as well as 12 exhibition venues.



The İstanbul Biennial, which has reached a dimension where it has been one of Turkey's art fixtures attracting significant interest from the foreign press and international art circles, gaining recognition in the world. It serves to provide a significant contribution to the perception and brand value of both our country and İstanbul abroad.

In 2017, the decision was taken to bestow a permanent piece to İstanbul in every biennial year. After Ugo Rondinone's neon sculpture entitled "Where Do We Go from Here?", Monster Chetwynd's outdoor installation "Gorgon's Head Playground" was installed in the Maçka Art Park in 2019. In 2022, Ayşe Erkmen's

sculpture that the artist created based on the mysterious and dynamic form of The Golden Horn, the primary inlet of the Bosphorus in İstanbul, "Golden Horn in Golden Horn" was erected in Akşemsettin Park between Balat Hospital and the ferry dock. With new works to be added in the coming years, it is intended to make İstanbul a rich, contemporary art exhibitions location.

Vehbi Koç Foundation

Vehbi Koç Foundation, the first large-scale privately-funded charitable NGO chartered by the Republic of Turkey, was established on 17 January 1969 by Vehbi Koç.

Since 1969 Vehbi Koç Foundation has been actively engaged in aspects of education, health, and culture that are vitally essential to Turkey's progress and prosperity. The Foundation continues to distinguish itself through the institutions whose management it oversees and the projects which it supports.

Inspired by the "It's Our Duty" attitude of its founder Vehbi Koç, the Foundation today continues to fulfill the mission for which it was chartered. Highlights of Vehbi Koç Foundation's 2022 operations are presented below.

EDUCATION

New Koç School lycee building

Koç School's new lycee building welcomes students for the first time on 12 September 2022 at the beginning of the 2022-2023 academic year

Occupying an area of about 14,000 m², the new Koç School building is the product of collaborative design effort



whose aims were to make it a model useful for other educational institutions both in Turkey and throughout the world. There are 43 spacious "learning studios" ranging from 54 m² to 79 m² in size. 180 Studio/Trung Le was responsible for the project's conceptual design, DB Mimarlık for its architectural design, and PAB Mimarlık for its interior design. All construction work was carried out by Ark İnşaat.

The project's underlying design was informed by a strategic mix of insights into the future of education, the role of students in educational innovation, the impact of technology on education, and the school's own educational philosophy. Brick, glass, and wood were chosen as building materials and combined to create a sense of structural timelessness. Consistent with the school's student-centered education philosophy, the building's learning spaces, offices, and common areas were designed to meet the needs and expectations of a wide range of users. Among the building's

innovative and imaginative features that support Koç School's focus on sustainable development and change are its "undirected studio" design, its flexibly utilitarian furniture, its classroom hierarchy-detering layouts, and its daylight-illuminated classrooms with immediately-accessible exterior gardens that soften the line between "inside" and "outside".

<https://www.koc.k12.tr/>

Scholarship programs

In the more than half a century since its inception in 1969, Vehbi Koç Foundation has provided scholarships to over 50 thousand students in line with its mission to promote equality in educational opportunity. During the 2020-2021 academic year, a total of 5,377 successful and needy students benefited from Koç Foundation support in the pursuit of their undergraduate, graduate, or professional/occupational-training studies.

<http://www.vkv.org.tr/>

Vehbi Koç Foundation

Koç University Horizon 2022 “Most Successful Turkish Research Organization” award

Koç University received a “Most Successful Turkish Research Organization” award under the Horizon 2020 program, the world’s biggest scientific innovation & research initiative. Carrying out numerically more Horizon 2020 projects (54) than any other program participant in Turkey, the EUR 24 million grant that it received was also higher than that awarded to any other recipient in the country.

Three projects carried out by Koç University faculty members and supported by a total of EUR 6 million in European Commission funding were honored as being among the most successful of all.

Koç University Graduate School of Business Financial Times Global Executive MBA Ranking

Koç University Graduate School of Business’s (KU GSB) position in the globally-prestigious *Financial Times* Global



Executive MBA (EMBA) ranking rose to 31 last year, up from 54 in 2021. With half of its faculty members women, KU GSB shared first place with two other universities on the basis of gender-equality performance.

Shooting up 24 positions in its ranking among the world’s best and most prestigious institutions, Koç University Graduate School of Business was the first Turkish business school to make it into the *Financial Times* Global EMBA ranking of the world’s top one hundred. It continues to defend its position at the top of the country’s business school league table.

According to a survey conducted to determine the impact that a degree from the Koç University EMBA program has on careers, KU GSB graduates reported an aggregate 76% rise in salary earnings during the most recent three years. By this measure, which the *Financial Times* considers to be among the most important of all, KU GSB ranks 9th globally.

HEALTH

21st Vehbi Koç award goes İvet Bahar

The 21st Vehbi Koç award, given last year in the field of health, was bestowed on Distinguished Professor İvet Bahar for pioneering work in computational molecular and systems biology that provides the basis for the development of pharmaceuticals that save millions of people’s lives today.

Dr Bahar uses computer modelling to study how biological systems work. Her findings shed light on irregularities in system functioning such as defects caused by genetic disorders as well as on potential ways to design drugs and to individualize treatment methods to deal with those irregularities.

www.vehbikocodulu.com

First Vehbi Koç Foundation Outstanding Service to Humanity Award presented to Professor Özlem Türeci and Professor Uğur Şahin

Scientists Professor Özlem Türeci and Professor Uğur Şahin became the first winners of the First Vehbi Koç Foundation Outstanding Service to Humanity Award for their lifelong pioneering and innovative research and studies in the medical sciences that led to the rapid development of new vaccines which contributed directly towards the saving of millions of lives during the pandemic. During a ceremony held at Koç University, BioNTech Co-Founder & Head of Medical Operations Dr Özlem Türeci and BioNTech Co-Founder & CEO Dr Uğur Şahin accepted the award from Koç Holding Chairman Ömer M. Koç. On behalf of Koç University, Koç Holding Honorary President and KU Board of Trustees Honorary Chairman Rahmi M. Koç awarded honorary doctorates to both scientists.

Koç University Hospital Clinical Trials Unit opens

A clinical trials unit (CTU) was opened at Koç University Hospital last year. A ceremony marking the occasion was attended by Koç Healthcare CEO Dr Erhan Bulutçu, KU Medical Faculty Dean Prof Şükrü Dilege, CTU Director Prof İhsan Solaroğlu, and Prof Rahmi Öklü of the Mayo Clinic. The center is intended to serve as the hub of a national and international network of researchers and experts from different disciplines that will give the hospital access to clinical-trials assets and resources of the highest quality. A Phase 1 Clinical Trials Center (CTC) set up under the auspices of the Koç University Hospital Clinical Trials Unit has been awarded a license by the health ministry. The center is Turkey's first high-



risk experimental early-phase clinical trials center to receive the approval of the Turkish Medicines & Medical Devices Agency.

CULTURE & ART

“For my friend: Embroidered Letter and Document Wallets in the Sadberk Hanım Museum and Ömer M. Koç Collections”

A selection of embroidered letter and document wallets chosen from among the Sadberk Hanım Museum and Ömer M. Koç collections revealing cultural and artistic interactions between the Ottoman Empire and Europe greeted visitors at the “For my friend” exhibition curated by Hülya Bilgi at Sadberk Hanım Museum. These embroidered letter and document wallets were made for European diplomats and merchants who passed through the Ottoman Empire from the late 17th century onward. While providing evidence of the superior level of leathersmaking and fabrication craftsmanship that Ottoman artisans were capable of achieving, these

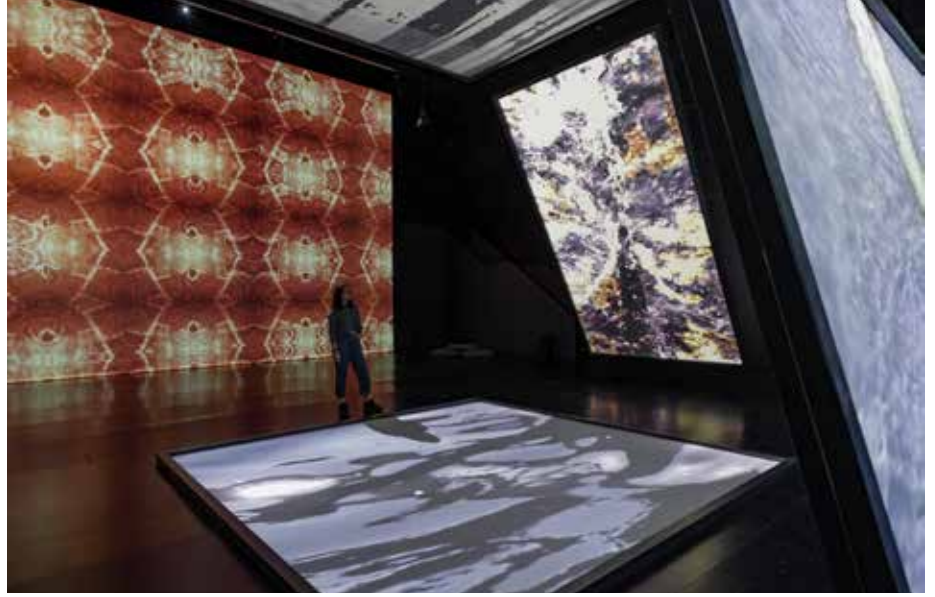
artefacts also shed light on the diplomatic and commercial relationships of their day. The selection of objects from the Sadberk Hanım Museum and Ömer M. Koç collections, which were originally conceived and expanded independently of one another, makes it possible to trace the course of artistic development and mutual interaction down through the years. Of the 91 objects consisting of 76 letter and 15 document wallets on display, the earliest was made in 1669 and the most recent in 1835. As a group they serve as a demonstration of the acme of Ottoman leathersmaking craftsmanship during a period spanning well over a century and a half. A bilingual (TR & EN) exhibition catalogue showing off all the objects on display in detail was also prepared by curator Hülya Bilgi for viewers. This catalogue is the most comprehensive monograph about such artefacts ever published anywhere. www.sadberkhanimmuzesi.org.tr

Vehbi Koç Foundation

Arter: An accessible, vibrant and sustainable culture & life platform embracing everyone and every artistic discipline

Continuing to give broad audiences access to current art at its home in İstanbul's Dolapdere district, Arter mounted six new exhibitions consisting of works selected both from its own collections and on loan.

“OyunBu | ThisPlay” is a group exhibition curated by Emre Baykal that runs until 9 April 2023. It highlights works selected from the Arter Collection that explore the liberating and unruly nature of play in the context of artistic production. An Arter group exhibition that took place during 2022 and closed at year-end was “Locus Solus”. Curated by Selen Ansen, “Locus Solus” brought together works from the Arter Collection with several large-scale installations, including site-specific new productions with the aim exploring the notion of “nature” through the lens of fact, fiction, and emotion. Arter’s third group exhibition during 2022 was “Rounded By Sleep”, which closes on 29 January 2023. Curated by Eda Berkmen, “Rounded By Sleep” explores sleep-created links with the past and the unconscious through a display of examples both of contemporary art and of historical representations and archaeological artefacts. Arter’s 2022 program also included a number of solo exhibitions. One such is Ahmet Doğu İpek’s “A Halo of Blackness Upon Our Heads”. Curated by Selen Ansen, it runs until 29 January 2022. Last year Arter likewise hosted Bill Fontana’s first solo exhibition in Turkey—“Resounding lo”,



which was curated by Melih Fereli—as well as the same artist’s “Silent Echoes: Notre-Dame” sound installation.

In addition to activities carried out in cooperation with others, Arter’s program also includes the world premiers of works embracing a wide range of artistic disciplines. During 2022 Arter hosted the third edition of its “New & Newest Musical Festival” and launched a new festival series for children. Arter commissions and publishes original writing that provokes and promotes debate and discussion about contemporary art. During 2022, twelve books were issued in Arter’s ongoing series of bilingual (TR and EN) publications.

www.arter.org.tr



Meşher

Opening on 14 September 2022 at Meşher, "I Am Nobody. Are You Nobody Too?" is a group exhibition inspired by the ancient Greek myth of Echo and Narcissus and their unrequited loves. Curated by Selen Ansen, "I Am Nobody. Are You Nobody Too?" interprets the themes of reflection, resonance, and metamorphosis that are highlighted by that myth in light of contemporary artistic and social dynamics. Spread out across all three floors of Meşher's exhibition space, the show features nearly 120 on-loan works by 44 artists from both Turkey and abroad together with works specially commissioned for the occasion by Vehbi Koç Foundation. "I Am Nobody. Are You Nobody Too?" enjoys the distinction of being the exhibition that has attracted more visitors a day through gallery doors than any other show held since post-pandemic reopenings got underway. The exhibition remains open until 12 February 2023. www.mesher.org

CIVIL SOCIETY

Impact Entrepreneurship Program

In May 2022 Vehbi Koç Foundation and İşbank launched a joint Impact Entrepreneurship Program to support initiatives that focus on making our world a better and more livable place. This program's aim is to support eligible technology-based ventures in the areas of education, health & quality of life, climate activism, accessible & clean energy, and



urban & communal sustainability which make (or have the potential to make) a beneficial environmental and/or social impact and which are capable of being scaled up. A total of 178 applications were received for inclusion in the first cycle of this program.

Undertakings selected for inclusion in the program underwent an intensive 24-week training & mentoring process conducted by Koç University's KWORKS Entrepreneurship Research Center and İşbank's Workup Entrepreneurship Program together with the resources of the Social Entrepreneurship Network of Turkey. <https://etkigirisimciligi.com/>

Social Enterprise İstanbul Project

The goal of the Social Enterprise İstanbul Project is to create a certification system for social impact-oriented enterprises operating in İstanbul that will both foster the growth and development of collaborations and enable initiatives to measure their own social impact by building bridges between themselves and the private sector. This project was inaugurated in September 2021. One of the most important pillars of the Social Enterprise İstanbul Project is the PartnerUp Acceleration Program, which is being conducted jointly by the Koç University Social Impact Forum, Vehbi Koç Foundation, and the Social Innovation Initiatives Society with the support of the İstanbul Development Agency. The first PartnerUp cycle was completed last year.

The PartnerUp Acceleration Program is planned around two five-month cycles. During the first part of the program, participating initiatives are provided with intensive coaching and training support. <https://partnerup.sosyalgirisimcilikagi.org/>



CORPORATE GOVERNANCE

Legal Disclosures

Declaration of Compliance with Principles of Corporate Governanc

Declaration of Compliance with Sustainability Principles

Explanations Regarding Corporate Governance

2022 Board of Directors Structure

Organization Chart

Board of Directors

Executive Management

Risk Management

Internal Control Systems and Audit

Statement of Responsibility for Financial Statements

Statement of Responsibility for Annual Report

Legal Disclosures

When they appear in this annual report, “the Company” and “Koç Holding” mean the legal entity Koç Holding A.Ş., whereas “the Koç Group” and “the Group” refer to Koç Holding together with the consolidated companies.

Shareholder Structure and Voting Rights

Our Company's shares are divided into two groups, A and B. Each Group A registered share holds two voting rights at our General Assembly. However, for decisions concerning the amendment to the Articles of Association, acquittal or filing a liability lawsuit, all shares hold one right to vote.

Our shareholders' voting rights, taking into account the privileged shares, are presented below:

Shareholder	Group	Amount (TL)	Share Stake (%)	Voting Right	Voting Right Stake (%)
Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. ¹	A	678,773,422	26.77	135,754,684,460	42.23
Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. ¹	B	428,196,786	16.88	42,819,678,578	13.32
Koç Family ²	B	472,895,145	18.65	47,289,514,516	14.71
Vehbi Koç Vakfı	B	184,171,754	7.26	18,417,175,384	5.73
Koç Holding Emekli ve Yardım Sandığı Vakfı	B	59,553,490	2.35	5,955,349,031	1.85
Rahmi M. Koç ve Mahdumları Maden İnşaat Turizm Ulaştırma Yatırım ve Ticaret A.Ş.	B	35,385,424	1.40	3,538,542,410	1.10
Publicly held ³	B	676,922,028	26.69	67,692,202,760	21.06
Total		2,535,898,050	100.00	321,467,147,230	100.00

(1) As publicly disclosed on 11 October 2022, group A and B Koç Holding shares with a nominal value of TL 1,106,970,208.08 in the portfolio of Temel Ticaret ve Yatırım A.Ş. (“Temel Ticaret”) were transferred to Family Danışmanlık Gayrimenkul ve Ticaret Anonim Şirketi (“Family Danışmanlık”), a wholly-owned subsidiary of Temel Ticaret, by way of partial demerger.

Accordingly, the nominal value of shares held by Family Danışmanlık in the capital of Koç Holding A.Ş. reached TL 1,106,970,208.08 corresponding to a stake of 43.65% and voting rights of 55.55%; Temel Ticaret, on the other hand, no longer has any direct stake in Koç Holding A.Ş. The transaction did not result in any change in the ultimate shareholding structure of Koç Holding A.Ş. Majority of Temel Ticaret ve Yatırım A.Ş. shares belong to Koç Family members.

(2) Koç Family Members: Rahmi M. Koç, Semahat S. Arsel, deceased Suna Kırac, M. Ömer Koç, Ali Y. Koç, İpek Kırac, Caroline N. Koç, Esra Çiğdem Koç and Aylin Elif Koç.

(3) The publicly held portion includes shares bought back by Koç Holding A.Ş., which have a nominal value of TL 890,475 (ratio in capital: 0.04%).

Legal Disclosures

Information concerning significant changes in Koç Holding A.Ş.'s ownership of non-current financial assets held in 2022

Information on changes in ownership of non-current financial assets that Koç Holding A.Ş. holds directly which exceed or fall below the thresholds specified by the Turkish Commercial Code is set out in the table below.

Companies	2022 (%)	2021 (%)	Description
Augmency Teknoloji Sanayi A.Ş.	-	20.00	Disposed of in 2022.
Ayvalık Marina ve Yat İşletmeciliği San. ve Tic. A.Ş.	4.44	7.72	Koç Holding's direct ownership interest rate has changed following the capital increase in Ayvalık Marina in 2022 by Tek-Art Marina.
Divan Turizm İşletmeleri A.Ş.	29.95	18.27	Koç Holding's direct ownership interest rate has changed following the capital increase realized in 2022 by Koç Holding.
Entek Elektrik Üretimi A.Ş.	-	49.62	Koç Holding's shareholding in Entek corresponding to 49.62% of the Entek's capital was transferred to Tüpraş through a partial demerger transaction through the associates model.
Koç Finansman A.Ş.	50.00	44.50	Koç Holding's direct ownership interest rate has changed following Koç Holding's purchase of shares belonging to Temel Ticaret and corresponding to 5.5% of Koç Finansman's share capital.
Tarabios Sağlık Teknolojileri A.Ş.	33.33	28.57	Koç Holding's direct ownership interest rate has changed following the capital increase realized in 2022 by Koç Holding.
Tasfiye halinde Bozkurt Tarım Gıda Sanayi ve Ticaret A.Ş. in liquidation	-	67.54	Liquidated in 2022.
Türkiye Petrol Rafinerileri A.Ş.	6.35	-	It has been resolved to transfer Entek shares corresponding to 49.62% of the registered Entek capital in Koç Holding to Tüpraş through a partial demerger transaction through the associates model and the transfer of Entek shares corresponding to 49.62% of the registered Entek capital in Aygaz to Tüpraş through a partial demerger transaction through the model of share transfer to its shareholders by Aygaz, simultaneously. Koç Holding's direct ownership interest rate has changed following the transactions completed in August 2022.
Yapı ve Kredi Bankası A.Ş.	27.02	9.02	Koç Holding's direct ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and corresponding to 18% of Yapı Kredi Bank's share capital.

Information on transactions that result in indirect shareholding ratios in non-current financial assets indirectly held by Koç Holding to reach or fall below the thresholds set out in the Turkish Commercial Code can be found in the table below.

Companies	2022 (%)	2021 (%)	Description
Agro-San Kimya Sanayi ve Ticaret A.Ş.	62.49	44.49	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.
Allianz Yaşam ve Emeklilik A.Ş.	12.50	8.90	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.
Arçelik Hitachi Home Appliances (Shanghai) Co., Ltd.	25.74	24.44	Koç Holding's effective ownership interest rate has changed following Arçelik's purchase of shares constituting 4.80% of Arçelik's share capital through share buybacks realized in 2022.
Arçelik Hitachi Home Appliances Sales (China) Ltd.	-	25.72	Liquidation process of Arçelik Hitachi Home Appliances Sales (China) Ltd. ("Arçelik Hitachi China") was completed as of September 2022.
Arçelik Üretim ve Teknoloji	-	42.87	The merger under Arçelik through acquisition of all the assets and liabilities of Arçelik Üretim ve Teknoloji A.Ş., a 100% subsidiary of Arçelik, was approved by Capital Markets Board on 30 June 2022. The merger was registered with Istanbul Trade Registry Office on 1 July 2022.
Augmency Teknoloji Sanayi A.Ş.	-	26.38	Disposed of in 2022.
Ayas Enerji Üretim ve Ticaret A.Ş.	-	34.90	Transfer of shares constituting 50% of Ayas Enerji capital, previously held by Entek, to Oyak Birleşik Enerji A.Ş. was completed on 29 December 2022.
Beko Azerbaycan MMC	45.16	-	Established in 2022.
Beko Egypt Trading LLC	45.16	-	Established in 2022.
Beko Grundig Croatia d.o.o	45.16	-	Established in 2022.
Beko Grundig Hellas Single Member SA	45.16	-	Established in 2022.
Beko Hungary Kft	45.16	-	Established in 2022.
Boyasan Tekstil Sanayi ve Ticaret A.Ş.	35.29	25.12	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.
Demetkent Sitesi Yönetim ve Sosyal Hizmetler A.Ş.	62.04	44.17	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.
Divan Turizm İşletmeleri A.Ş.	40.13	30.15	Koç Holding's effective ownership interest rate has changed following the capital increase realized in 2022 by Koç Holding.
Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.	45.77	69.80	It has been resolved to transfer Entek shares corresponding to 49.62% of the registered Entek capital in Koç Holding to Tüpraş through a partial demerger transaction through the associates model and the transfer of Entek shares corresponding to 49.62% of the registered Entek capital in Aygaz to Tüpraş through a partial demerger transaction through the model of share transfer to its shareholders by Aygaz, simultaneously. Shares held by Temel Ticaret and representing 1.67% of Opet's capital were purchased by Tüpraş. Koç Holding's effective ownership interest rate has changed following these transactions.
Enspire Enerji Yatırımları ve Hizmetleri A.Ş.	45.77	69.80	It has been resolved to transfer Entek shares corresponding to 49.62% of the registered Entek capital in Koç Holding to Tüpraş through a partial demerger transaction through the associates model and the transfer of Entek shares corresponding to 49.62% of the registered Entek capital in Aygaz to Tüpraş through a partial demerger transaction through the model of share transfer to its shareholders by Aygaz, simultaneously. Shares held by Temel Ticaret and representing 1.67% of Opet's capital were purchased by Tüpraş. Koç Holding's effective ownership interest rate has changed following these transactions.
Entek Elektrik Üretimi A.Ş.	45.77	69.80	It has been resolved to transfer Entek shares corresponding to 49.62% of the registered Entek capital in Koç Holding to Tüpraş through a partial demerger transaction through the associates model and the transfer of Entek shares corresponding to 49.62% of the registered Entek capital in Aygaz to Tüpraş through a partial demerger transaction through the model of share transfer to its shareholders by Aygaz, simultaneously. Shares held by Temel Ticaret and representing 1.67% of Opet's capital were purchased by Tüpraş. Koç Holding's effective ownership interest rate has changed following these transactions.
Enternasyonal Turizm Yatırım A.Ş.	62.49	44.49	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.

Legal Disclosures

Companies	2022 (%)	2021 (%)	Description
Ford Romania SRL	38.65	-	Acquired in 2022.
Grundig Multimedia B.V.	-	42.87	Grundig Multimedia B.V. ("Grundig Multimedia") merged under Ardutch B.V. as of September 2022.
Grundig Portuguesa Lda	-	42.87	Liquidation process of the Grundig Portuguesa Lda ("Grundig Portugal") was completed as of July 2022.
IHP Appliances JSC	45.16	-	In accordance with the share purchase agreement signed between Arçelik and Whirlpool EMEA S.p.A., the purchase of entire shares of IHP Appliances Sales LLC (formerly: Whirlpool RUS LLC), IHP Appliances JSC (formerly: Indesit International JSC), and IHP Kazakhstan LLP (formerly: Whirlpool Kazakhstan LLP) was completed as of 31 August 2022.
IHP Appliances Sales LLC	45.16	-	In accordance with the share purchase agreement signed between Arçelik and Whirlpool EMEA S.p.A., the purchase of entire shares of IHP Appliances Sales LLC (formerly: Whirlpool RUS LLC), IHP Appliances JSC (formerly: Indesit International JSC), and IHP Kazakhstan LLP (formerly: Whirlpool Kazakhstan LLP) was completed as of 31 August 2022.
IHP Kazakhstan LLP	45.16	-	In accordance with the share purchase agreement signed between Arçelik and Whirlpool EMEA S.p.A., the purchase of entire shares of IHP Appliances Sales LLC (formerly: Whirlpool RUS LLC), IHP Appliances JSC (formerly: Indesit International JSC), and IHP Kazakhstan LLP (formerly: Whirlpool Kazakhstan LLP) was completed as of 31 August 2022.
KF Sigorta Aracılık Hizmetleri A.Ş.	72.41	-	Established in 2022.
Koç Fiat Sigorta Aracılık Hizmetleri A.Ş.	37.59	-	Established in 2022.
Koç Finansman A.Ş.	72.41	65.84	Koç Holding's effective ownership interest rate has changed as a result of Koç Holding's acquisition of shares held by Temel Ticaret corresponding to 5.5% of Koç Finansman's share capital and Arçelik's acquisition of shares corresponding to 4.80% of Arçelik's share capital through share buybacks in 2022.
Kuruçesme Tankercilik A.Ş.	36.90	-	Established in 2022.
Menzelet Kılavuzlu Elektrik Üretimi A.Ş.	45.77	69.80	It has been resolved to transfer Entek shares corresponding to 49.62% of the registered Entek capital in Koç Holding to Tüpraş through a partial demerger transaction through the associates model and the transfer of Entek shares corresponding to 49.62% of the registered Entek capital in Aygaz to Tüpraş through a partial demerger transaction through the model of share transfer to its shareholders by Aygaz, simultaneously. Shares held by Temel Ticaret and representing 1.67% of Opet's capital were purchased by Tüpraş. Koç Holding's effective ownership interest rate has changed following these transactions.
MQX Medya Planlama A.Ş.	96.00	-	Established in 2022.
PT Home Appliances Indonesia	45.16	28.72	Koç Holding's effective ownership interest rate has changed following the acquisition of shares belonging to other shareholders and constituting 33% of PT Home's share capital by Beko APAC on March 2022. Koç Holding's effective ownership interest rate has changed following Arçelik's purchase of shares constituting 4.80% of Arçelik's share capital through share buybacks realized in 2022.
Select Tours AT	35.01	-	Acquired in 2022.
Setur Duty Free D.O.O.	46.68	-	Established in 2022.
Setur GmbH	46.68	-	Established in 2022.
Stiching Custody Services YKB	62.49	44.49	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.

Companies	2022 (%)	2021 (%)	Description
Süloğlu Elektrik Üretimi A.Ş.	45.77	69.80	It has been resolved to transfer Entek shares corresponding to 49.62% of the registered Entek capital in Koç Holding to Tüpraş through a partial demerger transaction through the associates model and the transfer of Entek shares corresponding to 49.62% of the registered Entek capital in Aygaz to Tüpraş through a partial demerger transaction through the model of share transfer to its shareholders by Aygaz, simultaneously Shares held by Temel Ticaret and representing 1.67% of Opet's capital were purchased by Tüpraş. Koç Holding's effective ownership interest rate has changed following these transactions.
Tasfiye Halinde Bozkurt Tarım Gıda Sanayi ve Ticaret A.Ş. in liquidation	-	74.17	Liquidated in 2022.
Token Azerbaijan MMC	54.44	-	Established in 2022.
Tümteks Tekstil Sanayi ve Ticaret A.Ş.	41.45	29.51	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.
Tüpraş Enerji Girişimleri A.Ş.	46.12	-	Established in 2022.
Wat Mobilite Çözümleri Teknoloji ve Ticaret A.Ş.	51.83	-	Established in 2022.
Yapı Kredi Azerbaijan C.J.S.C.	62.49	44.49	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.
Yapı Kredi Bank Malta Ltd.	-	44.49	Yapı Kredi Bank Malta Ltd., which is in the liquidation process, has been excluded from the scope of consolidation.
Yapı Kredi Bank Nederland N.V.	62.49	44.49	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.
Yapı Kredi Faktoring A.Ş.	62.47	44.48	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.
Yapı Kredi Finansal Kiralama A.O.	62.49	44.49	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.
Yapı Kredi Finansal Teknolojiler A.Ş.	62.49	-	Established in 2022.
Yapı Kredi Holding B.V.	62.49	44.49	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.
Yapı Kredi Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	62.49	44.49	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.
Yapı Kredi Portföy Yönetimi A.Ş.	62.46	44.47	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.
Yapı Kredi Teknoloji A.Ş.	62.49	44.49	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.
Yapı Kredi Yatırım Menkul Değerler A.Ş.	62.48	44.48	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.
Yapı ve Kredi Bankası A.Ş.	62.49	44.49	Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bank's share capital.

Extraordinary General Assembly Meeting held during the year, if any

One Extraordinary General Assembly Meeting was held during the reporting period. Based on the review of structuring alternatives regarding Koç Group's energy companies in line with their strategic goals, it has been resolved to transfer Entek Elektrik Üretim A.Ş. ("Entek") shares corresponding to 49.62% of the registered Entek capital in Koç Holding A.Ş. assets, to Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş") through partial demerger based on the associate model. Simultaneously, the Entek shares corresponding to 49.62% of Entek's capital registered in the assets of Koç Holding's subsidiary Aygaz A.Ş. ("Aygaz") will be transferred by Aygaz to Tüpraş through a partial demerger transaction based on the model of share transfer to its shareholders. The transaction was approved by the shareholders at the extraordinary general assembly meetings of Koç Holding, Tüpraş and Aygaz convened on 25 August 2022.

Legal Disclosures

Organizational Changes within the Year

Koç Holding's organizational structure as at year-end 2022 is presented on page 169 of the annual report. During 2022, in an effort to enhance the synergy among Koç Group Companies and Presidencies in Koç Holding, the Board of Directors resolved to make the following changes; Koç Finansman A.Ş. and Tanı Pazarlama ve İletişim Hizmetleri A.Ş. shall be reporting to the Banking Group President; Zer Merkezi Hizmetler ve Ticaret A.Ş. shall be reporting to the Tourism, Food and Retailing Group President and Inventram Teknoloji Yatırımları A.Ş. shall be reporting to the Strategy and Business Development Director of Koç Holding. There were no major organizational changes apart from the above.

Associated Company Report

Turkish Commercial Code No. 6102 article 199 obliges Koç Holding's Board of Directors to prepare, within the first three months of the operating year, a report on the Company's relations with its controlling shareholders and their associated companies for the previous operating year, and to include the conclusion section of this report in the annual report.

Koç Holding A.Ş. Board of Directors report of 28 February 2023 states: "In all transactions conducted in 2022 with Koç Holding's controlling shareholders and their associated companies, based on the circumstances and conditions known by us at the moment the transaction was conducted, measures were taken, or avoided; it was determined that appropriate action had been taken in each transaction, and that no measure was taken or avoided that could harm the Company, and accordingly, that no compensatory transactions or measures needed to be taken."

Lawsuits against the Company and any probable outcomes that could impact the Company's financial situation and operations

No lawsuits significant enough to have a material impact on its financial situation or operations were filed against the Company, including those related to environmental, social and governance issues.

Information on administrative or judicial sanctions imposed on the Company and its management due to practices in violation of regulations

There were no administrative or judicial sanctions imposed on the Company or the members of its management due to regulatory violations.

Information about regulatory changes that may have a significant impact on Company's operations

There were no regulatory changes that could have a significant impact on Company's operations.

Information on conflicts of interest with organizations from whom the Company obtains investment consultancy, rating or similar services and measures taken by the Company to prevent such conflicts of interest

There were no incidents that may cause any conflicts of interest with organizations from whom the Company obtains investment consultancy, rating or similar services.

Information about changes to the articles of association during the reporting period

No changes were made to the articles of association in 2022.

Assessment under article 376 of the Turkish Commercial Code

The Company's capital was reviewed under article 376 of the Turkish Commercial Code to determine the extent to which it is secured. It was concluded that Koç Holding's issued capital in the amount of TL 2,535,898,050 reserves its existence eminently with TL 149.4 billion in total equity attributable to the parent company as of 31 December 2022, and with a net financial debt/invested equity multiplier of 0.49, the Company's debt structure is sufficient to carry on its operations in a healthy manner.

Declaration of Compliance with Principles of Corporate Governance

Declaration of Compliance with Principles of Corporate Governance

“Corporate Governance Principles” enacted by the Capital Markets Board (CMB) is an area of priority for Koç Group. Our Company fully complies with the compulsory principles within the scope of the Corporate Governance Communiqué n.II-17.1 (the Communiqué) that was in force in 2022, and Koç Holding has also widely implemented most of the non-mandatory principles. However, Koç Holding has not yet achieved full compliance due to: the challenges encountered in the implementation of some principles; ongoing discussions in Turkey and internationally regarding compliance with certain principles, and the failure of the current market and corporate structure to comply with such principles in a proper manner. We are continuously working on the principles not yet implemented with maximum effort and we plan to evaluate them once the administrative, legal and technical infrastructure for the effective governance of our company has been investigated.

The major non-compulsory Corporate Governance Principles that we have not yet achieved full compliance with are explained below.

- Regarding principle n. 1.3.10; the agenda of the General Shareholders' Meeting included a separate item for the total amount of the donations and contributions made and major donations were explained in the general assembly informative document. The remaining amount for which the details were not provided, includes donations to various parties each below 500,000 TL, which were not deemed as material information to our shareholders. As the donations below this threshold are not interrogated by our investors, we foresee to continue with the current practice of disclosing only the material amounts.
- Regarding principle n. 1.3.11; under normal circumstances, general meetings are held open to the public. However, due to the pandemic concerns and the restrictions of authorities on collective gatherings, in the general assembly meetings held in 2022, our shareholders were prioritized in terms of acceptance to meeting venue.
- Regarding principle n. 1.4.2; the Company has shares entailing voting privileges as explained in Legal Disclosures Section; however, privileged voting rights do not constitute more than half of total voting rights. As these rights have been present since the establishment and accordingly the initial public offering of our shares and taking into account that it is not possible to make a decision by the affirmative votes of privileged shares only and also given that they do not prevent the holders of publicly traded shares from being represented at company board, any changes to the current structure is not foreseen.
- Regarding principle n. 1.5.2: Minority rights are not vested by the Articles of Association in shareholders holding less than one twentieth of the capital and rights are vested within the general framework of the regulations. Furthermore, there was no demand from the investors regarding this issue and any changes to the current structure is not foreseen.
- Regarding principle n. 1.7.1; Article 9 of our company's Articles of Association sets out the principles regarding transfer of shares and there are no provisions in the Articles of Association that complicate or restrict the transfer of Group B shares traded on the stock exchange. As the existing restrictions relate only to non-listed group of shares, any changes to the current structure is not foreseen.
- Regarding principle n. 4.2.8; there is a Directors and Officers Liability Insurance policy for Koç Group companies, however the coverage is below the stated ratio. Given the high capital, the current insurance coverage is deemed enough to cover foreseeable risks. The amount is reviewed regularly and can be increased in the future if deemed necessary.

Declaration of Compliance with Principles of Corporate Governance

- Regarding principle n. 4.4.7; There are no restrictions for BoD Members on assuming other positions or duties outside the Company. Such a restriction is not deemed necessary as the business and sectoral experience of BoD Members makes a vital contribution to the BoD. CVs of the BoD Members are provided in the annual report. Given the performance and the efficiency of the BoD and taking into account the fact that the current structure does not impose any challenges in terms of corporate governance, any changes to the current structure is not foreseen in the short-run.
- Regarding principle n. 4.5.5: Know-how and experience of the Members of our BoD is taken into consideration when appointing members to the committees in line with the relevant regulations. Some of the Members of our BoD can assume duties in more than one committee. However, members who assume duties in more than one committee enable communication among the committees that carry out activities in connected subjects and increase the opportunity of collaboration. Given the performance and the efficiency of the committees and the valuable contributions of Board members, any changes to the current structure is not deemed necessary.
- Regarding principle n.4.6.5: remuneration of the Members of the BoD and managers who have administrative responsibilities is disclosed on a non-individual basis – in parallel to the general practices – in the footnotes of our financial statements and at the General Assembly meetings. We are monitoring the general market practices in this subject which we deem to be material in terms of the protection of personal information, and intend to follow such prevalent practice.

Our company was not exposed to any conflict of interest due to non-compliance with such principles.

Within 2022, the activities in the field of Corporate Governance were carried out in accordance with the Capital Markets Law that includes the regulations regarding the CMB's Corporate Governance Principles, and with the communiqués issued based on this Law. In our Ordinary General Assembly held in 2022, our BoD and the Committees of our BoD were established in accordance with the regulations stipulated in the Communiqué. Before the General Assembly, the procedures for designating independent candidates and making public disclosures were completed and candidates were elected according to regulations. The Committees established under the BoD continued to function effectively. The General Assembly Informative Document that contains the compulsory information such as information on preferred shares, voting rights and organizational changes, as well as the CVs of BoD Membership Candidates, the Remuneration Policy for Board Members and Executive Management was provided to our investors three weeks prior to the General Assembly. Also, all the documents related to the demerger transaction included in the agenda of the extraordinary general assembly meeting in 2022 were disclosed prior to the meeting and the partial demerger transaction has been approved by our shareholders In accordance with the relevant legislation. In addition, the Company's website and annual report were reviewed and revisions required to comply with the principles were made.

We will continue our endeavors to ensure compliance with the Principles in light of the developments in legislation and general market practices.

Corporate Governance Compliance Report and Corporate Governance Information Form of Koç Holding prepared in accordance with the CMB decision dated 10.01.2019 n. 2/49 and approved by Koç Holding Board of Directors is available at pages 312-326 of the annual report. These documents are also available at Corporate Governance Section of Koç Holding at Public Disclosure Platform.

<https://www.kap.org.tr/en/sirket-bilgileri/ozet/1005-koc-holding-a-s>

Declaration of Compliance with Sustainability Principles

The Koç Group monitors the best practices in terms of sustainability, including CMB's Sustainability Principles and performs its activities with the aim of ensuring compliance to these best practices. Many of the issues stated in the Sustainability Principles enacted by CMB in 2020 overlap with the principles of Koç Holding's sustainability strategy "Lead together". Accordingly, Koç Holding complies with many of the voluntary principles mentioned in Sustainability Principles enacted by CMB with a "comply-or-explain" approach. However, full compliance is not yet achieved for reasons such as the difficulties in implementation of some principles, the uncertainties in this area in both local and global arena, the mismatch between some of the principles and the company structure, the intention to design the compliance structure based on the outcome of ongoing studies, etc. For the principles where the company currently does not fully comply with, it is intended to ensure full compliance after the review of the global best practices and the completion of technical infrastructure and data collection analysis on the Group scale with the purpose of supporting our company's efforts to create value in a sustainable manner.

The Koç Group's efforts on sustainability issues that overlap with CMB's Sustainability Principles are explained in a detailed manner in the Annual Report in mainly the Sustainability section and Human Rights and Compliance Program sections. For the principles where full compliance is not achieved, the explanations are provided below. For such principles, the implications on environmental and social risk management are analyzed within the scope of our sustainability efforts.

- Principles A4.1 and B9: Activities were carried out to have Scope 1 and 2 GHG emissions verified at the Koç Group companies in 2021, and verification was obtained from an independent third party within the frame of ISO 14064-1 GHG Emissions Verification and Reporting Standard. Verification is in progress for 2022 data on Koç Holding's consolidated GHG emissions, waste, energy and water management; the said data are targeted to be disclosed in 2022 Sustainability Report that will be published in 2023. Work is underway in relation to Scope 3 GHG emissions, and it is planned to develop Group-wide consolidated monitoring and reduction strategies in the years ahead. In parallel, science-based target setting is being carried out across the related Koç Group companies.
- Principle B.24: Since regulatory framework governing carbon pricing system has yet to be finalized in our country, the Company is not included in any carbon pricing system. Notwithstanding, internal carbon pricing efforts are being carried out at some Koç Group companies, but they are not spread across the Koç Group yet. For a low carbon transition, different instruments are evaluated to be used at Group-level and those that are appropriate will be implemented in line with the developed strategy.

Sustainability Principles Compliance Report prepared in accordance with the formats defined by the CMB Resolution dated 23 June 2022, numbered 34/977, and approved by the Company's Board of Directors is appended to the annual report (pages 327-335), and related documents can also be accessed on our Company's page on the Public Disclosure Platform.

<https://www.kap.org.tr/sirket-bilgileri/ozet/1005-koc-holding-a-s>

Explanations Regarding Corporate Governance

Shareholders

Investor Relations Department (IR) is responsible for liaising in the relations between Koç Holding and its shareholders in coordination with other relevant departments. IR is responsible for providing information, excluding confidential information and trade secrets, to existing and potential shareholders on the Company's operations, its financial position and strategy and managing the bilateral communication between the shareholders and the Company management. The information is provided in an orderly manner that will not cause any inequality of information, by consulting the relevant departments and coordinating with the Group companies when required. Some of the activities that are stipulated in the Corporate Governance Communiqué are carried out by the Legal Affairs Department (ensuring that the General Assembly meetings are held in compliance with the regulations in force, the Articles of Association and other internal regulations of the Company) and Finance Department (fulfilling all obligations of public disclosure required by the regulations such as, preparation of documents that shareholders will use at the General Assembly meetings, public disclosure of financial reports and material events).

IR submits an activity report, at least annually, to the Corporate Governance Committee and CEO to be submitted to the BoD. The report regarding the activities in 2021 was submitted to the Corporate Governance Committee in order to be presented to the BoD on 04 March 2022. The report regarding the activities of 2022 was submitted to the Corporate Governance Committee and the BoD in February 2023.

Investor Relations Contacts

CFO: Polat Şen

Investor Relations Coordinator: Nursel İlgen, CFA

Finance Coordinator Responsible for Ensuring Compliance with Corporate Governance and Capital Markets Regulations: Nevin İmamoğlu İpek

Investor Relations Manager: Sinem Baykalöz

Investor Relations Manager: Cansev Atak

Finance Manager: Ayça Sandıkçıoğlu

Board of Directors and Committees

In the table below, brief information is given about our Members of the BoD who all are Non-executive Members in accordance with the definition made in the CMB Corporate Governance Principles except our CEO Levent Çakıroğlu. All BoD Members currently on duty were elected at the General Assembly dated 01 April 2022 for a term of one year to serve until the General Assembly where the operations of 2020 will be discussed.

Name Surname	Position	Current Positions Held Outside the Company	Independent BoD Member?	Committees and Position
Rahmi M. Koç	Honorary Chair	BoD Chair and Member, Committee Member	Not Independent Member	Executive Committee Member
Ömer M. Koç	Chair	BoD Chair and Member, Committee Member	Not Independent Member	Executive Committee Chair
Ali Y. Koç	Vice-Chair	BoD Chair and Member, Committee Member	Not Independent Member	Executive Committee Member, Nomination and Remuneration Committee Member
Semahat S. Arsel	Member	BoD Chair and Member, Committee Member	Not Independent Member	Executive Committee Member
Caroline N. Koç	Member	BoD Chair and Member, Committee Member	Not Independent Member	Risk Management Committee Member
İpek Kırac	Member	BoD Chair and Member	Not Independent Member	Executive Committee Member, Corporate Governance Committee Member
Levent Çakıroğlu	Member, CEO	BoD Chair and Member, Committee Member	Not Independent Member	
Jacques A. Nasser	Member	BoD Member in companies outside the Group	Not Independent Member	
Emily K. Rafferty	Member	BoD Chair and Member in companies outside the Group	Independent Member	Audit Committee Member; Nomination and Remuneration Committee Chair
Dr. Cem M. Kozlu	Member	BoD Chair and Member in companies outside the Group	Independent Member	Corporate Governance Committee Chair, Audit Committee Chair
Peter Martyr	Member	BoD Chair and Member in companies outside the Group	Independent Member	Risk Management Committee Chair
Michel Ray de Carvalho	Member	BoD Chair and Member in companies outside the Group	Independent Member	

The CVs of the BoD Members can be found on our website and in our Annual Report. (See pages 170-173)

The duties of the BoD Chairman and CEO are performed by different persons. Attention is paid to the allotment of enough time BoD Members need for corporate business; there are no restrictions for BoD Members on assuming other positions or duties outside the Company. Such a restriction is not deemed necessary as the business and sectoral experience of BoD Members makes a vital contribution to the BoD. Prior to the General Assembly, the CVs of the BoD Independent Members and the positions they held outside the Company are provided to shareholders.

At the meetings held in 2022, the Board made 32 decisions, six of which were during physical meetings amongst four of which were during meetings at which strategic issues were discussed. Every member has one vote at BoD meetings; differences of opinion and grounds for opposing votes and specific questions raised by Members of the BoD at Board Meetings are recorded in the Resolution Book. No opposition or difference of opinion has been declared recently.

Koç Holding BoD manages and represents the Company through its strategic decisions, taking into consideration particularly long-term interests in light of keeping the Company's risk-growth-profits balance at the most appropriate level through a rational and cautious risk management approach. Our BoD determines Koç Holding's strategic goals, identifies the human and financial resources needed to achieve them, and oversees the performance of management and the BoD. The BoD, through the strategic meetings it holds, in principle, four times a year, compares the Holding's quarterly financial performance with the budget, monitors strategic developments and develops new strategies and makes investment decisions taking into account the management's recommendations. Besides evaluating financial and operational indicators, in its end-of-year performance evaluation, the BoD assesses the extent to which the Company's strategies have been implemented, thereby forming a basis for determining performance and rewards.

Explanations Regarding Corporate Governance

The “Remuneration Policy for BoD Members and Senior Executives,” which contains the remuneration principles and the criteria used in determining every right, benefit and remuneration given to BoD Members and senior executives is available at page 27 of the Annual Report. Koç Holding does not get involved in material transactions that might lead to conflicts of interest such as extending loans the BoD Members or Executive Management, or providing collateral on their behalf.

In 2022, all Committees of the Board of Directors (BoD) fulfilled their duties and responsibilities stipulated by the Corporate Governance Principles and their working principles, and convened in conformity with their working schedules. Reports including the information about the activities of the Committees and the results of the meetings held within the year were presented to the BoD.

Board of Directors has concluded that the benefit expected from the activities of the Board of Directors’ Committees was obtained.

Working Principles and Operations of the Audit Committee

The working principles of the Audit Committee are posted on the Company website.

<https://www.koc.com.tr/investor-relations/corporate-overview-and-governance>

The operations of the Committee are summarized below:

The Audit Committee monitors the implementation of the accounting and reporting systems pursuant to the relevant laws and regulations, disclosing financial data to the public, and the effectiveness of the internal audit and inspection system within our company. The Committee convenes at least every quarter with minimum of four times a year and submits its findings and recommendations in writing to the BoD.

On 25 April 2022, it was decided by the Board that the Audit Committee shall be composed of two Independent Board Members. The Audit Committee Chair will be Dr. Cem M. Kozlu and the Committee Member will be Ms. Emily K. Rafferty.

In 2022, the Audit Committee convened three times to review the audit related operations particularly with regards to compliance with tax laws and regulations and Disciplinary and Whistleblowing Policy. The Committee passed six resolutions and accordingly submitted to the BoD its written assessments on selection of the independent audit firm and annual & interim financial reports in terms of their truthfulness, accuracy, and compliance with the accounting principles adopted by the Company.

Working Principles and Operations of the Corporate Governance Committee

The working principles of the Corporate Governance Committee are posted on the Company website.

<https://www.koc.com.tr/investor-relations/corporate-overview-and-governance>

The operations of the Committee are summarized below:

The Corporate Governance Committee aims to find out whether the corporate governance principles are applied within the Company, and, if not applied, to find out the reasons and the possible conflicts of interests that may have occurred as the result of the violation of such principles. It also gives advice to the BoD on improving governance applications. The Committee meets frequently enough to manage the duties assigned to it.

On 25 April 2022, it was decided by the Board that the Corporate Governance Committee shall be composed of three members and the Independent Member Dr. Cem M. Kozlu be appointed as its Chair and Ms. İpek Kırac and Mr. Polat Şen as the members.

The Committee made an assessment of the Company’s corporate governance practices and the Corporate Governance Compliance Report and also the explanations regarding Sustainability Principles in 2022 and informed the BoD on the activities of the Investor Relations Unit.

Working Principles and Operations of the Nomination and Remuneration Committee

The working principles of the Nomination and Remuneration Committee are posted on the Company website.
<https://www.koc.com.tr/investor-relations/corporate-overview-and-governance>

The operations of the Committee are summarized below:

The Nomination and Remuneration Committee gives advice and recommendations to the BoD for the purpose of improving the corporate governance implementations on the issues of nomination of Board Members and remuneration of the key executives of our company under the provisions defined in the Corporate Governance Principles of Capital Markets Board of Turkey. The Committee convenes at least twice a year.

On 25 April 2022, it was decided by the Board that the Committee shall consist of two members, with Independent Member Emily K. Rafferty as Chair and Mr. Ali Y. Koç as Member.

In 2022, the Committee worked on the nomination of Independent Board Members, on the assessment of the board performance and on the benefits provided to Board Members and senior management.

Working Principles and Operations of the Risk Management Committee

The working principles of the Risk Management Committee are posted on the Company website.
<https://www.koc.com.tr/investor-relations/corporate-overview-and-governance>

The operations of the Committee are summarized below:

The purpose of the Risk Management Committee is to early identify the risks that would endanger the existence, development and continuity of the Company; implement measures and remedies required in this respect; manage and report these risks in parallel with the Company's corporate risk profile; apply necessary precautions relevant to recognized risks; evaluate options while making decision and make recommendations to the Board about developing and integrating internal control systems. The Committee convenes at least six times a year.

On 25 April 2022, it was decided by the Board that the Committee shall consist of two members: Independent BoD Member Peter Martyr as Chairman and Ms. Caroline N. Koç as Member.

In 2022, the Committee worked to assess the Company's risk profile, identify measures to be taken in risk prone areas, implement information security policy, review compliance risks and the related studies thereof, assess sustainability risks and prepare the risk management chapters in the annual report. In its report dated 10 February 2023, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. stated that Koç Holding's early detection of risk system and its Risk Management Committee are adequate in all major aspects within the framework of the provisions of Turkish Commercial Code (TCC) no. 378. Detailed information on the activities of the Risk Management Committee is available in the report on pages 177-178.

Working Principles and Operations of the Executive Committee

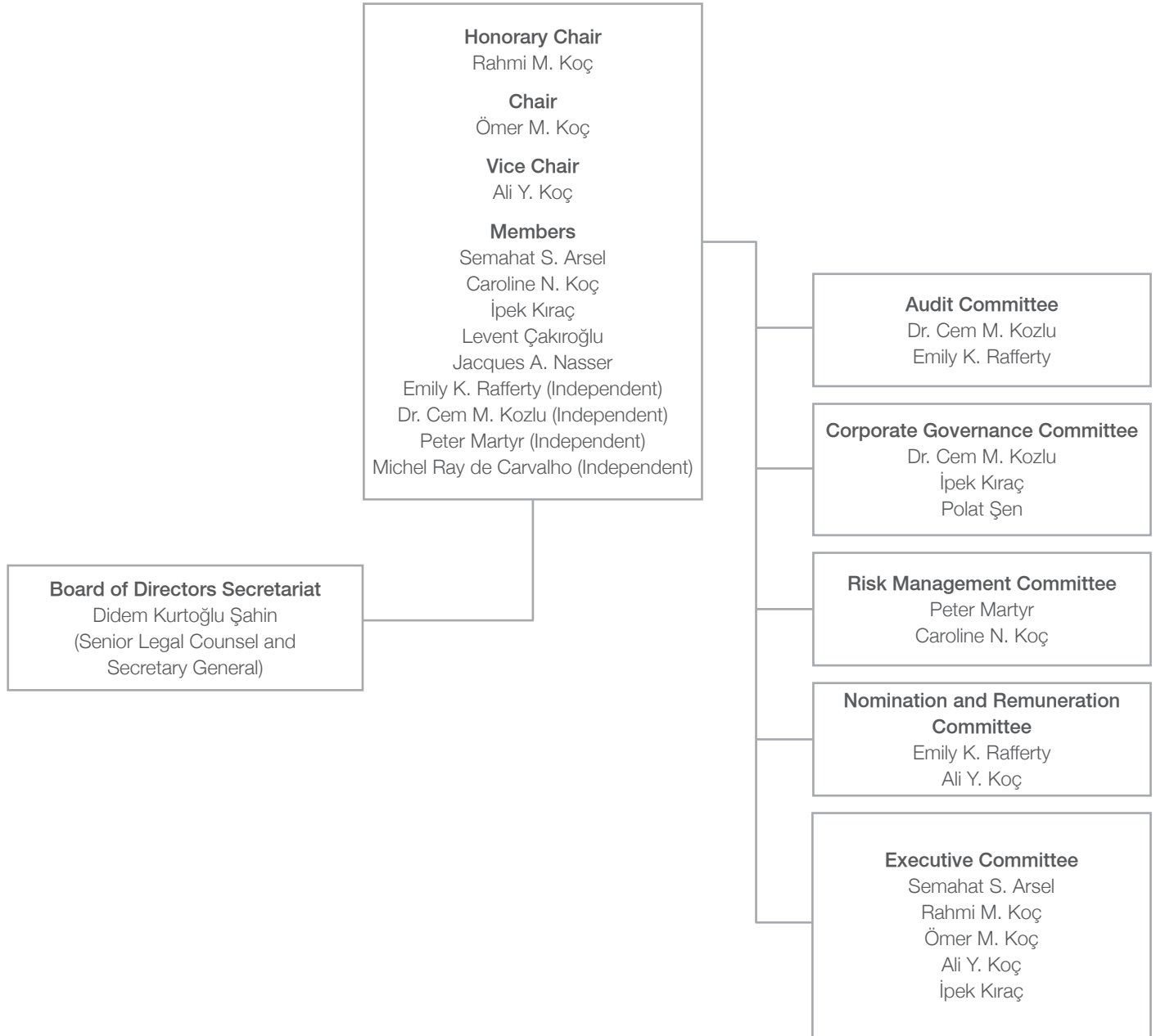
The operations of the Executive Committee are summarized below:

The Executive Committee, by providing effective coordination between the BoD and other administrative units of the Company, aims to enhance the efficiency of the BoD and to steer investments toward more appropriate strategic goals and to improve business development. The Executive Committee convenes regularly at least once a month.

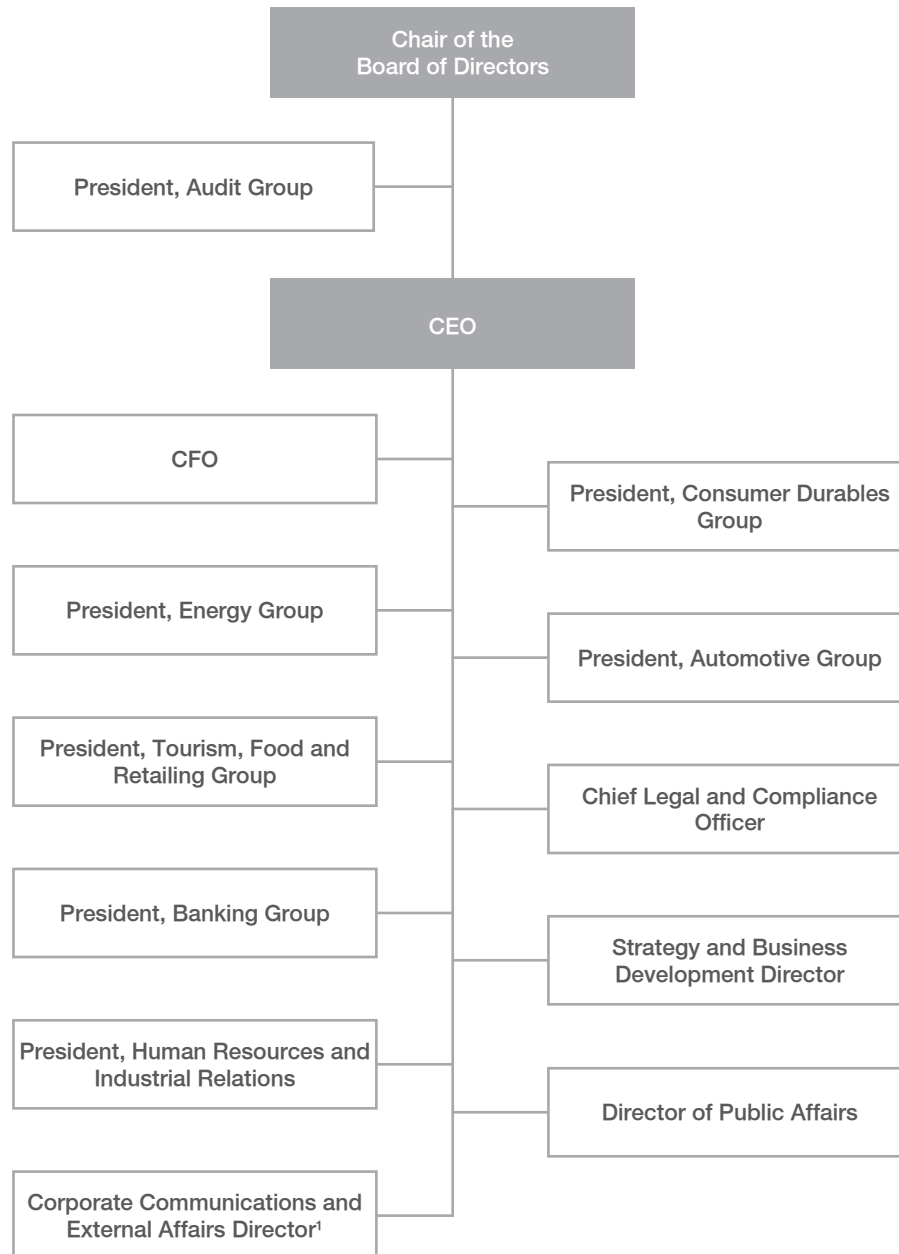
On 25 April 2022, Semahat S. Arsel, Rahmi M. Koç, Ömer M. Koç, Ali Y. Koç and İpek Kırac were elected by the Board as Committee members.

The BoD may not always be able to meet as often as it would like, therefore one of the functions of the Executive Committee is to monitor developments in the Company's sectors of operation and to keep the BoD informed of them. Another of its functions is to provide coordination between the administrative structure of the Company and the BoD. It also makes recommendations for developing appropriate Company strategies and increasing the effectiveness of its operations.

2022 Board of Directors Structure



Organization Chart



(1) No appointment has been made to replace the Corporate Communications and External Affairs Director, who left the position due to retirement as of April 1, 2022.

Board of Directors

Rahmi M. Koç, Honorary Chair

A graduate of Johns Hopkins University in Business Administration, he joined the Koç Group in 1958 at Otokoç Ankara. He became Chair of the Management Committee in 1980 and was named Chair of the Board of Directors of Koç Holding in 1984, a post he held until 2003 when he became the Honorary Chair. Apart from Koç Holding, he also serves as a Member / Chair of the Board of Directors of other Koç Group companies. In addition, Rahmi M. Koç is or has been affiliated with social and professional organizations including:

- The Metropolitan Museum of Art, New York City, Honorary Trustee
- Co-Chair of the Business Advisory Council for South East Europe (BAC SEE)
- Vice Chair of the Board of Trustees of Vehbi Koç Foundation
- Honorary Chair of the Board of Trustees of Koç University
- Founder and Chair of the Board of Directors of the Rahmi M. Koç Museum and Cultural Foundation
- Chair of the Board of Directors of the Vehbi Koç Foundation American Hospital
- Honorary Chair and Founding Member of TURMEPA, The Turkish Marine and Environment Protection Association
- Honorary Chair of the Advisory Board of the Turkish Industrial and Business Association (TÜSİAD)
- Member of the Advisory Board of the Turkish Employers Association
- Founding Chair of the Global Relations Forum
- Former President of the International Chamber of Commerce (1.1.1995-31.12.1996)
- Former President of the Turkish Greek Business Council (1992-1999)
- Former Member of the Allianz AG International Advisory Board
- Former Member of the J.P. Morgan International Council
- Former Member of the International Advisory Board of the US Council on Foreign Relations

Rahmi M. Koç has been awarded with the following merits and degrees:

- “Honorary Doctorate” degrees by Johns Hopkins University (Baltimore-Maryland), Eskişehir Anadolu University, İzmir Ege University, Ankara Bilkent University, Ovidius University of Constanza and Aydın Adnan Menderes University
- “Outstanding Service Award” by the President of the Turkish Republic
- German Government’s “Grosses Verdienst Kreuz”
- “Order of High Merit of the Italian Republic”
- “Order of Merit of the Austrian Government”
- “(Honorary) Commander of the Most Excellent Order of the British Empire (CBE)”
- “Officier dans l’Ordre National de la Légion d’Honneur”, the highest medal awarded by the French government
- “Responsible Capitalism Lifetime Achievement Award” from FIRST, a leading multidisciplinary international affairs organization
- The medal of Foreign Policy Association (FPA), globally recognized think-tank with its 100-year history
- “Hadrian Award” by the World Monuments Fund to the Koç Family
- “Carnegie Medal of Philanthropy” (New York) to the Koç Family
- “BNP Paribas Philanthropy Award” (Paris) to the Koç Family
- “Iris Foundation Award” from BARD Graduate Center to the Koç Family

Ömer M. Koç, Chair

In 1985, he received his B.A. degree in Ancient Greek Language and Culture from Columbia College, which is linked to Columbia University. He worked at Kofisa Trading Company in Switzerland for one year. He completed his MBA at Columbia University in 1989. After working at New York-based Ramerica International Inc. between 1989 and 1990, he joined Koç Group in 1990. He held various senior positions at Koç Holding including Finance Coordinator, Vice President and President of Energy Group. He became member of Board of Directors in 2004 and Vice Chair in May 2008. In February 2016, he was appointed as the Chair of the Board of Directors of Koç Holding. He serves as the Vice President of TÜSİAD High Advisory Council, Chair of Turkish Educational Foundation Board of Trustees, President of Geyre Foundation and Chair of Yapı Kredi Kültür Sanat Yayıncılık Board of Directors, Chair of İstanbul Foundation For Culture and Arts Board of Trustees, Chair of Tüpraş Board of Directors, Chair of Tofaş Board of Directors and Member of the Board of Directors at other Koç Group companies.

Ali Y. Koç, Vice Chair

He received his bachelor's degree from the Management Faculty of Rice University and MBA from Harvard Business School. He started his career at American Express Bank as a Management Trainee and continued as an Investment Analyst at Morgan Stanley Investment Bank. Ali Y. Koç joined Koç Holding in 1997 and held senior-level positions until 2010 including new business development and information technologies (IT) as well as the President of Corporate Communications and IT Group. After serving as a Member of the Board of Directors at Koç Holding for over 8 years, he was elected as the Vice Chair in February 2016. Since April 2016, Ali Y. Koç also serves as Chair of the Board of Directors of Koç Financial Services, Yapı Kredi Bank, Ford Otosan, Otokar as well as several other Koç Group companies. In addition to being Chair and Vice Chair at Turkey's largest companies and financial institutions, Ali Y. Koç also contributes to the country's social and economic development and currently is the President of Fenerbahçe Sports Club, Member of the Board of Directors of the International Competitiveness Research Institute (URAK), Member of the Executive Board of European Club Association (ECA) and Member of the Board of Directors of Endeavor Turkey. He is also a Member of the Global Advisory Council of Harvard University, Bank of America and Council on Foreign Relations and a Member of the Panel of Senior Advisers at Chatham House. He represents Turkey at the CBI - Confederation of British Industry.

Semahat S. Arsel, Member

She began her career in 1964 as a Member of the Board of Directors of Koç Holding, a position she continues to hold. In addition, she is Chair of the Board of Directors of Vehbi Koç Foundation and the Divan Group, founder of the Semahat S. Arsel Nursing Education and Research Center and the Koç University School of Nursing. She also serves as Member of the Board of Directors of other Koç Group companies as well as Member of the Board of Trustees of the Educational Volunteers Foundation of Turkey (TEGV). Semahat Arsel has received an "Honorary Doctorate" degree from İstanbul University.

Caroline N. Koç, Member

She graduated from St. George's School, Switzerland and from Babson College, USA Department of Business Administration. She is fluent in English, Turkish, French, Italian and Swedish. Ms. Koç started her professional career in 1992 at Edwards of Hisar, where she acted as the managing director until 1998. She founded and worked as the acting manager of "İlkadım Play and Education Center for Kids" between 1998 and 2003. She founded "Haremlique İstanbul" in 2008 and "Selamlıque Turkish Coffee" in 2009 and is currently the Chair of the Board of Directors of both companies. In addition, she is Member of the Board of Directors of several Koç Group companies. She served as Chair of the Board of Directors of Turkish Family Health and Planning Foundation. She is a Member of the Board of Directors of Tohum Autism Foundation, a Founding Member of Tina Foundation as well as the Contemporary Education Foundation. She has been a Member of Koç Holding Board of Directors since 2016.

İpek Kırar, Member

İpek Kırar graduated from Koç Private High School in 2002 and from Brown University Department of Biology in 2007. Between 2012 and 2018, she was the CEO of Sirena Marine Maritime Industry and Trade Inc. and has been serving as Chair of the Board of Directors since November 2018. Kırar is a member of the Board of Directors of Vehbi Koç Foundation, Temel Trade and Investment Inc., American Hospital (Moment Health Services Trade Inc.), Zer Central Services Inc., Arçelik Marketing Inc., Setur Service Touristic Inc., VetAmerikan Veterinary Services Inc. and Trustees of Educational Volunteers Foundation of Turkey (TEGV). In addition, Kırar continues to work as the Chair of the Board of Directors of Koç School and as a member of the Board of Trustees of Koç University, Galatasaray Education Foundation and Trustees of Educational Volunteers Foundation of Turkey (TEGV). İpek Kırar is also a Founding Member of the Board of Suna and İnan Kırar Foundation. She launched Suna'nın Kızları (Suna's Daughters-named after her mother Suna Kırar), an education initiative which will be taking a multi-dimensional and holistic approach for creating ecosystems of support that will empower girls to identify and pursue their dreams. She also launched SemtPati (Neighborhood Paws) Foundation working on the welfare of stray animals by using digital Technologies and mobilizing volunteers. She has been a member of Koç Holding Board of Directors since 2016.

Board of Directors

Levent Çakıroğlu, Member & CEO

Levent Çakıroğlu graduated from Ankara University Faculty of Political Sciences, Business Administration Department and received his master's degree from University of Illinois. He started his career as an Assistant Auditor at the Ministry of Finance in 1988, where he worked as a Senior Auditor between 1991 and 1997. He was appointed as Assistant Manager of Financial Crimes Investigation Board between 1997 and 1998, meanwhile he taught as a Part Time Instructor at Bilkent University. Çakıroğlu joined Koç Group in 1998 as Koç Holding Financial Group Coordinator. He was the General Manager of Koçtaş between 2002 and 2007 and the CEO of Migros between 2007 and 2008. He was assigned as the CEO of Arçelik in 2008 and also became President of the Durable Goods Group of Koç Holding in April 2010. Çakıroğlu has been appointed as the CEO of Koç Holding in April 2015. He currently serves as the CEO and has also been a Member of the Board of Directors of Koç Holding since April 2016. Levent Çakıroğlu is also the Chair of the Board of Directors of Arçelik- LG and TürkTraktör, the Vice Chair of Yapı Kredi Bank and Otocar and Member of the Board of Directors at various Koç Group companies.

Jacques A. Nasser, Member

Following a 33-year global career with Ford Motor Company, Jacques Albert Nasser served as a Member of its Board of Directors, President and Chief Executive Officer. He was most recently the Board Chairman of BHP Billiton and has served as a Member on the Board of Directors of Brambles and Sky. From 2002-2010, he was also a Partner of One Equity Partners, the private equity arm of JPMorgan. Nasser is presently on the Board of Directors of Fox. Nasser graduated in Business from RMIT University in Melbourne, Australia, and received a Doctorate of Technology honoris causa. In recognition of his work for industry, the community and as an advisor to government, he has received various awards in Australia, Lebanon and the United States. Jacques Albert Nasser has been a Member of the Koç Holding Board of Directors since 2015.

Emily K. Rafferty, Independent Member

Emily Kernan Rafferty, President Emerita of The Metropolitan Museum of Art (the Met), served for 40 years in a progression of leadership roles at the nation's largest art Museum: as the Chief of Institutional Advancement, Senior Vice President of External Affairs, and as President of the Met from 2005 to 2015. As President, she was the Museum's chief administrative officer, supervising a staff of 2,000 full- and part-time employees and volunteers, and founding the Met's first multicultural outreach, diversity, and inclusion program. In addition to serving as a cultural leader in New York City, Ms. Rafferty's global responsibilities took her to more than 50 countries, where she worked with government and private sector officials on initiatives involving funding, marketing, international art loans, legislative affairs, patrimony, and cultural exchange. Currently, Ms. Rafferty is a Vice Chair of the National September 11 Memorial & Museum (board member 2005-present); a Board member of Carnegie Hall (October 2018-present), the Asia Society, (2021-present); Civitella Ranieri, an Artist Residency Program in Italy (2018-present); the Hispanic Society Museum and Library (2019-present); and the Association of Art Museum Curators (2019-present). She also serves on the corporate boards of PJT Partners (2015-present). A member of the eight Women, a bipartisan Congressional Commission to study the feasibility of an American Museum of Women's History in Washington, D.C. (2015-2016), she continues to serve as an advisor to the project, which has received Congressional approval to proceed as part of the Smithsonian Institution. She is also a member of the Advisory Council of the American University of Beirut. Ms. Rafferty formerly served as UNESCO's Senior Advisor for Heritage Protection and Conservation (2015-2017), and from 2012 to 2016 as Chair of the New York Federal Reserve Bank (board member 2011-2017). From 2008 to 2020, she was Chair of NYC & Company, the city's official tourism and marketing organization, where she continues to serve as an ex-officio board and executive committee member. She is principal of Emily K. Rafferty & Associates, a consulting resource for non-profit institutions. She served at Russell Reynolds Associates as Senior Advisor in the nonprofit sector (2015 - 2021), has worked with The Shed (2015-2019) and continues with multiple independent clients. She has also been a Hauser Leader at the Harvard Kennedy School's Center for Public Leadership (Fall 2019). A member of the Council on Foreign Relations, she lectures widely on topics relating to non-profit and board governance issues, fundraising, and cultural heritage. The recipient of many awards and honors, Ms. Rafferty was named by Crain's New York Business one of the city's 100 most influential women over a five-year period, and in fall 2015 was elected to its Hall of Fame. She received New York University's 2012 Lewis Rudin Award for Exemplary Service to New York City, a Lifetime Achievement Award from the 9/11 Memorial & Museum in 2018 and was recognized in 2019 as a "Living Landmark" by the New York Landmarks Conservancy. In 2021, she received with her husband the Lillian D. Wald Award from the Visiting Nurse Service of New York. She has been a Member of Koç Holding Board of Directors since 2018.

Dr. Cem M. Kozlu, Independent Member

Dr. Cem Kozlu received his bachelor's degree from Denison University, MBA from Stanford University and PhD from Boğaziçi University. Dr. Kozlu held executive positions at NCR in the US, Procter&Gamble in Switzerland and was the General Manager in Komili for 12 years. He was appointed as the General Manager and the Chair of the Board of Directors of Turkish Airlines in 1988 and held these positions until 1991. He also served as the Chair of the Association of European Airlines (AEA) in 1990. Cem Kozlu remained in public service as a member of the Turkish Parliament from 1991 to 1995 and as the Chair of the THY Board of Directors from 1997 to 2003. Dr. Kozlu has held different positions in The Coca Cola Company since 1996. Before retiring in 2006, he was the Group President responsible for 51 countries in the Vienna-based Central Europe, Eurasia and Middle East Group and served as a consultant in The Coca-Cola Company Eurasia & Africa Group between 2007 and 2015. Currently, Cem Kozlu serves as a member of the Board of Directors of Pegasus Airlines, and Vienna-based Do & Co AG. He is also member of the Board of Trustees of Muhtar-Defne Kent Foundation, Boğaziçi University Foundation and İstanbul Modern Sanatlar Vakfı (İstanbul Modern Arts Foundation). Dr. Kozlu, who served as a lecturer at Boğaziçi and Denison universities at different times, has published 11 books, numerous articles and produced a TV series on leadership. He has been a Member of Koç Holding Board of Directors since 2019.

Peter Martyr, Independent Member

Peter Martyr is the Former Global Chief Executive Officer (CEO) of Norton Rose Fulbright, a major global law firm. He obtained his Law Society Part 2 Professional Qualification from College of Law and received his LLB (Hons) from University College Cardiff, University of Wales. He started his career in 1979 in Norton Rose as a solicitor; where he became a partner, managing partner, CEO and finally Global CEO between 2010 and 2020. As the Global CEO, he was responsible for setting and driving the global strategic direction of the firm, completing major law firm mergers in Australia, South Africa and Canada between 2010 and 2012, in 2014 creating Norton Rose Fulbright through a further merger with Fulbright & Jaworski LLP. Subsequent mergers included the New York firm of Chadbourne & Parke LLP. He introduced a number of new global business lines, particularly Risk Advisory (focusing on cyber, ESG, sustainability, regulation and financial services) and NRF Transform, a global change and innovation program, designed to create more efficient legal solutions for clients. He also established a Global Diversity and Inclusion Advisory Council, responsible for driving diversity and inclusion targets and initiatives across the global firm. He is an experienced advisor to boards and management committees on global strategy, governance and enterprise risk management issues. He has significant experience of global strategic development and implementation, creating innovative culture and change management programs. At Norton Rose Fulbright, he undertook multiple integration programs and has been responsible for development of Executive Committee, Board governance and risk management functions. He was identified in 2013 as a "Top 50 innovator over the last 50 years" by American Lawyer, and "Top 10 Business People" by The Times in 2012 and "Honorary Catalyst CEO Champion for Change" in 2020 and is the recipient of a number of law firm management awards. Martyr became a Member of Koç Holding Board of Directors in 2021.

Michel Ray de Carvalho, Independent Member

Michel Ray de Carvalho is, since 1 April 2018, the Chair of Capital Generation Partners LLP, CapGen. He joined CapGen in 2018 after a 20-year career at Citigroup where he served as Vice Chair of Citi Investment Banking, EMEA. He was also named Chair of Citi Private Bank for EMEA in 2009 and Global Chair of Citi Private Bank in February 2016. Mr. de Carvalho has over 40 years' experience in the banking industry, having started his career in 1970 as an investment banking trainee for White Weld and Co. Ltd in London, the predecessor firm to Credit Suisse First Boston (CSFB). Michel Ray de Carvalho is also a Member of the Supervisory Board of Heineken NV since 1996, and an Executive Director of Heineken Holding NV. Michel Ray de Carvalho is a graduate of Harvard Business School; he obtained a Masters of Business Administration in 1970. He also holds a BA from Harvard College. Carvalho became a Member of Koç Holding Board of Directors in 2022.

Executive Management

Levent Çakıroğlu, Board Member & CEO

Levent Çakıroğlu graduated from Ankara University Faculty of Political Sciences, Business Administration Department and received his master's degree from University of Illinois. He started his career as an Assistant Auditor at the Ministry of Finance in 1988, where he worked as a Senior Auditor between 1991 and 1997. He was appointed as Assistant Manager of Financial Crimes Investigation Board between 1997 and 1998, meanwhile he taught as a Part Time Instructor at Bilkent University. Çakıroğlu joined Koç Group in 1998 as Koç Holding Financial Group Coordinator. He was the General Manager of Koçtaş between 2002 and 2007 and the CEO of Migros between 2007 and 2008. He was assigned as the CEO of Arçelik in 2008 and also became President of the Durable Goods Group of Koç Holding in April 2010. Çakıroğlu has been appointed as the CEO of Koç Holding in April 2015. He currently serves as the CEO and has also been a Member of the Board of Directors of Koç Holding since April 2016. Levent Çakıroğlu is also the Chair of the Board of Directors of Arçelik- LG and TürkTraktör, the Vice Chair of Yapı Kredi Bank and Otokar and Member of the Board of Directors at various Koç Group companies

Polat Şen, CFO

Polat Şen received his bachelor's degree from Marmara University, Department of Economics (in English) in 1998 and his master's degree in International Finance from the University of Bradford, School of Management in 1999. Şen completed the Harvard Business School Advanced Management Program in 2016. Appointed as Internal Audit Manager of Arçelik Group in 2005, and Group Director of Finance and Accounting at Grundig Electronics / Grundig Multimedia B.V. in 2008, he worked as Finance and Accounting Directors at Arçelik Group / Grundig Multimedia B.V. between 2009 and 2010. After holding Director of Purchasing position from 2010 until 2015, Polat Şen served as Chief Financial Officer of Arçelik Group from 2015 until 2022 when he was appointed as Koç Holding CFO.

Yağız Eyüboğlu, President, Energy Group

Yağız Eyüboğlu graduated from Boğaziçi University with a BA degree in Economics in 1991. He went on to earn an MBA from Koç University in 1996. Mr. Eyüboğlu began his professional career as a Management Trainee at Arçelik in 1991. Starting in 1993, he worked at Koç Holding for more than 10 years, as Auditor, Senior Internal Auditor, Assistant Financial Coordinator and Financial Coordinator, respectively. Between 2004 and 2009, he served as the CFO of Arçelik; the CEO and Board Member of Beko Elektronik; Assistant to the President of the Foreign Trade and Tourism Group at Koç Holding; and Human Resources Director at Koç Holding. From 2009 to October 2015, he was the CEO of Aygaz. In October 2015, he was appointed the Deputy President of the Energy Group at Koç Holding and since April 2016 he has been serving as the President of Energy Group. Yağız Eyüboğlu is also a Member of the Board of Directors in various Koç Group companies and had served as the President of the World LPG Association, the Chair of TISK Turkish Confederation of Employer Associations, and the Chair of the Board of Trustees of the Turkish Family Health and Planning Foundation.

Dr. Fatih Kemal Ebiçlioğlu, President, Consumer Durables Group

Dr. Fatih Kemal Ebiçlioğlu, President, Consumer Durables Group After graduating from Ankara University, Faculty of Political Science, Department of International Relations, Fatih Ebiçlioğlu received a Master's degree in Finance from the Virginia Commonwealth University, and earned a PhD degree in Finance-Accounting from Ankara University Faculty of Political Science. Between 1989 and 2002, Mr. Ebiçlioğlu worked as Assistant Tax Auditor at the Ministry of Finance, and later as Tax Auditor and Senior Tax Auditor. In addition, he served as a part-time instructor at Hacettepe, Bilkent and Atılım Universities from 1998 to 2002. He joined Koç Holding in 2002 as Financial Coordinator. Subsequently, he served as Audit Group Coordinator of Koç Holding (2004-2005), and Deputy General Manager of Arçelik (2005-2015). Mr. Ebiçlioğlu has been the President of the Consumer Durables Group at Koç Holding since February 2015. Fatih Ebiçlioğlu is also a Member of the Board of Directors of Arçelik. He also serves as the Chair of the Board of Directors and a Member of the Board of Directors of some other Koç Group companies. Ebiçlioğlu acted as a Member of the Board of Turkish Exporters Assembly (TİM) between 2018 and 2022. He is also a Member of the Board of Directors of Turkish Industry & Business Association (TÜSİAD).

Haydar Yenigün, President, Automotive Group President

Haydar Yenigün received his bachelor's degree from Yıldız Technical University, Mechanical Engineering Department in 1987. The same year, he started his professional life as an engineer in Ford Otosan's Manufacturing Department. Following his military service, he worked as Project Engineer between 1992 and 1997. In 1998, he assumed Project Leader role in Ford Otosan's Kocaeli Plant, before being appointed to Kocaeli Plant as Body Construction Area Manager, in 1999, in which position he served until 2007. He was appointed as Ford Otosan Assistant General Manager- Kocaeli Plant Manager in 2007. Having functioned as the General Manager of Ford Otosan from 2012 until 2022, Haydar Yenigün has been named Koç Holding Automotive Group President in 2022.

Gökhan Erün, President, Banking Group

Gökhan Erün received his Bachelor of Science degree in Electronics and Communications Engineering from İstanbul Technical University and his MBA from Yeditepe University. He started his banking career in the Treasury Department of Garanti Bank in 1994, where he served as Commercial Marketing Senior Vice President between 1999 and 2004. In 2004, he was appointed as the CEO of Garanti Pension and Life, in which position he served until September 2005 when he was appointed to Garanti Bank as Executive Vice President. Having continued his career as the Deputy CEO of Garanti Bank from September 2015, Gökhan Erün was responsible for Corporate Banking, Treasury, Treasury Marketing and Financial Solutions, Derivatives, Cash Management and Transaction Banking and Financial Institutions. In tandem, he held the Chair or Member seats on the Boards of Directors of Garanti Bank's domestic and international subsidiaries. Having joined Yapı Kredi in January 2018, Gökhan Erün serves as the Bank's Executive Director and CEO. Also holding the position of the Executive Director and CEO of Koç Financial Services, Erün is a member of the Boards of Directors of Yapı Kredi Group subsidiaries Allianz Life and Pension and Koçfinans. In April 2021, Gökhan Erün was appointed as the President of Koç Holding's Banking Group in addition to his existing role.

Özgür Burak Akkol, President, Tourism, Food and Retailing Group

After receiving his Bachelor's degree in Industrial Engineering from İstanbul Technical University, Akkol completed the Executive MBA program and received a Master's degree from Koç University in 2011. As he continued his professional career, he successfully graduated from Harvard Business School and Columbia University completing the "Executive Development" and "Leadership Education" programs, Columbia Business School and London Business School Global Executive MBA. Akkol started his career in 2001 in the USA, as a Production and Productivity Specialist at Nautilus Foods. After working abroad, Akkol returned to Turkey and started working for Koç Holding in 2003, as a Human Resources Assistant Specialist. He worked as a Human Resources Specialist between 2004 and 2005, and as an Audit Specialist and Senior Audit Specialist between 2005 and 2009. Akkol then worked as a System Development and Human Resources Manager between 2009 and 2010, as a System Development and Human Resources Coordinator between 2010 and 2014, and as a Human Resources Director between 2014 and 2021. He worked as Koç Holding Human Resources and Industrial Relations President between 2021 and 2022. Özgür Burak Akkol was appointed as the Tourism, Food and Retailing Group President in 2022. Akkol is the Chair of Board of Koç Pension & Assistance Foundation, Koç Group Sports Association and Member of the Board of some other Koç Group companies. At the same time, he is the Chair of the Board of Turkish Confederation of Employer Associations (TİSK), Turkish Employers Association of Metal Industries (MESS) and MESS Education Foundation and member of the Board of Turkish Employment Agency (İŞKUR).

Kemal Uzun, President, Audit Group

Kemal Uzun received his Bachelor of Arts degree in Business Administration from Ankara University, and his Master's degree in Finance from the University of Illinois College of Business. He started his business life as an Apprentice Public Account Inspector in 1990. He worked at the Ministry of Finance as Assistant Tax Auditor (1991-1994), Tax Auditor (1994-2002), Senior Tax Auditor (2002-2003), and Head of Department (2003-2005). Later, he functioned in Group Head (2005-2006) and Department Head (2006) positions at the Revenue Administration. Having worked as Koç Holding's Audit Group Coordinator from 2006 until 2011, Kemal Uzun assumed the position of Tax Management Director from 2011 until 2021. He has been serving as the President of Koç Holding's Audit Group since April 2021. He is also a member of the Boards of Directors of various Koç Group companies. In tandem with these roles, he is a member of Turkish Industry and Business Association (TÜSiAD), Tax Council and TURMEPA.

Executive Management

Kenan Yılmaz, Chief Legal and Compliance Officer

He graduated from İstanbul University, Faculty of Law in 1983. He was admitted to the İstanbul Bar Association in 1984. He earned an LLM in International Business Transactions from Tulane University Law School in New Orleans, Louisiana (USA) and received an EMBA from Koç University. He began his career as Legal Counsel at Koç Holding in 1989. He worked as Assistant Chief Legal Counsel between 2000 and 2006, and as the General Counsel between 2006 and 2021. From the beginning of 2021, he has been working as the Chief Legal and Compliance Officer of Koç Holding, also responsible for the Compliance Program. Kenan Yılmaz is also a Member of the Board of Directors of Tofaş Türk Otomobil Fabrikası A.Ş. and Marmaris Altinyunus. He also serves as the Chair of the Board of Directors and Member of the Board of Directors of some other Koç Group companies. In addition, Mr. Yılmaz is a founding member of Turkish Center for Ethical Values Foundation and founding member and Vice Chair of the Board of Directors of Turkish Institute of Nautical Archeology (TINA) and Vice Chair of the Board of Directors of Koç Holding Pension and Support Fund Foundation, and a member of Turkish Industry & Business Association (TÜSIAD).

Ufuk Çıplak, Director of Public Affairs

Ufuk Çıplak graduated from Hacettepe University, Department of French Language and Literature in 1987. He began his professional career in 1987 at the Ministry of Foreign Affairs, Directorate General of Protocol. Subsequently, he served as Attaché at the Embassy in Sana, Yemen (1990-1992), Attaché at the Embassy in Rome (1992-1995), Deputy Undersecretary for Financial & Administrative Affairs (1995-1996), Attaché at the Permanent Mission of Turkey to the United Nations in New York (1996-2000), Chief of Cabinet to the General Secretary for EU Affairs (2000-2002), Attaché at the Embassy in Athens (2002-2006), and Training Coordinator (2006-2009). Mr. Çıplak joined Koç Holding in 2009 as Public Affairs Manager, and later served as Public Affairs Representative between 2012 and 2013, and Public Affairs Coordinator from 2013 to 2015. He has been the Director of Public Affairs at Koç Holding since 2015.

Melih Poyraz, Strategy and Business Development Director

After receiving his Bachelor of Arts degree in Management from Boğaziçi University, Melih Poyraz got his Master of Laws degree in Economics Law from Galatasaray University and his MBA from MIT Sloan School of Management. He earned his Juris Doctor degree in Law from the Northwestern University. Poyraz, a lawyer registered with the US Illinois Bar Association, started his career in 2001 as a Consultant at Ernst & Young; he worked as a tax inspector at the Turkish Ministry of Finance from 2004 to 2014. He worked as Enterprise Risk Management Director at Arçelik Group in 2014 and 2015, before serving as the Chief of Staff to CEO at Koç Holding between 2015 and 2021. Since January 2021, Poyraz has been holding the position of Strategy and Business Development Director at Koç Holding. He is also a member of the Boards of Directors of Tofaş, Yapı Kredi Bank and various other Koç Group companies. Melih Poyraz is a member of DEİK (Foreign Economic Relations Board of Turkey) Outbound Investments Business Council.

Umut Günel, Human Resources Director

Umut Günel received his degree from Koç University, Business Administration Department in 2007. He started his professional life as a researcher at Profil International in 2007. He worked as a consultant at Hay Group Consultancy between 2007 and 2010, and as Compensation and Benefits Analyst for Middle East and North Africa at Ericsson in 2010 and 2011. He completed his master's studies in Human Resources Management at İstanbul Bilgi University in 2013. Having functioned as Senior Consultant and Information Services Country Manager at Hay Group Consultancy between 2011 and 2014, he worked as General Manager at TalentSys Consultancy between 2014 and 2017. After working as Koç Holding Performance and Compensation Manager (2017-2021) and Koç Holding Human Resources Coordinator (2021-2022), Umut Günel has been serving as Koç Holding Human Resources Director since 2022.

Risk Management

Since its foundation the Koç Group has achieved long-term success through its cautious and robust approach toward risk management. To this end, Koç Holding uses sophisticated risk assessment, modeling, reporting, and capital allocation techniques. These processes boost transparency and encourage the application of a more systematic approach to risk assessment in investment and business decisions at all levels.

At the Koç Group, risks are managed by the Finance Department with the oversight of the Board of Directors, in coordination with all Group presidents. Koç Holding's Risk Management function was established to further develop the Group's risk policies, limits and review mechanisms. This risk management function leverages the risk infrastructures in each of the Company's businesses, which have adopted an approach that is aligned with the Group's overall risk policies and limits.

Risks identified through risk management processes are prioritized depending on their probability and impact. It is ensured that most important risks are within the responsibilities of business leaders at company and/or Group level. In the management of risks, the Company has general response strategies that identify categories according to whether it will avoid, transfer, reduce or accept the risk. These response strategies are tailored to ensure that risks are within acceptable tolerance levels set by the Board of Directors.

The major risks that Koç Holding is exposed to are classified under four main categories:

1. Financial Risks

Financial risks relate to a company's ability to meet its financial obligations and mitigate the effects of market volatility. To keep financial risks under control, a variety of financial indicators, especially Net Financial Debt / EBITDA, Net Foreign Currency Position / Shareholders' Equity, current ratio and the maturity profile of financial liabilities, are monitored, at the Company and Group level on a combined and consolidated basis, and are kept within particular limits. Financial risks are broken down into five main categories:

i) Foreign Currency Risk: The Koç Group companies keep their foreign currency risk exposure within certain limits. As a foreign currency risk management tool, derivative transactions are used when needed. Loans that are designated as cash flow hedges and net investment hedges in foreign operations are excluded from the calculation of the amount subject to foreign currency risk exposure. Moreover, those assets that are reported as TL on the balance sheet and, for which exchange rate changes can be reflected to their sales prices are designated as "natural hedges" and considered as "foreign currency denominated assets" while evaluating the foreign currency risk exposure.

ii) Liquidity Risk: In accordance with the management of liquidity risk, the Group continues to diversify its funding sources, increase the average duration of its financial liabilities, maintain a sufficient level of cash and cash equivalents and sustain the current ratio above a certain limit in case of a sudden cash need.

iii) Credit Risk: The Company mitigates this risk by conducting credit analysis, setting credit limits, trade receivables insurances and obtaining the maximum degree of guarantee. In addition, with the "E-Risk Commercial Risk Application", every effort is taken to ensure that the risk of commercial receivables arising from the Group's operations is followed up centrally.

iv) Interest Rate Risk: In order to manage interest rate risk, the Koç Group implements asset liability management and employs certain derivative financial instruments when necessary.

v) Commodity Price Risk: The Company accepts commodity price risk where they are part of its core business and avoid or reduce exposure where possible through a variety of hedging mechanisms.

2. Strategic Risks

i) Sustainability Risks: Sustainability risks refer to those that arise from environmental and social impact related to company's products, services and operations. Koç Group's sustainability materiality issues and strategy were defined in line with industry drivers and stakeholder expectations. Low carbon transition and climate risks are especially among the material issues of Koç Holding. In this respect, the company started studies to efficiently manage climate change related risks and opportunities. (Please see Sustainability section pages 39-55). The relevant activities of the Koç Group are reviewed on an annual basis within the framework provided by the environmental, social and governance (ESG) perspective. Climate-related risks and opportunities are monitored and managed under the Carbon Transition Program, and the Risk Committee set up under the Board of Directors is kept regularly informed about climate-related risks and opportunities. The details of the Carbon Transition Program management structure can be found in the Sustainability section.

ii) Other Strategic Risks: Other strategic risks relate to the demand for the Company's products and services, market regulations as well as factors that affect market share such as competition, technological changes, and consumer trends and product innovation.

Risk Management

The most effective way to reduce risks defined to sales is to diversify markets sectorally and geographically. As a long-term risk management strategy, Koç Holding is increasing both its sectoral and geographical diversification. In the short term, macroeconomic and sector specific developments are monitored centrally by the president of each group. Koç Holding's strong presence and diversified business lines in the national economy enables it to recognize market changes early and take rapid and coordinated measures.

3. Operational Risks

i) Cyber Risks: Cyber risks, which are critical with respect to the management of operational risks, cover breach of data integrity in the technology and infrastructure where data are stored, transferred or processed, failure to ensure business continuity and data leaks. In addition to achieving regulatory compliance in this respect, international cyber security standards are monitored, risks are analyzed and necessary controls are implemented. Information Technology Security Committee works towards mitigating cyber risks through establishing common cyber security standards applicable across the Koç Group, creating risk corrective controls, and triggering the incident response process in case of cyber incidents. Cyber risks are included in the senior management's agenda so that they can provide the necessary support and guidance, and the process is followed up through regular reporting and auditing functions. Potential risks are identified in advance by way of cyber threat reports and the risk is transferred through cyber risk insurance that covers the Koç Group companies.

ii) Other Operational Risks: Other operational risks include incidents that affect the Company's operations such as earthquakes, fires and environmental accidents, as well as the integrity of its internal systems and processes. Insurable risks are frequently re-assessed and transferred out of the Group based on a cost-benefit analysis. The risk and fraud audit of financial and operational processes are periodically performed at the Koç Group companies.

4. Compliance Risks and Legal Risks

Koç Holding has developed various systems against potential legal and compliance risks. Some examples of these systems, which are designed for creating a common database and early warning purposes, include the intellectual property rights management program, legal compliance test (in Turkish: HUY) and practices under the compliance program.

There are six main risk headings under the Koç Holding Compliance Program: competition law, protection of data privacy, human rights violations, laundering proceeds from crime, international sanctions and export controls, and anti-bribery and anti-corruption. There are policies in place for the prevention and early detection of risks and for duly responding to the risks that materialize.

Compliance teams have been assigned at the Group companies for analyzing compliance risks with a systematic approach, and various processes including third-party controls and sanction list screenings were introduced. In addition, commencement of systematic compliance risk analyses served to reinforce identification and prevention mechanisms for potential compliance risks. The Ethics Hotline, which is developed for establishing violations of the legislation in force, Code of Ethics and other compliance policies, is open for use by, first and foremost, all the Koç Group employees, as well as the Koç Group business partners and all the Koç Group stakeholders all over the world. The Ethics Hotline is available in more than 50 countries, in 34 languages online and in 19 languages over the phone. Support is provided from independent service providers for the ethics hotline service that allows unanimous reporting, and the Group's employees are protected against potential retaliation in connection with their reports.

Please refer to pages 58-59 for further details about the Compliance Program.

Risk Management Committee Activities

In 2012, a Risk Management Committee was set up for the purpose of ensuring that the mechanisms to implement measures deemed necessary for early detection of risks and managing those risks are in place. The Committee is chaired by the independent Board member Mr. Peter Martyr since 12 April 2021. The other member of the Committee is the Board member, Ms. Caroline N. Koç.

The Committee evaluates Koç Holding risk management system and the principles of risk reporting, and analyzes the risk reports prepared within this framework, as well as making recommendations for measures to be taken to address matters that do not conform to designated limits in the Risk Management System. The Committee also assesses information security practices, monitors compliance risks, follows up related activities and evaluates sustainability risks. Reports and committee assessments are periodically provided to the Board of Directors.

The Committee held 6 meetings in 2022.

In its report dated 10 February 2023, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. stated that Koç Holding's early detection of risk systems and its Risk Management Committee are adequate in all major aspects within the framework of the provisions of Turkish Commercial Code (TCC) no. 378.

Internal Control Systems and Audit

Internal Control System and Internal Audit Activities

The objective of the Company's Internal Control System is to ensure operational effectiveness and productivity, financial reporting system reliability and compliance with legal regulations.

Independent from executive functions, the Audit Group reports directly to the Chairman of the Board. The Audit Group organization is composed of 30 audit professionals and it is responsible for the execution of internal audit activities and regular evaluation of the internal control system. Members of the Audit Group hold eight CPA, three CIA, one CFE, three CRMA, and one CAMS certificates.

The audit approach encompasses financial audit, process audit, thematic audit, examinations and investigations. In audit activities, International Audit Standards and generally accepted audit principles and norms are taken into consideration. The activities are carried out according to the Audit Plan intended to provide reasonable assurance about the accuracy, effectiveness and efficiency of the Group Companies' processes and activities. In the course of the audits, the Audit Group also assesses social and environmental issues such as ethical compliance, occupational health and safety and energy efficiency as well as financial risks, process risks and opportunities.

On another front, the Audit Group ensures qualitative and quantitative capability of the Group companies internal audit functions. The Audit Group is responsible for the coordination of audit plans, the monitoring of audit activities and results, and the implementation of standard methodologies.

In relation to the tax management, the Audit Group extends support to Group companies for compliance with tax laws, provides briefings on changes in the tax legislation, provides guidance regarding the implications of new regulations for the Group companies, and provides support for tax audit and conflict management.

Audit reports covering the risks identified during the audits are submitted to the Senior Management and Chair of the Board. The management's actions based on reported findings and suggestions are assessed with respect to their adequacy and effectiveness through regular monitoring of findings. All these audit activities are quarterly delivered to the Audit Committee composed of two Independent Board Members.

Information on Preparation of Consolidated Financial Statements

As a first step, Koç Holding Reporting Unit delivers "Financial Reporting Directives" to Group companies for the preparation of consolidated financial statements. Once financial data is reported by the Group companies through the "Hyperion KOCFR Application", Koç Holding Financial Reporting Unit examines the data whereupon it is transferred to the consolidated financial statements. The consolidated financial statements are audited by the Audit Committee, Internal Audit Group and independent audit company PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi.

Statement of Responsibility for Financial Statements

PREPARED IN ACCORDANCE WITH ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUE II-14.1. ON FINANCIAL REPORTING INFORMATION ON THE BOARD OF DIRECTOR'S RESOLUTION REGARDING THE APPROVAL OF THE FINANCIAL STATEMENTS
RESOLUTION DATE : 10 FEBRUARY 2023
RESOLUTION NUMBER : 05

Under the Capital Markets Board Regulations; within the framework of the information provided to us in relation to our tasks and responsibilities related to the Company, we hereby declare that;

The consolidated Balance Sheet, Statement of Income, Statement of Comprehensive Income, Statement of Cash Flow, Statement of Changes in Equity along with the related Notes prepared by the company for the period of 01.01.2022 – 31.12.2022 under the CMB Financial Reporting Communique II.14.1. in accordance with Turkish Financial Reporting Standards ("TFRS") and in line with the formats determined by the CMB,

- have been reviewed by us,
- do not contain any inaccuracy in all material respects and are free of omissions that may be regarded as misleading as of the issue date,
- The financial statements prepared in line with the Communique present fairly the assets, liabilities, financial position and the results of operations of the company as well as of the companies included in the scope of consolidation.

Regards,

(signature)

Dr. Cem M. Kozlu
Committee Chair

(signature)

Emily K. Rafferty
Committee Member

(signature)

Polat Şen
CFO

Statement of Responsibility for Annual Report

PREPARED IN ACCORDANCE WITH ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUE II-14.1. ON FINANCIAL REPORTING INFORMATION ON THE BOARD OF DIRECTOR'S RESOLUTION REGARDING THE APPROVAL OF THE ANNUAL REPORT
RESOLUTION DATE: 28 FEBRUARY 2023
RESOLUTION NUMBER: 10

Under the Capital Markets Board (CMB) Regulations, within the framework of the information provided to us in relation to our tasks and responsibilities related to the Company, we hereby announce and declare that the attached Annual Report, which includes the Corporate Governance Compliance Report, the Corporate Governance Information Form and the explanations regarding Sustainability Principles of CMB, for the year of 2022 prepared by the Company in accordance with Turkish Commercial Code and CMB Financial Reporting Communique numbered as II.14.1. and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in accordance with CMB Regulations;

- has been reviewed by us;
- does not contain any inaccuracy in all material respects and is free of omissions that may be regarded as misleading as of the issue date;
- presents fairly the progress and the performance of the business, the financial position of the Company and the companies included in the scope of consolidation together with the material risks and uncertainties.

Regards,

(signature)

Dr. Cem M. Kozlu
Committee Chair

(signature)

Emily K. Rafferty
Committee Member

(signature)

Polat Şen
CFO

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022 TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT

(Convenience translation into english of the Independent auditors' report and consolidated financial statements originally issued in Turkish)

Presentation

General Assembly

Koç Group

Sectors and Companies

Social Investments

Corporate Governance

Financial Statements

Other Information

INDEPENDENT AUDITORS' REPORT



To the General Assembly of Koç Holding A.Ş.

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Koç Holding A.Ş. ("Koç Holding" or the "Company"), its subsidiaries and its joint ventures (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

3. Key Audit Matters (Continued)

<i>Key audit matters</i>	<i>How our audit addressed the key audit matter</i>
Impairment tests of indefinite-life intangible assets The consolidated financial statements as of and for the year ending 31 December 2022 include goodwill and brands under intangible assets, with carrying values of TL 6.519 million and TL 5.470 million, respectively. While TL 2.737 million of the total goodwill is related to the energy segment, TL 2.013 million of the total goodwill is related to financial services segment, the rest of the goodwill and the brands are mostly related to the durable goods segment. These indefinite-life intangible assets should be tested for impairment annually, as required by TFRS. Relevant indefinite-life intangible assets are material to the consolidated financial statements. In addition, significant judgments and estimates are used in the impairment tests performed by management. For goodwill and brand impairment tests; these are earnings before interest, tax, depreciation and amortization ("EBITDA") growth forecasts, long term growth rates and discount rates. In addition, royalty rates used in the relief from royalty method for the brand impairment tests are also key estimates. The outcomes of such estimates are very sensitive to changes in market conditions. Therefore, these impairment tests are key matters for our audit. Please refer to notes 2.4, 2.5, 14 and 15 to the consolidated financial statements for the relevant disclosures, including the accounting policy and sensitivity analysis.	We performed the following procedures in relation to the impairment tests of indefinite-life intangible assets: • Evaluating the appropriateness of the Cash Generating Units ("CGUs") determined by management, • Understanding management's future plans and cash flow forecasts for relevant segments and evaluating these in light of available macroeconomic data, • Assessing reasonableness of forecasted cash flows for each CGU by comparing them against their historical financial performance, • Through involvement of our internal valuation experts, assessing and challenging key assumptions, including long term growth rates, discount rates and royalty rates and benchmarking these against rates used in the relevant industries, • Testing the setup of the discounted cash flow models and their mathematical accuracy, • Testing management's sensitivity analysis for key assumptions, • Testing the disclosures in the consolidated financial statements in relation to the impairment tests of tangible and indefinite-life intangible assets and evaluating the adequacy of such disclosures for TFRS' requirements. We had no material findings related to the impairment tests of relevant assets as a result of these procedures.

INDEPENDENT AUDITORS' REPORT

3. Key Audit Matters (Continued)

<i>Key audit matters</i>	<i>How our audit addressed the key audit matter</i>
Yapı ve Kredi Bankası A.Ş. ("YKB") - Impairment of loans and receivables Consolidated financial statements as of 31 December 2022 include an impairment provision of TL 36.945 million in relation to loans and receivables of YKB amounting TL 657.307 million. Aforementioned amounts represent a significant portion of the YKB's and Koç Holding's total assets. Due to (1) complexity of estimates and information used in the impairment assessment such as historical loss experiences, current conditions, forward looking macro-economic expectations; (2) significance of loans and receivables in the consolidated financial statements; (3) level of judgments and estimations made by the management used in classification of loans as per their credit risk (staging) and (4) timely and correct identification of default event, significant increase in credit risk and level of judgements and estimations made by the management, impairment of loans and receivables is considered as a key matter for audit of the consolidated financial statements. Please refer to notes 2.4, 2.5, 10, 30 and 33 to the consolidated financial statements for the accounting policy and the relevant disclosures.	We performed the following procedures in relation to the impairment of loans and receivables: • Understanding the policies, procedures and principles of management with respect to staging of loans and calculation of expected credit losses in accordance with TFRS 9 and testing design and operating effectiveness of controls in these processes implemented by management, • Inquiries with YKB's management about their forward-looking assumptions in the expected credit loss calculations, and evaluation of those assumptions by using publicly available information, • Through involvement of our financial risk experts, assessment and testing of the appropriateness of segmentation used in the models, lifetime probability of default model, loss given default model, and approaches in relation to forward-looking expectations (including macroeconomic factors), • Through involvement of our financial risk experts, assessment and testing of the reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used, • Through involvement of financial risk experts, testing selected models used in determination of provisions for various credit portfolios on a sample selection basis, • Testing the appropriateness of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flows and the arithmetical calculations for a sample of exposures, • Testing the calculation of the loss given default (LGD) used by YKB in the expected credit losses calculations, as well as testing of collaterals, recovery and costs, • Testing the expected credit losses for individual loans based on YKB's policy through assessing the reasonableness of provisions in light available data and inquiring with management, • Through involvement of our information technology specialists, testing key source data used in YKB's expected credit losses calculations; and testing the reliability and completeness of the data used in expected credit losses calculations, • Testing the mathematical accuracy of expected credit losses calculations, • Performing loan review procedures based on a selected sample in order to assess the appropriateness of the determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment, • Testing the adequacy of the disclosures in the consolidated financial statements in relation to the impairment of loans and receivables. We had no material findings related to the impairment tests of impairment of loans and receivables as a result of these procedures.

3. Key Audit Matters (Continued)

Key audit matters	How our audit addressed the key audit matter
Yapı ve Kredi Bankası A.Ş. ("YKB") -Valuation of Pension Fund ("Pension Fund") obligations The consolidated financial statements as of 31 December 2022 include a provision for Pension Fund liabilities of YKB in amounting to TL 2.945 million under non-current liabilities. Pension Fund liabilities of YKB are material to YKB's and Koç Holding's consolidated financial statements. In addition, the total obligation of the fund is estimated using separate methods and assumptions for benefits to be transferred and for non-transferrable benefits. These assumptions include transferrable social benefits, discount rates, salary increases, economic and demographic assumptions. These assumptions and estimates are very sensitive to changes in market conditions. In addition, the uncertainty of the transfer date, the fact that technical interest rate is determined by law and the significance of possible deviations from these assumptions, accounting of Pension Fund liabilities is a key matter for our audit. Please refer to notes 2.4, 2.5 and 19 to the consolidated financial statements for the accounting policy and the relevant disclosures.	We performed the following procedures in relation to the relevant obligations: - Testing, on a sample basis, the accuracy of the employee data supplied by the Group management to the external actuary firm for pension obligation calculation, - Verifying the existence and carrying values of the Pension Fund assets, - Examining whether there are significant changes in actuarial assumptions used in calculation, employee benefits in the period, plan assets and liabilities or regulations related to valuations, and testing such significant changes, - Through use of our actuarial specialists, assessing the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the obligation, - Testing the adequacy of the disclosures in the consolidated financial statements in relation to the Pension Fund obligations. We had no material findings related to the valuation of Pension Fund obligations as a result of these procedures.

4. Other Matter

As explained in Note 2.1.3 to the consolidated financial statements, EUR and USD amounts shown in the accompanying consolidated financial statements have been translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2022 for the consolidated balance sheet; and the official EUR and USD average CBRT bid rates of the year 2022 for the consolidated statement of profit or loss, consolidated statement of other comprehensive income and consolidated statement of cash flows, and they do not form part of the consolidated financial statements.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other Responsibilities Arising from Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Cihan Harman, SMMM
Partner

Istanbul, 10 February 2023

KOÇ HOLDİNG A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 1 JANUARY- 31 DECEMBER 2022

CONTENTS

	INDEX
CONSOLIDATED BALANCE SHEETS	188
CONSOLIDATED STATEMENTS OF INCOME	190
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME	191
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	192
CONSOLIDATED STATEMENTS OF CASH FLOW	194
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	195-296
NOTE 1 GROUP'S ORGANISATION AND NATURE OF OPERATIONS	195
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	202
NOTE 3 BUSINESS COMBINATIONS	223
NOTE 4 SEGMENT REPORTING	226
NOTE 5 CASH AND CASH EQUIVALENTS	230
NOTE 6 BALANCES WITH CENTRAL BANK OF THE REPUBLIC OF TURKEY	231
NOTE 7 FINANCIAL ASSETS	231
NOTE 8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	233
NOTE 9 TRADE RECEIVABLES AND PAYABLES	239
NOTE 10 RECEIVABLES FROM FINANCE SECTOR OPERATIONS	240
NOTE 11 DERIVATIVE INSTRUMENTS	242
NOTE 12 INVENTORIES	243
NOTE 13 PROPERTY, PLANT AND EQUIPMENT	244
NOTE 14 GOODWILL	245
NOTE 15 OTHER INTANGIBLE ASSETS	247
NOTE 16 BORROWINGS	249
NOTE 17 PAYABLES OF FINANCE SECTOR OPERATIONS	252
NOTE 18 TAX ASSETS AND LIABILITIES	252
NOTE 19 PROVISIONS FOR EMPLOYEE BENEFITS	256
NOTE 20 PROVISIONS	258
NOTE 21 OTHER RECEIVABLES AND PAYABLES	259
NOTE 22 OTHER ASSETS AND LIABILITIES	260
NOTE 23 EQUITY	262
NOTE 24 REVENUE	265
NOTE 25 EXPENSES BY NATURE	266
NOTE 26 OTHER OPERATING INCOME/(EXPENSES)	268
NOTE 27 GAINS/(LOSSES) FROM INVESTMENT ACTIVITIES	268
NOTE 28 FINANCIAL INCOME/(EXPENSES)	269
NOTE 29 RELATED PARTY DISCLOSURES	269
NOTE 30 DISCLOSURES ON INTERESTS IN OTHER ENTITIES	270
NOTE 31 GOVERNMENT GRANTS	272
NOTE 32 COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES	273
NOTE 33 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT	275
NOTE 34 FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS	292
NOTE 35 EARNINGS PER SHARE	294
NOTE 36 SUPPLEMENTARY CASH FLOW INFORMATION	295
NOTE 37 EVENTS AFTER THE BALANCE SHEET DATE	296

KOÇ HOLDİNG A.Ş. CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2022 AND 2021

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

	Notes	2022 Million EUR	2022 Million USD	Audited 2022 Million TL	Audited 2021 Million TL
ASSETS					
Current assets:					
Cash and cash equivalents	5	7.606	8.109	151.618	93.849
Balances with the Central Bank of the Republic of Turkey	6	6.569	7.004	130.959	103.245
Financial assets	7	1.211	1.291	24.145	14.483
Trade receivables	9	3.753	4.002	74.829	46.980
- Related parties	9	275	294	5.491	3.074
- Third parties	9	3.478	3.708	69.338	43.906
Receivables from finance sector operations	10	20.803	22.179	414.715	229.362
Derivative instruments	11	475	506	9.470	16.780
Inventories	12	3.939	4.199	78.521	46.258
Other receivables	21	592	631	11.795	6.585
Other current assets	22	4.314	4.600	86.003	48.396
		49.262	52.521	982.055	605.938
Assets held for sale	2	2	2	35	35
Total current assets		49.264	52.523	982.090	605.973
Non-current assets:					
Financial assets	7	11.499	12.260	229.232	118.155
Investments accounted for using the equity method	8	1.072	1.143	21.369	12.135
Trade receivables	9	56	60	1.119	776
- Third parties	9	56	60	1.119	776
Receivables from finance sector operations	10	10.684	11.390	212.975	187.381
Derivative instruments	11	666	710	13.271	8.828
Investment properties		18	19	358	369
Property, plant and equipment	13	3.663	3.906	73.026	51.168
Intangible assets		1.178	1.256	23.486	18.443
- Goodwill	14	327	349	6.519	5.582
- Other intangible assets	15	851	907	16.967	12.861
Deferred tax assets	18	1.047	1.116	20.871	13.057
Other non-current assets	22	241	257	4.797	4.268
Total non-current assets		30.124	32.117	600.504	414.580
Total assets		79.388	84.640	1.582.594	1.020.553

(¹) Euro ("EUR") and US Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") effective as of 31 December 2022, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

These consolidated financial statements as of and for the year ended 31 December 2022 have been approved for issue by the Board of Directors ("BOD") on 10 February 2023. These consolidated financial statements will be finalised following their approval in the General Assembly.

The accompanying notes form an integral part of these consolidated financial statements.

KOÇ HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2022 AND 2021

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

	Notes	2022 Million EUR	2022 Million USD	Audited 2022 Million TL	Audited 2021 Million TL
LIABILITIES					
Current liabilities:					
Short term borrowings	16	4.636	4.942	92.414	61.806
Short term portion of long-term borrowings	16	6.699	7.142	133.538	61.704
Trade payables	9	5.159	5.500	102.839	71.588
- Related parties	9	347	370	6.921	2.690
- Third parties	9	4.812	5.130	95.918	68.898
Payables of finance sector operations	17	35.476	37.822	707.203	445.328
Derivative instruments	11	373	398	7.433	12.944
Current income tax liabilities	18	285	304	5.682	2.565
Short term provisions	20	326	347	6.495	3.698
Other payables	21	638	680	12.719	4.778
Other current liabilities	22	3.877	4.137	77.332	45.266
Total current liabilities		57.469	61.272	1.145.655	709.677
Non-current liabilities:					
Long term borrowings	16	7.655	8.161	152.598	162.779
Payables of finance sector operations	17	263	280	5.237	5.846
Derivative instruments	11	402	429	8.017	9.158
Deferred tax liabilities	18	202	215	4.025	2.607
Long term provisions		734	782	14.630	7.348
- Long term provisions for employee benefits	19	573	611	11.424	4.899
- Other long-term provisions	20	161	171	3.206	2.449
Other non-current liabilities	22	263	280	5.234	2.033
Total non-current liabilities		9.519	10.147	189.741	189.771
Total liabilities		66.988	71.419	1.335.396	899.448
Equity:					
Paid-in share capital	23	127	136	2.536	2.536
Adjustment to share capital	23	49	52	967	967
Treasury shares	23	(1)	(1)	(19)	(19)
Share premium		0	0	9	9
Other comprehensive income/expense not to be reclassified to profit or loss	23	(176)	(188)	(3.509)	(620)
Other comprehensive income/expense to be reclassified to profit or loss	23	993	1.059	19.800	5.635
Restricted reserves	23	34	37	683	538
Prior years' income		2.964	3.160	59.080	39.402
Profit for the period		3.502	3.733	69.806	15.193
Equity holders of the parent		7.492	7.988	149.353	63.641
Non-controlling interests		4.908	5.233	97.845	57.464
Total equity		12.400	13.221	247.198	121.105
Total liabilities and equity		79.388	84.640	1.582.594	1.020.553

Commitments and contingent liabilities

32

⁽¹⁾ EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the official TL bid rate announced by the CBRT effective as of 31 December 2022, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

The accompanying notes form an integral part of these consolidated financial statements.

KOÇ HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

	Notes	2022 Million EUR	2022 Million USD	Audited 2022 Million TL	Audited 2021 Million TL
Revenue	24	42.221	44.306	733.868	273.653
Revenue from finance sector operations	24	9.665	10.142	167.989	73.036
Total revenue	4	51.886	54.448	901.857	346.689
Cost of sales	25	(35.059)	(36.790)	(609.386)	(227.236)
Cost of finance sector operations	25	(3.776)	(3.963)	(65.636)	(39.388)
Total costs		(38.835)	(40.753)	(675.022)	(266.624)
Gross profit (non-finance)		7.162	7.516	124.482	46.417
Gross profit (finance)		5.889	6.179	102.353	33.648
Gross profit		13.051	13.695	226.835	80.065
Marketing expenses	25	(1.932)	(2.027)	(33.573)	(15.587)
General administrative expenses	25	(1.971)	(2.068)	(34.257)	(16.942)
Research and development expenses	25	(60)	(63)	(1.038)	(631)
Other operating income	26	866	908	15.045	12.314
Other operating expenses	26	(2.076)	(2.179)	(36.082)	(30.424)
Share of profit/loss of investments accounted for using the equity method	8	714	750	12.416	5.880
Operating profit	4	8.592	9.016	149.346	34.675
Gains from investment activities	27	146	153	2.537	637
Losses from investment activities	27	(5)	(5)	(81)	(54)
Operating profit before financial income/(expense)		8.733	9.164	151.802	35.258
Financial income	28	1.537	1.613	26.720	39.892
Financial expense	28	(2.554)	(2.680)	(44.385)	(46.021)
Profit before tax	4	7.716	8.097	134.137	29.129
Tax income/(expense)		(915)	(961)	(15.917)	(2.944)
- Current income tax expense	18	(1.445)	(1.517)	(25.125)	(5.302)
- Deferred tax income	18	530	556	9.208	2.358
Profit for the period		6.801	7.136	118.220	26.185
Attributable to:					
Non-controlling interests	4	2.785	2.923	48.414	10.992
Equity holders of the parent	4	4.016	4.213	69.806	15.193
Earnings per share (Kr)	35			27,537	5,992

EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the EUR and USD average CBRT bid rates for the year ended 31 December 2022, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

The accompanying notes form an integral part of these consolidated financial statements.

KOÇ HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

	2022 (¹) Million EUR	2022 (¹) Million USD	Audited 2022 Million TL	Audited 2021 Million TL
Profit for the period	6.801	7.136	118.220	26.185
Other comprehensive income:				
Items not to be reclassified to profit/loss	(314)	(328)	(5.445)	(807)
Gains/(losses) on remeasurements of defined benefit plans	(276)	(289)	(4.791)	(732)
Share of other comprehensive income/(expenses) of investments accounted for using the equity method	(38)	(39)	(654)	(75)
Taxes relating to other comprehensive income not to be reclassified to profit/loss	56	58	965	154
Gains/(losses) on remeasurements of defined benefit plans, tax effect	56	58	965	154
Items to be reclassified to profit/loss	1.510	1.587	26.252	10.461
Currency translation differences	555	583	9.626	10.329
Gains/(losses) on financial assets measured at fair value through other comprehensive income	518	544	9.010	1.673
Gains/(losses) on hedges of net investments in foreign operations	(147)	(154)	(2.549)	(4.062)
Gains/(losses) on cash flow hedges	490	515	8.523	2.130
Share of other comprehensive income/(expenses) of investments accounted for using the equity method	94	99	1.642	391
Taxes relating to other comprehensive income to be reclassified to profit/loss	(215)	(227)	(3.748)	266
Gains/(losses) on financial assets measured at fair value through other comprehensive income, tax effect	(127)	(133)	(2.203)	(323)
Gains/(losses) on hedges of net investments in foreign operations, tax effect	38	39	652	993
Gains/(losses) on cash flow hedges, tax effect	(126)	(133)	(2.197)	(404)
Other comprehensive income	1.037	1.090	18.024	10.074
Total comprehensive income	7.838	8.226	136.244	36.259
Attributable to:				
Non-controlling interest	3.345	3.511	58.150	16.939
Equity holders of the parent	4.493	4.715	78.094	19.320

(¹) EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the EUR and USD average CBRT bid rates for the year ended 31 December 2022, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

The accompanying notes form an integral part of these consolidated financial statements.

KOÇ HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

					Items not to be reclassified to profit/loss
	Paid-in share capital	Adjustment to share capital	Treasury shares	Share premium	Gains/(losses) on remeasurement of defined benefit plans
Balances at 1 January 2021	2.536	967	-	9	(279)
Transfers	-	-	-	-	-
Dividends paid	-	-	-	-	-
Increase/(decrease) through treasury share transactions	-	-	(19)	-	-
Transactions with non-controlling interests	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-
Total comprehensive income/(expense)	-	-	-	-	(341)
Balances at 31 December 2021	2.536	967	(19)	9	(620)
Balances at 1 January 2022	2.536	967	(19)	9	(620)
Transfers	-	-	-	-	-
Dividends paid	-	-	-	-	-
Transactions with non-controlling interests ⁽¹⁾	-	-	-	-	(105)
Total comprehensive income/(expense)	-	-	-	-	(2.784)
Balances at 31 December 2022	2.536	967	(19)	9	(3.509)

⁽¹⁾ Significant portion of the transactions with non-controlling interests is related to the additional 18% share purchase of Yapı Kredi Bankası and treasury share transactions of Arçelik, a Subsidiary of the Group.

The accompanying notes form an integral part of these consolidated financial statements.

Items to be reclassified to profit/loss		Retained earnings							
Currency translation differences	Gains/(losses) on hedge	Gains/(losses) on financial assets measured at fair value through other comprehensive income	Restricted reserves	Prior years' income	Profit for the period	Equity holders of the parent	Non-controlling interests	Total equity	
3.173	(2.395)	389	524	32.145	9.273	46.342	41.729	88.071	
-	-	-	(5)	9.278	(9.273)	-	-	-	
-	-	-	-	(1.770)	-	(1.770)	(1.637)	(3.407)	
-	-	-	19	(19)	-	(19)	-	(19)	
-	-	-	-	(232)	-	(232)	(808)	(1.040)	
-	-	-	-	-	-	-	1.241	1.241	
5.290	(1.470)	648	-	-	15.193	19.320	16.939	36.259	
8.463	(3.865)	1.037	538	39.402	15.193	63.641	57.464	121.105	
8.463	(3.865)	1.037	538	39.402	15.193	63.641	57.464	121.105	
-	-	-	145	15.048	(15.193)	-	-	-	
-	-	-	-	(2.751)	-	(2.751)	(2.092)	(4.843)	
1.213	530	1.350	-	7.381	-	10.369	(15.677)	(5.308)	
6.088	1.641	3.343	-	-	69.806	78.094	58.150	136.244	
15.764	(1.694)	5.730	683	59.080	69.806	149.353	97.845	247.198	

Presentation

General Assembly

Koç Group

Sectors and Companies

Social Investments

Corporate Governance

Financial Statements

Other Information

KOÇ HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

	Notes	2022 Million EUR	2022 Million USD	Audited 2022 Million TL	Audited 2021 Million TL
A. Cash Flows From Operating Activities:					
Profit for the period		6.801	7.136	118.220	26.185
Adjustments to reconcile profit for the period to cash generated from operating activities:					
Tax expense/(income)	18	916	961	15.917	2.944
Undistributed profits of investments account for using the equity method	8	(714)	(750)	(12.416)	(5.880)
Depreciation and amortisation	4	475	499	8.260	5.286
Adjustments for provisions	36	270	283	4.692	2.537
Adjustments for impairment loss/(reversal of impairment loss)	36	1.040	1.091	18.072	4.307
Adjustments for non-finance sector interest (income)/expenses, net	28	535	562	9.303	4.992
Adjustments for finance sector interest (income)/expenses		(2.907)	(3.050)	(50.524)	(14.630)
Fair value losses/(gains) on derivative instruments		641	673	11.141	1.796
Fair value losses/(gains) on financial investments	27	(21)	(22)	(372)	-
Unrealised foreign exchange losses/(gains)		1.137	1.192	19.748	21.304
- Exchange (gains)/losses on borrowings, net		3.573	3.749	62.097	74.158
- Exchange (gains)/losses on cash and cash equivalents, net		(2.436)	(2.557)	(42.349)	(52.854)
Losses/(gains) on disposal of non-current assets	27	(21)	(22)	(363)	(265)
Gain from bargain purchase	27	(84)	(88)	(1.462)	(235)
Adjustments for dividend income	27	(5)	(5)	(91)	(9)
Losses/(gains) on disposal of non-current assets held for sale	27	-	-	-	3
Changes in working capital	36	(438)	(460)	(7.613)	3.791
Income taxes refund/(paid)		(1.259)	(1.321)	(21.876)	(4.065)
Dividends received from Joint Ventures, net	8	279	292	4.843	2.063
Total cash flows from operating activities		6.645	6.971	115.479	50.664
B. Cash Flows From Investing Activities:					
Cash outflows from purchases of property, plant and equipment and intangible assets	4	(1.588)	(1.666)	(27.596)	(12.528)
Cash inflows from sale of property, plant and equipment and intangible assets		220	230	3.816	2.410
Cash outflows from acquisition of additional interest in Subsidiaries		(203)	(213)	(3.532)	-
Cash inflows/outflows from acquisition/payments to gain control of Subsidiaries, net	3	78	82	1.354	(2.570)
Cash outflows from acquisition of interest/capital increase in financial assets		(19)	(20)	(332)	(303)
Cash outflows from capital increase of Joint Ventures	8	(28)	(29)	(485)	(200)
Cash outflows from acquisition of interest in Joint Ventures	8	(10)	(11)	(180)	-
Dividends received	27	5	5	91	9
Cash inflows from disposal of non-current assets held for sale		-	-	-	2
Other cash inflows/(outflows)		(3.427)	(3.596)	(59.557)	(40.420)
- Cash outflows from purchase/sale of financial assets measured at fair value through other comprehensive income and measured at amortised cost, net		(3.427)	(3.596)	(59.557)	(40.420)
Total cash flows from investing activities		(4.972)	(5.218)	(86.421)	(53.600)
C. Cash Flows From Financing Activities:					
Dividends paid		(279)	(292)	(4.843)	(3.407)
Cash inflows from borrowings	16	6.438	6.756	111.897	82.826
Cash outflows from repayments of borrowings	16	(4.771)	(5.007)	(82.937)	(60.102)
Cash inflows/(outflows) from derivative instruments, net		(707)	(742)	(12.286)	(2.692)
Cash outflows from payments of lease liabilities	16	(125)	(131)	(2.178)	(1.381)
Non-finance sectors interest paid		(572)	(600)	(9.942)	(5.738)
Non-finance sectors interest received		164	172	2.845	1.755
Transactions with non-controlling interests		(108)	(114)	(1.883)	(1.040)
Cash outflows from purchase of treasury shares	23	-	-	-	(19)
Total cash flows from financing activities		40	42	673	10.202
Effect of exchange rate changes on cash and cash equivalents		2.434	2.557	42.349	52.853
Net increase/(decrease) in cash and cash equivalents		4.147	4.352	72.080	60.119
Cash and cash equivalents at the beginning of the period		8.326	8.737	144.718	84.599
Cash and cash equivalents at the end of the period	36	12.473	13.089	216.798	144.718

EUR and USD amounts presented above have been translated from TL for convenience purposes only, at the EUR and USD average CBRT bid rates for the year ended 31 December 2022, and therefore do not form part of these consolidated financial statements (Note 2.1.3).

The accompanying notes form an integral part of these consolidated financial statements.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Koç Holding A.Ş. ("Koç Holding") was established on 11 December 1963 in Turkey. Koç Holding's business activities include ensuring the establishment of participating in various companies and promoting the achievements of these companies; ensuring a more profitable, efficient management appropriate for current conditions and creating common service areas and therefore lightening the financial burden of these services on the companies.

Total end of period and average number of personnel employed by the Parent Company Koç Holding, its Subsidiaries and Joint Ventures (together referred as the "Group") by their categories are as follows:

	End of period		Average	
	2022	2021	2022	2021
Monthly paid	52.952	48.678	50.833	46.784
Hourly paid	61.725	57.230	60.080	56.447
Total number of personnel	114.677	105.908	110.913	103.231

The registered address of Koç Holding is as follows:

Nakkaştepe Azizbey Sok. No: 1

Kuzguncuk-İSTANBUL

Koç Holding is subject to regulations of the Capital Markets Board ("CMB") and its shares have been quoted on the Borsa İstanbul ("BIST") since 10 January 1986. As of 31 December 2022, shareholding structure of Koç Holding is as follows:

	%
Companies owned by Koç Family members	45,05
Koç Family members	18,65
Vehbi Koç Vakfı	7,26
Koç Holding Emekli ve Yardım Sandığı Vakfı	2,35
Other ⁽¹⁾	26,69
	100,00

⁽¹⁾ Includes treasury shares of 0,04% as of 31 December 2022 (Note 23).

Koç Holding is organised mainly in Turkey under five core business segments:

- Energy
- Automotive
- Consumer durables
- Finance
- Other ⁽¹⁾

⁽¹⁾ Other operations of Group mainly comprise of food, retail, tourism, information technologies and ship construction, none of which are of a sufficient size to be reported separately.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

The subsidiaries ("Subsidiaries"), the joint ventures ("Joint Ventures") and the associates ("Associates") included in the consolidation scope of Koç Holding, their country of incorporation, nature of business and their respective business segments are as follows:

Energy Sector

Subsidiaries	Country of incorporation	Nature of business
Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. ("Akpa")	Turkey	Marketing
Anadoluhisari Tankercilik A.Ş. ("Anadoluhisari Tankercilik")	Turkey	Petroleum Shipping
Aygaz A.Ş. ("Aygaz")	Turkey	LPG
Aygaz Doğal Gaz İletim A.Ş. ("Aygaz İletim")	Turkey	Natural Gas
Aygaz Doğal Gaz Toptan Satış A.Ş. ("Aygaz Toptan Satış")	Turkey	Natural Gas
Bakırköy Tankercilik A.Ş. ("Bakırköy Tankercilik")	Turkey	Petroleum Shipping
Bal Kaynak Su İhracat İthalat San. ve Tic. A.Ş. ("Bal Kaynak Su")	Turkey	Trading of Water Products
Beykoz Tankercilik A.Ş. ("Beykoz Tankercilik")	Turkey	Petroleum Shipping
Çengelköy Tankercilik A.Ş. ("Çengelköy Tankercilik")	Turkey	Petroleum Shipping
Ditaş Deniz İşletmeciliği ve Tic. A.Ş. ("Ditaş")	Turkey	Petroleum Shipping
Enerji Yatırımları A.Ş. ("Enerji Yatırımları")	Turkey	Investment
Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ("Eltek")	Turkey	Power Generation
Enspire Enerji Yatırımları ve Hizmetleri A.Ş. ("Enspire Enerji")	Turkey	Power Generation
Entek Elektrik Üretimi A.Ş. ("Entek")	Turkey	Power Generation
Göztepe Tankercilik A.Ş. ("Göztepe Tankercilik")	Turkey	Petroleum Shipping
Kadıköy Tankercilik A.Ş. ("Kadıköy Tankercilik")	Turkey	Petroleum Shipping
Kandilli Tankercilik A.Ş. ("Kandilli Tankercilik")	Turkey	Petroleum Shipping
Karaköy Tankercilik A.Ş. ("Karaköy Tankercilik")	Turkey	Petroleum Shipping
Karşıyaka Tankercilik A.Ş. ("Karşıyaka Tankercilik")	Turkey	Petroleum Shipping
Kartal Tankercilik A.Ş. ("Kartal Tankercilik")	Turkey	Petroleum Shipping
Körfez Ulaştırma A.Ş. ("Körfez")	Turkey	Air, Sea, Road and Railway Transportation
Kuleli Tankercilik A.Ş. ("Kuleli Tankercilik")	Turkey	Petroleum Shipping
Kuruçeşme Tankercilik A.Ş. ("Kuruçeşme Tankercilik") ⁽¹⁾	Turkey	Petroleum Shipping
Kuzguncuk Tankercilik A.Ş. ("Kuzguncuk Tankercilik")	Turkey	Petroleum Shipping
Maltepe Tankercilik A.Ş. ("Maltepe Tankercilik")	Turkey	Petroleum Shipping
Menzelet Kılavuzlu Elektrik Üretimi A.Ş. ("Menzelet Kılavuzlu Elektrik")	Turkey	Power Generation
Pendik Tankercilik A.Ş. ("Pendik Tankercilik")	Turkey	Petroleum Shipping
Salacak Tankercilik A.Ş. ("Salacak Tankercilik")	Turkey	Petroleum Shipping
Sarıyer Tankercilik A.Ş. ("Sarıyer Tankercilik")	Turkey	Petroleum Shipping
Sendeo Dağıtım Hizmetleri A.Ş. ("Sendeo")	Turkey	Cargo Transport/Distribution
Süloğlu Elektrik Üretimi A.Ş. ("Süloğlu Elektrik")	Turkey	Power Generation
T Damla Denizcilik A.Ş. ("T Damla Denizcilik")	Turkey	Mooring and Tug Service
Tuzla Tankercilik A.Ş. ("Tuzla Tankercilik")	Turkey	Petroleum Shipping
Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş")	Turkey	Production and Trading of Petroleum Products
Tüpraş Enerji Girişimleri A.Ş. ("Tüpraş Enerji Girişimleri") ⁽¹⁾	Turkey	Petroleum Products Trading
Tüpraş Trading Ltd. ("Tüpraş Trading")	The UK	Petroleum Products Trading
Üsküdar Tankercilik A.Ş. ("Üsküdar Tankercilik")	Turkey	Petroleum Shipping

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Güney Tankercilik A.Ş. ("Güney Tankercilik")	Türk Hava Yolları	Turkey	Petroleum Shipping
Kuzey Tankercilik A.Ş. ("Kuzey Tankercilik")	Türk Hava Yolları	Turkey	Petroleum Shipping
Opet Aygaz Gayrimenkul A.Ş. ("Opet Aygaz Gayrimenkul")	Öztürk Family	Turkey	Real Estate
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. ("Opet Fuchs")	Fuchs Petrolub SE	Turkey	Lubricant Trading
Opet International Limited ("Opet International")	Öztürk Family	The UK	Petroleum Products Trading
Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş. ("Opet Market ve Akaryakıt")	Öztürk Family	Turkey	Petroleum Products Trading and Retail
Opet Petrolcülük A.Ş. ("Opet")	Öztürk Family	Turkey	Petroleum Products Trading
Opet Trade B.V. ("Opet Trade BV")	Öztürk Family	Netherlands	Petroleum Products Trading
Tasfiye Halinde Opet Trade (Singapore) Pte. Ltd. ("Opet Singapore") ⁽²⁾	Öztürk Family	Singapore	Petroleum Products Trading
THY Opet Havacılık Yakıtları A.Ş. ("THY Opet")	Türk Hava Yolları	Turkey	Petroleum Products Trading
United LPG Ltd. ("United LPG") ⁽³⁾	United Enterprises & Co. Ltd.	Bangladesh	LPG Supply, Filling and Distribution

⁽¹⁾ Established in 2022.

⁽²⁾ In the process of liquidation.

⁽³⁾ Aygaz acquired 50% of United LPG shares in 2021. With the Shareholders Agreement signed on 20 January 2021, the title of the joint venture company was decided to be United Aygaz LPG Ltd., which will be effective following the completion of necessary approvals.

Automotive Sector

Subsidiaries	Country of incorporation	Nature of business
Olympic Commercial and Tourist Enterprises S.A. ("Olympic")	Greece	Car Rental and Trading
Otokar Europe SAS ("Otokar Europe")	France	Sales and Marketing
Otokar Europe Filiala Bucuresti S.R.L. ("Otokar Europe Filiala")	Romania	Sales and Marketing
Otokar Land Systems LLC ("Otokar Land Systems")	UAE	Sales and Marketing
Otokar Otomotiv ve Savunma Sanayi A.Ş. ("Otokar")	Turkey	Production
Otokoç ABG Hollanda B.V. ("Otokoç Hollanda")	The Netherlands	Investment
Otokoç Azerbaijan MMC ("Otokoç Azerbaijan")	Azerbaijan	Car Rental
Otokoç Otomotiv Tic. Ve San. A.Ş. ("Otokoç")	Turkey	Car Rental and Trading
Otokoç Hungary KFT ("Otokoç Hungary")	Hungary	Car Rental
Otokoç Kazakhstan LLP ("Otokoç Kazakhstan") ⁽¹⁾	Kazakhstan	Car Rental
Otokoç Sigorta Aracılık Hizmetleri A.Ş. ("Otokoç Sigorta")	Turkey	Insurance

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Al Jasoor Heavy Vehicle Industry LLC ("Al Jasoor")	Tawazun	UAE	Sales and Marketing
Fer Mas Oto Ticaret A.Ş. ("Fer-Mas")	Stellantis N.V.	Turkey	Trading
Ford Otomotiv Sanayi A.Ş. ("Ford Otosan")	Ford Deutschland Holding GmbH	Turkey	Production
Ford Otosan Netherlands B.V. ("Ford Netherlands") ⁽¹⁾	Ford Deutschland Holding GmbH	The Netherlands	Sales and Marketing
Ford Romania SRL ("Ford Romania") ⁽²⁾	Ford Deutschland Holding GmbH	Romania	Production
Koç Fiat Kredi Finansman A.Ş. ("Fiat Finans")	Stellantis N.V.	Turkey	Consumer Finance
Koç Fiat Sigorta Aracılık Hizmetleri A.Ş. ("Koç Fiat Sigorta") ⁽³⁾	Stellantis N.V.	Turkey	Insurance
Tofaş Türk Otomobil Fabrikası A.Ş. ("Tofaş")	Stellantis N.V.	Turkey	Production
Türk Traktör ve Ziraat Makinaları A.Ş. ("Türk Traktör")	CNH Österreich GmbH	Turkey	Production

⁽¹⁾ Included in the scope of consolidation in 2022.

⁽²⁾ Acquired in 2022 (Note 3).

⁽³⁾ Established in 2022.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Consumer Durables Sector

Subsidiaries	Country of incorporation	Nature of business
Arçelik A.Ş. ("Arçelik")	Turkey	Production/Sales
Arçelik Hitachi Home Appliances B.V. ("Arçelik Hitachi")	The Netherlands	Holding
Arçelik Hitachi Home Appliances IBC Co. Ltd. ("Arçelik Hitachi Thailand IBC") ⁽¹⁾	Thailand	Services
Arçelik Hitachi Home Appliances (Shanghai) Co., Ltd. ("Arçelik Hitachi Shanghai")	China	Production/Sales
Arçelik Hitachi Home Appliances (Thailand) Ltd. ("Arçelik Hitachi Thailand")	Thailand	Production/Sales
Arçelik Hitachi Home Appliances Sales (Singapore) Pte. Ltd ("Arçelik Hitachi Singapore")	Singapore	Sales
Arçelik Hitachi Home Appliances Sales (Thailand) Ltd. ("Arçelik Hitachi Sales Thailand")	Thailand	Sales
Arçelik Hitachi Home Appliances Sales Malaysia Sdn. Bhd. ("Arçelik Hitachi Malaysia")	Malaysia	Sales
Arçelik Hitachi Home Appliances Sales Middle East Fze ("Arçelik Hitachi Dubai")	United Arab Emirates	Sales
Arçelik Hitachi Home Appliances Sales Vietnam Co., Ltd. ("Arçelik Hitachi Vietnam")	Vietnam	Sales
Arçelik Hitachi Home Appliances Sales Hong Kong Limited ("Arçelik Hitachi Hong Kong")	Hong Kong, China	Sales
Arçelik Hitachi Taiwan Home Appliances Sales Ltd. ("Arçelik Hitachi Taiwan")	Taiwan	Sales
Arçelik Pazarlama A.Ş. ("Arçelik Pazarlama")	Turkey	Service/Sales/Marketing
Arch R&D Co. Ltd. ("Arch R&D")	China	R&D
Arcwaste Collection SRL ("Arcwaste")	Romania	Services
Ardutch B.V. ("Ardutch")	The Netherlands	Holding
Ardutch B.V. Taiwan ("Ardutch Taiwan")	Taiwan	Procurement
Beko A and NZ Pty Ltd. ("Beko Australia")	Australia	Sales
Beko A and NZ Pty Ltd. New Zealand Branch ("Beko New Zealand")	New Zealand	Sales
Beko APAC IBC Co. ("Beko APAC")	Thailand	Services
Beko Appliances Indonesia, PT ("Beko Indonesia")	Indonesia	Sales
Beko Appliances Malaysia Sdn Bhd. ("Beko Malaysia")	Malaysia	Sales
Beko Azerbaijan MMC ("Beko Azerbaijan") ⁽²⁾	Azerbaijan	Sales
Beko Balkans D.O.O ("Beko Balkans")	Serbia	Sales
Beko Central Asia LLC ("Beko Central Asia")	Kazakhstan	Sales
Beko Cesko ("Beko Cesko") ⁽³⁾	Czechia	-
Beko Egypt Home Appliances Industries LLC ("Beko Egypt LLC") ⁽²⁾	Egypt	Production/Sales
Beko Egypt Trading LLC ("Beko Egypt")	Egypt	Sales
Beko Electronics España S.L. ("Beko Espana")	Spain	Sales
Beko France S.A.S. ("Beko France")	France	Sales
Beko Grundig Croatia d.o.o ("Beko Grundig Croatia") ⁽²⁾	Croatia	Sales
Beko Grundig Deutschland GmbH ("Beko Deutschland")	Germany	Sales
Beko Grundig Deutschland GmbH Croatia Branch Office ("Beko Croatia")	Croatia	Sales
Beko Grundig Hellas Single Member SA ("Beko Greece") ⁽²⁾	Greece	Sales
Beko Grundig Österreich AG ("Beko Österreich") ⁽⁴⁾	Austria	Sales
Beko Grundig Schweiz GmbH ("Beko Switzerland")	Switzerland	Sales
Beko Gulf FZE ("Beko Gulf")	UAE	Sales
Beko Home Appliances Portugal, Unipessoal LDA ("Beko Portugal")	Portugal	Sales
Beko Hong Kong Ltd. ("Beko Hong Kong")	Hong Kong, China	Procurement
Beko Hungary Kft ("Beko Hungary") ⁽²⁾	Hungary	Sales
Beko Israel Household Appliances Ltd. ("Beko Israel")	Israel	Marketing
Beko Italy SRL ("Beko Italy")	Italy	Sales
Beko LLC. ("Beko Russia")	Russia	Production/Sales
Beko Morocco Household Appliances SARL ("Beko Morocco")	Morocco	Sales
Beko Pilipinas Corporation ("Beko Philippines")	Philippines	Sales
Beko Plc. ("Beko UK")	The UK	Sales
Beko Plc. ("Beko Ireland")	Ireland	Sales
Beko Shanghai Trading Company Ltd. ("Beko Shanghai")	China	Sales
Beko Slovakia S.R.O. ("Beko Slovakia")	Slovakia	Sales
Beko S.A. ("Beko Polska")	Poland	Sales
Beko S.A. Czech Republic ("Beko Czech")	Czechia	Sales
Beko Thai Co.Ltd. ("Beko Thailand")	Thailand	Production/Sales
Beko Ukraine LLC ("Beko Ukraine")	Ukraine	Sales
Beko US INC. ("Beko US")	United States of America	Sales
Bilkom Bilişim Hizmetleri A.Ş. ("Bilkom")	Turkey	Trading
Changzhou Beko Electrical Appliances Co. Ltd. ("Beko China")	China	Production/Sales
Dawlance (Private) Ltd. ("DPL")	Pakistan	Production/Sales

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Consumer Durables Sector (Continued)

Subsidiaries	Country of incorporation	Nature of business
Defy Appliances (Proprietary) Limited ("Defy")	Republic of South Africa	Production/Sales
Defy (Botswana) (Proprietary) Limited ("Defy Botswana")	Botswana	Sales
Defy (Namibia) (Proprietary) Limited ("Defy Namibia")	Namibia	Sales
Defy Sales East Africa Limited ("Defy Kenya")	Kenya	Sales
Defy (Swaziland) (Proprietary) Limited ("Defy Swaziland")	Swaziland	Sales
DEL Electronics (Pvt.) Ltd. ("DEL")	Pakistan	Sales
Grundig Intermedia Ges.m.b.H ("Grundig Austria") ⁽³⁾	Austria	-
Grundig Multimedia A.G. ("Grundig Switzerland")	Switzerland	Sales
Grundig Nordic AB. ("Grundig Sweden")	Sweden	Sales
Grundig Nordic AB Finland Branch of Grundig Nordic AB ("Grundig Finland")	Finland	Sales
Grundig Nordic No AS ("Grundig Norway")	Norway	Sales
Grundig Nordic Denmark Branch of Grundig Nordic AS ("Grundig Denmark")	Denmark	Sales
IHP Appliances Sales LLC ("IHP Appliances Sales") ⁽⁵⁾	Russia	Sales
IHP Appliances JSC ("IHP Appliances JSC") ⁽⁵⁾	Russia	Production/Sales
IHP Kazakhstan LLP ("IHP Kazakhstan LLP") ⁽⁵⁾	Kazakhstan	Sales
Life Tech Trading DMCC ("Life Tech")	United Arab Emirates	Sales
Pan Asia Private Equity Ltd. ("Pan Asia")	British Virgin Islands	Holding
PT Arçelik Hitachi Home Appliances Sales Indonesia ("Arçelik Hitachi Indonesia")	Indonesia	Sales
PT Home Appliances Indonesia ("PT Home")	Indonesia	Sales
Retail Holdings Bhold B.V. ("Retail Holdings")	The Netherlands	Holding
SC Arctic SA ("Arctic")	Romania	Production/Sales
Singer Bangladesh Limited ("Singer Bangladesh")	Bangladesh	Production/Sales
United Refrigeration Industries Ltd. ("United Refrigeration")	Pakistan	Production/Sales
Vietbeko Limited Liability Company ("Vietbeko")	Vietnam	Sales
Wat Mobilite Çözümleri Teknoloji ve Ticaret A.Ş. ("Wat Mobilite") ⁽²⁾	Turkey	Sales
Wat Motor San. ve Tic. A.Ş. ("Wat Motor")	Turkey	Production/Sales

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Arçelik-LG Klima San. ve Tic. A.Ş. ("Arçelik LG")	LG Electronics Inc.	Turkey	Air Conditioner Production
VoltBek Home Appliances Private Limited ("VoltBek")	Tata Group	India	Production/Sales

⁽¹⁾ Arçelik Hitachi Home Appliances IBC Co. Ltd. ("Arçelik Hitachi Thailand IBC") started its operations on January 2022 following the completion of capital transfer and other transactions.

⁽²⁾ Established in 2022.

⁽³⁾ Non-operational companies as of the balance sheet date.

⁽⁴⁾ The title of Elektra Bregenz AG ("Elektra Bregenz") was changed as Beko Grundig Österreich AG ("Beko Österreich") on 11 January 2022.

⁽⁵⁾ In accordance with the share purchase agreement signed between Arçelik and Whirlpool EMEA S.p.A., the purchase of the entire shares of IHP Appliances Sales LLC (formerly: Whirlpool RUS LLC), IHP Appliances JSC (formerly: Indesit International JSC) and IHP Kazakhstan LLP (formerly: Whirlpool Kazakhstan LLP) was completed as of 31 August 2022 (Note 3).

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Finance Sector

Subsidiaries	Country of incorporation	Nature of business
Koç Finansal Hizmetler A.Ş. ("Koç Finansal Hizmetler" or "KFS")	Turkey	Holding
Koç Finansman A.Ş. ("Koç Finansman")	Turkey	Consumer Finance
Stiching Custody Services YKB ("Stiching Custody")	The Netherlands	Custody
Yapı Kredi Azerbaijan C.J.S.C. ("Yapı Kredi Azerbaijan")	Azerbaijan	Banking
Yapı Kredi Bankası Nederland N.V. ("Yapı Kredi Nederland")	The Netherlands	Banking
Yapı Kredi Diversified Payment Rights Finance Company ("Yapı Kredi SPC") ⁽¹⁾	Cayman Islands	Special Purpose
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	Turkey	Factoring
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Finansal Kiralama")	Turkey	Leasing
Yapı Kredi Holding B.V. ("Yapı Kredi Holding")	The Netherlands	Financial Consulting
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	Turkey	Portfolio Management
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Yatırım")	Turkey	Brokerage
Yapı ve Kredi Bankası A.Ş. ("Yapı Kredi Bankası")	Turkey	Banking
Associates	Country of incorporation	Nature of Business
Allianz Yaşam ve Emeklilik A.Ş. ("Allianz Emeklilik")	Turkey	Insurance
Banque de Commerce et de Placements S.A. ("Banque de Commerce")	Switzerland	Banking

⁽¹⁾ Although Yapı Kredi Bankası has no shareholding interest, the special purpose company established for securitisation transactions is included in the scope of consolidation.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

Other Sectors

Subsidiaries	Country of incorporation	Nature of business
Ayvalık Marina ve Yat İşletmeciliği San. Ve Tic. A.Ş. ("Ayvalık Marina")	Turkey	Tourism
Divan Turizm İşletmeleri A.Ş. ("Divan")	Turkey	Tourism
Düzyol Tüketim Malları Sanayi Pazarlama A.Ş. ("Düzyol")	Turkey	Trading
Entegart Teknoloji Çözümleri ve Hizmetleri A.Ş. ("Entegart")	Turkey	Technology
Koç Bilgi ve Savunma Teknolojileri A.Ş. ("Koç Bilgi ve Savunma")	Turkey	Technology
KoçDigital Çözümler A.Ş. ("KoçDigital")	Turkey	Technology
Koç Investments B.V. ("Koç Investments")	The Netherlands	Investment
KoçSistem Bilgi ve İletişim Hizmetleri A.Ş. ("Koç Sistem")	Turkey	Technology
KoçSistem Azerbaijan LLC ("Koç Sistem Azerbaijan")	Azerbaijan	Technology
Koç Yapı Malzemeleri Ticaret A.Ş. ("Koç Yapı Malzeme")	Turkey	Trading
Marmaris Altinyunus Turistik Tesisleri A.Ş. ("Mares")	Turkey	Tourism
Ram Dış Ticaret A.Ş. ("Ram Dış Ticaret")	Turkey	Foreign Trade
RMK Marine Gemi Yapım Sanayi ve Deniz Taş. İşl. A.Ş. ("RMK Marine")	Turkey	Ship Construction
Setur Antalya Marina İşletmeciliği A.Ş. ("Antalya Marina")	Turkey	Tourism
Setur Servis Turistik A.Ş. ("Setur")	Turkey	Tourism
Setur Yalova Marina İşletmeciliği A.Ş. ("Yalova Marina")	Turkey	Tourism
Tat Gıda Sanayi A.Ş. ("Tat Gıda")	Turkey	Food
Tek-Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri A.Ş. ("Tek-Art Marina")	Turkey	Tourism
Token Azerbaijan MMC ("Token Azerbaijan") ⁽¹⁾	Azerbaijan	Payment Services
Token Finansal Teknolojiler A.Ş. ("Token")	Turkey	Information Technologies
Token Ödeme Hizmetleri ve Elektronik Para A.Ş. ("Token Ödeme Hizmetleri")	Turkey	Payment Services
Token International Holdings B.V. ("Token International")	The Netherlands	Holding
Token Payment Services SRL ("Token Payment")	Romania	Payment Services
Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer Ticaret")	Turkey	Trading

Joint Ventures	Joint Venture Partner	Country of incorporation	Nature of business
Ingage Dijital Pazarlama Hizmetleri A.Ş. ("Ingage")	Russell Square Holding	Turkey	Digital Marketing
Koçtaş Yapı Marketleri Ticaret A.Ş. ("Koçtaş Yapı Market")	Kingfisher Plc	Turkey	Retail
Makmarin Kaş Marina İşl. Turizm ve Tic. A.Ş. ("Kaş Marina")	Makyol İnşaat	Turkey	Tourism
Netsel Turizm Yatırımları A.Ş. ("Netsel")	Torunlar GYO A.Ş.	Turkey	Tourism

⁽¹⁾ Established in 2022.

For the purpose of segment presentation in these consolidated financial statements; Koç Holding's stand-alone financial statements have been included in the "Other" segment (Note 4).

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards ("TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676.

POA made an announcement on 20 January 2022 in order to eliminate the hesitations regarding the application of TAS 29 Financial Reporting in Hyperinflationary Economies (IAS 29 Financial Reporting in Hyperinflationary Economies) in 2021 financial reporting period for the entities applying Turkish Financial Reporting Standards ("TFRS"). Accordingly, it has been stated that the entities applying TFRS should not adjust financial statements for TAS 29 Financial Reporting in Hyperinflationary Economies, and no new explanation has been made by the POA regarding the application of TAS 29. Considering that no new explanation has been made as of the date of these consolidated financial statements were prepared, no inflation adjustment was made in accordance with TAS 29 while preparing the consolidated financial statements as of 31 December 2022.

The accompanying consolidated financial statements are presented in accordance with the "Announcement regarding to TAS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

Koç Holding, its Subsidiaries and Joint Ventures registered in Turkey maintain their books of account and prepare their statutory financial statements in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Treasury and Finance, banking law, accounting principles and instructions promulgated by the Banking Regulation and the Supervision Agency ("BRSA") and TFRS together with notes and explanations related to the accounting and financial reporting standards issued by POA in case of no specific regulations have been introduced by these institutions. Foreign Subsidiaries, Joint Ventures and Associates maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under the historical cost conversion except for the financial assets and liabilities presented at fair values, and the revaluations related to the differences between the carrying value and fair value of the non-current assets recognised in business combinations. Adjustments and restatements, required for the fair presentation of the consolidated financial statements in conformity with the TFRS, have been accounted for in the statutory financial statements, which are prepared in accordance with the historical cost principle.

2.1.2 Comparatives and adjustment of prior periods' financial statements

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

2.1.3 EUR and USD amounts presented in the financial statements

EUR and USD amounts shown in the consolidated balance sheet prepared in accordance with the TFRS have been translated from TL, as a matter of arithmetic computation only, at the official EUR and USD bid rates announced by the CBRT effective as of 31 December 2022 of TL19,9349 = EUR1 and TL18,6983 = USD1, respectively and EUR and USD amounts shown in the consolidated statements of income, comprehensive income and cash flow have been translated from TL, as a matter of arithmetic computation only, at the average EUR and USD bid rates calculated from the official daily bid rates announced by the CBRT for the year ended 31 December 2022 of TL17,3818 = EUR1 and TL16,5638 = USD1, respectively, and do not form part of these consolidated financial statements.

2.2 Amendments in International Financial Reporting Standards

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January - 31 December 2022 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2021 except for the new and amended TFRS standards which are valid as of 1 January 2022 and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations summarised below.

Standards, amendments and interpretations effective as of 1 January 2022:

- TFRS 16 - "Leases - COVID 19 Related Rent Concessions (Amendments)"
- Annual improvements and amendments on TFRSs - TFRS 3, TAS 16, TAS 37, TFRS 1, TFRS 9, TAS 41 and TFRS 16

These amendments did not have any significant impact on the financial position or performance of the Group.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Standards and amendments that are issued but not effective as of 31 December 2022:

- TAS 1 - "Non-current liabilities with covenants (Amendments)"
- TAS 1 - "Practice statement 2" and narrow scope amendments on TAS 8
- TAS 12 - "Deferred tax related to assets and liabilities arising from a single transaction (Amendments)"
- TFRS 16 - "Lease on sale and leaseback"

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

2.3 Changes in Accounting Policies, Estimates and Errors

Any change in accounting policies resulting from the first time adoption of a new TFRS is made either retrospectively or prospectively in accordance with the transition requirements of TFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements.

If changes in accounting estimates are related to only one period, they are recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised both in the period where the change is applied and in future periods prospectively. The Group does not have any significant changes in accounting policy or accounting estimates in the current period.

2.4 Summary of Significant Accounting Policies

Accounting policies used in the preparation of consolidated financial statements are summarised below:

2.4.1 Group accounting

- a) The consolidated financial statements include the accounts of the parent company, Koç Holding, its Subsidiaries, its Joint Ventures and its Associates on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with "TFRS" and the application of uniform accounting policies and presentation.
- b) Subsidiaries are companies over which Koç Holding has the power to control the financial and operating policies for the benefit of Koç Holding, either (a) through the power to exercise more than 50% of voting rights relating to the shares in the companies as a result of the ownership interest owned directly and indirectly by itself, and by certain Koç Family members or companies owned by them whereby Koç Holding exercises control over the ownership interest of the shares held by them and shares to be used according to Koç Holding preferences; or (b) although not having the power to exercise more than 50% of the ownership interest, Koç Holding has power to control the investee due to the dispersed capital structure of the investee and/or Koç Holding has rights or is exposed to variable returns from its involvement with the investee and when at the same time it has the power to affect these returns through its power over the investee.

The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Koç Holding and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Koç Holding and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by Koç Holding in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Subsidiaries included in the scope of the consolidation and their effective interests (%):

Subsidiaries	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	2022	2021	2022	2021	2022	2021	2022	2021
Akpa	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Anadoluhisari Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Antalya Marina	59,71	59,71	100,00	100,00	-	-	100,00	100,00
Arch R&D ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Arctic ⁽¹⁾	43,68	41,47	96,72	96,72	-	-	96,72	96,72
Arcwaste ⁽¹⁾	43,68	41,47	96,72	96,72	-	-	96,72	96,72
Arçelik ⁽¹⁾	45,16	42,87	50,75	45,95	11,42	11,42	62,17	57,37
Arçelik Hitachi ⁽¹⁾	27,10	25,72	60,00	60,00	-	-	60,00	60,00
Arçelik Hitachi China ⁽²⁾	-	25,72	-	100,00	-	-	-	100,00
Arçelik Hitachi Dubai ⁽¹⁾	27,10	25,72	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Hong Kong ⁽¹⁾	27,10	25,72	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Indonesia ⁽¹⁾	18,29	17,36	67,50	67,50	-	-	67,50	67,50
Arçelik Hitachi Malaysia ⁽¹⁾	27,10	25,72	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Sales Thailand ⁽¹⁾	27,10	25,72	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Shanghai ⁽¹⁾	25,74	24,44	95,00	95,00	-	-	95,00	95,00
Arçelik Hitachi Singapore ⁽¹⁾	27,10	25,72	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Taiwan ⁽¹⁾	27,10	25,72	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Thailand ⁽¹⁾	22,78	21,62	84,07	84,07	-	-	84,07	84,07

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Subsidiaries	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	2022	2021	2022	2021	2022	2021	2022	2021
Arçelik Hitachi Thailand IBC ^(1,3)	27,10	25,72	100,00	100,00	-	-	100,00	100,00
Arçelik Hitachi Vietnam ⁽¹⁾	27,10	25,72	100,00	100,00	-	-	100,00	100,00
Arçelik Pazarlama ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Arçelik Üretim ve Teknoloji ⁽⁴⁾	-	42,87	-	100,00	-	-	-	100,00
Ardutch ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Ardutch Taiwan ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Aygaz	40,68	40,68	40,68	40,68	10,53	10,53	51,21	51,21
Aygaz İletim	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Aygaz Toptan Satış	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Ayvalık Marina ⁽⁵⁾	59,97	60,17	97,45	95,57	2,55	4,43	100,00	100,00
Bakırköy Tankercilik ^(6,20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
Bal Kaynak Su	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Beko APAC ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Australia ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Azerbaycan ⁽⁷⁾	45,16	-	100,00	-	-	-	100,00	-
Beko Balkans ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Central Asia ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Cesko ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko China ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Croatia ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Czech ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Deutschland ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Egypt ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Egypt LLC ⁽⁷⁾	45,16	-	100,00	-	-	-	100,00	-
Beko Espana ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko France ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Greece ⁽⁷⁾	45,16	-	100,00	-	-	-	100,00	-
Beko Grundig Croatia ⁽⁷⁾	45,16	-	100,00	-	-	-	100,00	-
Beko Switzerland ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Gulf ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Hong Kong ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Hungary ⁽⁷⁾	45,16	-	100,00	-	-	-	100,00	-
Beko Indonesia ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Ireland ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Israel ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Italy ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Malaysia ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Morocco ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko New Zealand ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Österreich ^(1,8)	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Philippines ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Polska ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Portugal ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Russia ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Shanghai ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Slovakia ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Thailand ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko UK ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko Ukraine ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beko US ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Beykoz Tankercilik ^(6,20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
Bilkom ⁽⁹⁾	82,34	82,28	100,00	99,94	-	0,06	100,00	100,00
Çengelköy Tankercilik ^(6,20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
DEL ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
DPL ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Defy ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Subsidiaries	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	2022	2021	2022	2021	2022	2021	2022	2021
Defy Botswana ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Defy Kenya ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Defy Namibia ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Defy Swaziland ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Ditaş ^(6, 20)	36,90	34,95	80,00	80,00	-	-	80,00	80,00
Divan ⁽¹⁰⁾	40,13	30,15	51,77	43,73	48,23	56,27	100,00	100,00
Düzey ⁽¹¹⁾	32,73	31,73	33,36	32,36	61,33	61,33	94,68	93,68
Eltek ^(6, 20)	45,77	69,80	100,00	100,00	-	-	100,00	100,00
Enerji Yatırımları ^(6, 20)	85,73	85,68	98,50	98,50	-	-	98,50	98,50
Enspire Enerji ^(6, 20)	45,77	69,80	100,00	100,00	-	-	100,00	100,00
Entegart ⁽¹⁾	70,44	70,39	100,00	100,00	-	-	100,00	100,00
Entek ^(6, 20)	45,77	69,80	99,23	99,23	-	-	99,23	99,23
Göztepe Tankercilik ^(6, 20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
Grundig Austria ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Grundig Denmark ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Grundig Finland ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Grundig Multimedia ⁽¹²⁾	-	42,87	-	100,00	-	-	-	100,00
Grundig Norway ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Grundig Portugal ⁽¹³⁾	-	42,87	-	100,00	-	-	-	100,00
Grundig Sweden ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Grundig Switzerland ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
IHP Appliances Sales ⁽¹⁴⁾	45,16	-	100,00	-	-	-	100,00	-
IHP Appliances JSC ⁽¹⁴⁾	45,16	-	100,00	-	-	-	100,00	-
IHP Kazakhstan ⁽¹⁴⁾	45,16	-	100,00	-	-	-	100,00	-
Kadıköy Tankercilik ^(6, 20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
Kandıllı Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Karaköy Tankercilik ^(6, 20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
Karşıyaka Tankercilik ^(6, 20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
Kartal Tankercilik ^(6, 20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
Koç Bilgi ve Savunma ⁽¹⁾	60,33	60,17	92,24	92,24	7,76	7,76	100,00	100,00
Koç Finansal Hizmetler	86,62	86,62	89,70	89,70	5,96	5,96	95,66	95,66
Koç Finansman ^(1, 15)	72,41	65,84	100,00	94,50	-	5,50	100,00	100,00
Koç Investments B.V.	55,00	55,00	55,00	55,00	45,00	45,00	100,00	100,00
KoçDigital	41,15	41,15	100,00	100,00	-	-	100,00	100,00
KoçSistem	41,15	41,15	41,18	41,18	53,17	53,17	94,35	94,35
KoçSistem Azerbaijan	41,15	41,15	100,00	100,00	-	-	100,00	100,00
Koç Yapı Malzeme ⁽¹⁶⁾	49,21	45,93	49,21	45,93	47,62	47,62	96,84	93,55
Körfez ^(6, 20)	46,12	43,70	100,00	100,00	-	-	100,00	100,00
Kuleli Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Kuruçeşme Tankercilik ⁽⁷⁾	36,90	-	100,00	-	-	-	100,00	-
Kuzguncuk Tankercilik	40,68	40,68	100,00	100,00	-	-	100,00	100,00
Life Tech ⁽⁸⁾	82,34	82,28	100,00	100,00	-	-	100,00	100,00
Maltepe Tankercilik ^(6, 20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
Mares	38,64	38,64	41,54	41,54	33,46	33,46	75,00	75,00
Menzelet Kılavuzlu Elektrik ^(6, 20)	45,77	69,80	100,00	100,00	-	-	100,00	100,00
Olympic	57,27	57,27	100,00	100,00	-	-	100,00	100,00
Otokar ⁽¹⁷⁾	44,90	44,90	44,92	44,92	2,70	2,70	47,62	47,62
Otokar Europe	44,90	44,90	100,00	100,00	-	-	100,00	100,00
Otokar Europe Filialı	44,90	44,90	100,00	100,00	-	-	100,00	100,00
Otokar Land Systems	44,90	44,90	100,00	100,00	-	-	100,00	100,00
Otokoç	96,42	96,42	96,57	96,57	3,43	3,43	100,00	100,00
Otokoç Azerbaijan	96,42	96,42	100,00	100,00	-	-	100,00	100,00
Otokoç Holland	57,27	57,27	59,40	59,40	-	-	59,40	59,40
Otokoç Hungary	96,42	96,42	100,00	100,00	-	-	100,00	100,00
Otokoç Kazakistan ⁽⁷⁾	96,42	96,42	100,00	100,00	-	-	100,00	100,00
Otokoç Sigorta	48,23	48,23	50,02	50,02	49,98	49,98	100,00	100,00

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Subsidiaries	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	2022	2021	2022	2021	2022	2021	2022	2021
Pan Asia ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Pendik Tankercilik ^(6, 20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
PT Home ^(1, 19)	45,16	28,72	100,00	67,00	-	-	100,00	67,00
Ram Dış Ticaret ⁽¹⁾	59,28	58,50	83,45	83,45	14,66	14,66	98,11	98,11
Retail Holdings ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
RMK Marine ⁽¹⁹⁾	58,88	56,24	69,49	66,84	30,51	33,16	100,00	100,00
Salacak Tankercilik ^(6, 20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
Sarıyer Tankercilik ^(6, 20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
Sendeo	67,38	67,38	100,00	100,00	-	-	100,00	100,00
Setur	46,68	46,68	81,13	81,13	18,87	18,87	100,00	100,00
Singer Bangladesh ⁽¹⁾	25,74	24,43	56,99	56,99	-	-	56,99	56,99
Stiching Custody ⁽²¹⁾	62,49	44,49	100,00	100,00	-	-	100,00	100,00
Süloğlu Elektrik ^(6, 20)	45,77	69,80	100,00	100,00	-	-	100,00	100,00
T Damla Denizcilik ^(6, 20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
Tat Gıda ⁽¹⁾	43,84	43,83	44,07	44,07	7,12	7,12	51,19	51,19
Tek-Art Marina	59,71	59,71	89,27	89,27	10,73	10,73	100,00	100,00
Token	54,44	54,44	54,44	54,44	45,56	45,56	100,00	100,00
Token Azerbaycan ⁽⁷⁾	54,44	-	100,00	-	-	-	100,00	-
Token International	54,44	54,44	100,00	100,00	-	-	100,00	100,00
Token Ödeme Hizmetleri	54,44	54,44	100,00	100,00	-	-	100,00	100,00
Token Payment	54,44	54,44	100,00	100,00	-	-	100,00	100,00
Tuzla Tankercilik ^(6, 20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
Tüpraş ^(6, 20)	46,12	43,70	52,75	51,00	0,48	-	53,22	51,00
Tüpraş Enerji Girişimleri ⁽⁷⁾	46,12	-	100,00	-	-	-	100,00	-
Tüpraş Trading ^(6, 20)	46,12	43,70	100,00	100,00	-	-	100,00	100,00
United Refrigeration ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Üsküdar Tankercilik ^(6, 20)	36,90	34,95	100,00	100,00	-	-	100,00	100,00
Vietbeko ⁽¹⁾	45,16	42,87	100,00	100,00	-	-	100,00	100,00
Wat Mobilite ⁽⁷⁾	51,83	-	88,00	-	-	-	88,00	-
Wat Motor	55,00	55,00	100,00	100,00	-	-	100,00	100,00
Yalova Marina ⁽⁵⁾	59,72	59,73	100,00	100,00	0,00	0,00	100,00	100,00
Yapı Kredi Azerbaycan ⁽²¹⁾	62,49	44,49	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Bankası ⁽²¹⁾	62,49	44,49	67,97	49,97	-	-	67,97	49,97
Yapı Kredi Faktoring ⁽²¹⁾	62,47	44,48	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Fin.Kiralama ⁽²¹⁾	62,49	44,49	99,99	99,99	-	-	99,99	99,99
Yapı Kredi Holding ⁽²¹⁾	62,49	44,49	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Malta ⁽²²⁾	-	44,49	-	100,00	-	-	-	100,00
Yapı Kredi Yatırım ⁽²¹⁾	62,48	44,48	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Nederland ⁽²¹⁾	62,49	44,49	100,00	100,00	-	-	100,00	100,00
Yapı Kredi Portföy ⁽²¹⁾	62,46	44,47	100,00	100,00	-	-	100,00	100,00
Zer Ticaret	39,54	39,54	39,54	39,54	60,11	60,11	99,65	99,65

⁽¹⁾ Koç Holding's effective ownership interest rate has changed following Arçelik's purchase of shares constituting 4,80% of Arçelik's share capital through share buybacks realised in 2022.

⁽²⁾ Liquidation process of Arçelik Hitachi Home Appliances Sales (China) Ltd. ("Arçelik Hitachi China") was completed as of September 2022.

⁽³⁾ Arçelik Hitachi Thailand IBC started its operations on January 2022.

⁽⁴⁾ The merger under Arçelik through acquisition of all the assets and liabilities of Arçelik Üretim ve Teknoloji A.Ş., a 100% subsidiary of Arçelik, was approved by Capital Markets Board on 30 June 2022. The merger was registered with Istanbul Trade Registry Office on 1 July 2022.

⁽⁵⁾ Koç Holding's effective ownership interest rate has changed following the capital increase in Ayvalık Marina in 2022 by Tek-Art.

⁽⁶⁾ It has been resolved to transfer Entek shares corresponding to 49,62% of the registered Entek capital in Koç Holding to Tüpraş through a partial demerger transaction through the associates model and the transfer of Entek shares corresponding to 49,62% of the registered Entek capital in Aygaz to Tüpraş through a partial demerger transaction through the model of share transfer to its shareholders by Aygaz, simultaneously. Koç Holding's effective ownership interest rate has changed following the transactions completed in August 2022.

⁽⁷⁾ Established in 2022.

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

⁽⁹⁾ The title of Elektra Bregenz was changed as Beko Österreich on 11 January 2022.

⁽⁹⁾ Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of shares belonging to Temel Ticaret and constituting 0,06% of Bilkom's share capital.

⁽¹⁰⁾ Koç Holding's effective ownership interest rate has changed following the capital increase realised in 2022 by Koç Holding.

⁽¹¹⁾ Koç Holding's effective ownership interest rate has changed following the transfer of shares belonging to non-controlling interest and constituting 1% of Düzey's share capital to Koç Holding.

⁽¹²⁾ Grundig Multimedia B.V. ("Grundig Multimedia") merged under Ardutch B.V. as of September 2022.

⁽¹³⁾ Liquidation process of the Grundig Portuguesa Lda ("Grundig Portugal") was completed as of July 2022.

⁽¹⁴⁾ In accordance with the share purchase agreement signed between Arçelik and Whirlpool EMEA S.p.A., the purchase of entire shares of IHP Appliances Sales LLC (formerly: Whirlpool RUS LLC), IHP Appliances JSC (formerly: Indesit International JSC), and IHP Kazakhstan LLP (formerly: Whirlpool Kazakhstan LLP) was completed as of 31 August 2022.

⁽¹⁵⁾ Koç Holding's effective ownership interest rate has changed following the Koç Holding's purchase of shares belonging to Temel Ticaret and constituting 5,5% of Koç Finansman's share capital.

⁽¹⁶⁾ Koç Holding's effective ownership interest rate has changed following the transfer of shares belonging to non-controlling interests and constituting 3,28% of Koç Yapı Malzeme's share capital to Koç Holding.

⁽¹⁷⁾ Although the total ownership interest of Koç Holding in the relevant companies are less than 50%, considering the dispersed capital structures of the related companies, exposure of Koç Holding to variable returns from its involvement in those companies and Koç Holding's power to affect these returns through its power; Koç Holding has the power to exercise control over these companies and consolidates them.

⁽¹⁸⁾ Koç Holding's effective ownership interest rate has changed following the acquisition of shares belonging to other shareholders and constituting 33% of PT Home's share capital by Beko APAC on March 2022.

⁽¹⁹⁾ Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of shares belonging to Temel Ticaret and constituting 2,65% of RMK Marine's share capital.

⁽²⁰⁾ Koç Holding's effective ownership interest rate has changed following Tüpraş's purchase of shares belonging to Temel Ticaret and constituting 1,67% of Opet's share capital.

⁽²¹⁾ Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bankası's share capital.

⁽²²⁾ Yapı Kredi Bank Malta Ltd. ("Yapı Kredi Malta"), which is in the liquidation process, has been excluded from the scope of consolidation.

c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Koç Holding and one or more other parties. Koç Holding exercises such joint control through direct and indirect voting rights related to the shares held by itself and/or through the voting rights related to the shares held by Koç Family members and the companies owned by them.

"TFRS 11 Joint Arrangements", requires the application of the equity method for the consolidation of interests in joint ventures in accordance with "TAS 28 Investments in Associates and Joint Ventures".

Under the equity method, the investment in a joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of the acquisition. The investor's share of the profit or loss of the investee is recognised in the investor's profit or loss. Distributions (dividends etc.) received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount are necessary for the change in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income. For changes in the equity of an investee that do not go through the investee's profit or loss or other comprehensive income, the Group adjusts the carrying value of its investment with a corresponding change in its own equity.

Direct and indirect ownership held by Koç Holding is used in the equity accounting of Joint Ventures.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Voting rights of the Joint Ventures and their effective interests (%):

Joint Ventures	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	2022	2021	2022	2021	2022	2021	2022	2021
Al Jasoor	22,00	22,00	49,00	49,00	-	-	49,00	49,00
Arçelik LG Klima ⁽¹⁾	25,32	24,29	50,00	50,00	-	-	50,00	50,00
Ayas Enerji ⁽²⁾	-	34,90	-	50,00	-	-	-	50,00
Fer-Mas	37,59	37,59	37,86	37,86	-	-	37,86	37,86
Fiat Finans	37,59	37,59	37,86	37,86	-	-	37,86	37,86
Ford Otosan	38,65	38,65	38,65	38,65	0,67	0,67	39,32	39,32
Ford Otosan Netherlands ⁽³⁾	38,65	38,65	39,32	39,32	-	-	39,32	39,32
Ford Romania ⁽⁴⁾	38,65	-	39,32	-	-	-	39,32	-
Güney Tankercilik ^(5, 6)	9,87	9,00	50,00	50,00	-	-	50,00	50,00
Ingage	19,70	19,70	19,70	19,70	30,07	30,07	49,77	49,77
Kaş Marina	29,85	29,85	50,00	50,00	-	-	50,00	50,00
Koç Fiat Sigorta ⁽⁷⁾	37,59	-	37,86	-	-	-	37,86	-
Koçtaş Yapı Market ^(8, 9)	43,50	42,99	50,00	49,92	-	0,08	50,00	50,00
Kuzey Tankercilik ^(5, 6)	9,87	9,00	50,00	50,00	-	-	50,00	50,00
Netsel	32,84	32,84	55,00	55,00	-	-	55,00	55,00
Opet ^(5, 6)	19,75	18,00	43,00	41,33	7,00	8,67	50,00	50,00
Opet Aygaz Gayrimenkul ^(5, 6)	30,22	29,34	50,00	50,00	-	-	50,00	50,00
Opet Fuchs ^(5, 6)	9,87	9,00	50,00	50,00	-	-	50,00	50,00
Opet International ^(5, 6)	19,75	18,00	50,00	50,00	-	-	50,00	50,00
Opet Market ve Akaryakıt ^(5, 6)	19,75	18,00	50,00	50,00	-	-	50,00	50,00
Opet Trade BV ^(5, 6)	19,75	18,00	50,00	50,00	-	-	50,00	50,00
Opet Trade Singapore ^(5, 6)	19,75	18,00	50,00	50,00	-	-	50,00	50,00
THY Opet ^(5, 6)	9,87	9,00	50,00	50,00	-	-	50,00	50,00
Tofaş	37,59	37,59	37,59	37,59	0,27	0,27	37,86	37,86
Türk Traktör	37,50	37,50	37,50	37,50	-	-	37,50	37,50
United LPG	20,34	20,34	50,00	50,00	-	-	50,00	50,00
VoltBek ⁽¹⁾	23,13	22,01	50,00	50,00	-	-	50,00	50,00

⁽¹⁾ Koç Holding's effective ownership interest rate has changed following Arçelik's purchase of shares constituting 4,80% of Arçelik's share capital through share buybacks realised in 2022.

⁽²⁾ Transfer of shares constituting 50% of Ayas Enerji capital, previously held by Entek, to Oyak Birleşik Enerji A.Ş. was completed on 29 December 2022.

⁽³⁾ Included in the scope of consolidation in 2022.

⁽⁴⁾ Acquired in 2022 (Note 3).

⁽⁵⁾ It has been resolved to transfer Entek shares corresponding to 49,62% of the registered Entek capital in Koç Holding to Tüpraş through a partial demerger transaction through the associates model and the transfer of Entek shares corresponding to 49,62% of the registered Entek capital in Aygaz to Tüpraş through a partial demerger transaction through the model of share transfer to its shareholders by Aygaz, simultaneously. Koç Holding's effective ownership interest rate has changed following the transactions completed in August 2022.

⁽⁶⁾ Koç Holding's effective ownership interest rate has changed following Tüpraş's purchase of shares belonging to Temel Ticaret and constituting 1,67% of Opet's share capital.

⁽⁷⁾ Established in 2022.

⁽⁸⁾ Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of shares belonging to Temel Ticaret and constituting 0,08% of Koçtaş Yapı Market's share capital.

⁽⁹⁾ Koç Holding's effective ownership interest rate has changed following the transfer of shares belonging to non-controlling interests and constituting 3,28% of Koç Yapı Malzeme's share capital to Koç Holding.

d) Associates are accounted for using the equity method. Associates are companies in which the Group has voting power between 20% and 50% or the Group has power to participate in the financial and operating policy decisions but not control them. Unrealised gains or losses arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Voting rights of the Associates and their effective interests (%):

Associates	Proportion of effective interest		Direct and indirect ownership interest held by Koç Holding		Ownership interest held by Koç Family members		Total ownership interest	
	2022	2021	2022	2021	2022	2021	2022	2021
Allianz Emeklilik ⁽¹⁾	12,50	8,90	20,00	20,00	-	-	20,00	20,00
Banque de Commerce ⁽¹⁾	19,16	13,64	30,67	30,67	-	-	30,67	30,67

⁽¹⁾ Koç Holding's effective ownership interest rate has changed following Koç Holding's purchase of UniCredit S.p.A. shares and constituting 18% of Yapı Kredi Bankası's share capital.

- e) Financial assets in which the Group together with Koç Family members, has ownership interests below 20%, or over 20% but which the Group and Koç family members does not exercise a significant influence or which are not exposed to significant influence of variable returns or which are immaterial are classified as financial assets measured at fair value through profit or loss or financial assets measured at fair value through other comprehensive income in the consolidated financial statements.
- f) Non-controlling shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated financial statements as "non-controlling interests". Certain Koç Family members and companies controlled by them have interests in the share capital of certain subsidiaries. In the consolidated financial statements, these interests of Koç Family members and companies controlled by them are treated as non-controlling interests and are not included in the Group's net assets and profits attributable to the equity holders of the parent.

2.4.2 Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The sectors reported under "Other" do not meet the required minimum quantitative thresholds to be a reportable segment; hence they have been merged for the purpose of segment reporting.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, should be 10 percent or more of the combined revenue, internal and external, of all internal and external operating segments; the absolute amount of its reported profit or loss should be 10 percent or more of the combined profit or loss or its total assets should be 10 percent or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered as reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

The financial information of the Group's Joint Ventures shall not be consolidated by using the proportionate consolidation method in accordance with "IFRS 11, Joint Arrangements". Therefore, in the case that segment reporting is prepared based on the equity method set in "IFRS 11, Joint Arrangements", major financial information of Joint Ventures, except for net profit for the period, such as revenue, operating profit and profit before tax shall not be included in the related segment results.

The operations of Joint Ventures and their impacts on the financial results of the Group and the related segment are continued to be monitored in detail by the chief operating decision maker of the Group. Therefore, segment reporting of Joint Ventures has not been prepared based on the equity method set by the "IFRS 11, Joint Arrangements"; rather, the financial information of Joint Ventures has been included in segment results by full consolidation method (as 100%) within the framework of new segment reporting approach. The Group defines this segment reporting information prepared in conformity with this new approach as "combined financial information".

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.3 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of the Subsidiaries, Joint Ventures and Associates of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in TL, which is Koç Holding's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies of the Group companies operating in the non-finance sectors, have been accounted for under "other operating income/expenses" whereas foreign exchange gains and losses resulting from the translation of other monetary assets and liabilities denominated in foreign currencies have been accounted for under "financial income/expenses" in the consolidated income statement. Foreign exchange gains and losses resulting from monetary assets and liabilities denominated in foreign currencies of the Group companies operating in the finance sector, have been classified under "revenue/cost of finance sector operations" in the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to functional currency using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Financial statements of foreign subsidiaries, joint ventures and associates

The assets and liabilities, presented in the financial statements of the foreign Subsidiaries, Joint Ventures and Associates prepared in accordance with the Group's accounting policies, are translated into TL at the exchange rate at the date of the balance sheet whereas income and expenses are translated at the average exchange rates for the respective periods. Exchange differences resulting from using the exchange rates at the balance sheet date and the average exchange rates are recognised in the currency translation differences under the equity.

2.4.4 Discontinued operations and assets and liabilities held for sale

Discontinued operation is a major line of business or geographical area of operations that is part of a single coordinated plan to be disposed of or is held-for-sale.

A single amount on the face of the income statements comprising the total of the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised by the disposal of the assets constituting the discontinued operation is disclosed. Also, the net cash flows of the discontinued operations associated with the operating, investment and financing activities are specified in the related note.

Group of non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Liabilities directly associated with those assets are classified similarly.

Non-current assets or asset groups that meet the criteria of asset held for sale are measured at the lower of its carrying amount and fair value less cost to sell. These assets are not depreciated.

2.4.5 Related parties

For the purpose of these consolidated financial statements, shareholders, parents of Koç Holding A.Ş., key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence, subsidiaries and joint ventures excluded from the scope of consolidation are considered and expressed as "related parties".

2.4.6 Financial assets

Group classifies its financial assets in three categories of financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss in accordance with TFRS 9.

The classification of financial assets is determined considering the business model under which the financial asset is being managed and contractual cash flows representing solely payments of principal and interest of the financial asset. The appropriate classification of financial assets is determined at the time of the purchase.

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Assessment of the business model

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not a single instrument basis approach for classification and should be determined on a higher level of aggregation. During the assessment of the business model for management of financial assets, all relevant evidences (policies and targets specified for the portfolio, how the performance of the portfolio is evaluated and reported to the Group's management, how additional payments to management are determined, the risks that affect the performance of the business model and the frequency, volume and timing of sales in prior periods, the reasons for such sales and the expectations about future sales activity) at the assessment date have been taken into consideration.

The business models are divided into three categories. These categories are defined below:

Business model whose objective is to hold assets in order to collect contractual cash flows:

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. That is, the Group manages the assets held within the portfolio to collect those particular contractual cash flows. Although the objective of Group's business model may be to hold financial assets in order to collect contractual cash flows, the Group does not need to hold all of those instruments until their maturity. Thus, the Group's business model can be to hold financial assets to collect contractual cash flows even when sales of financial assets occur or are expected to occur in the future.

Business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The Group may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In this type of business model, the Group's management has made a decision on both collecting contractual cash flows and selling financial assets are necessary for achieving the objective of the business model. There are various objectives that may be consistent with this type of business model. For example, the objective of the business model may be to manage liquidity needs on daily basis, to maintain a particular interest yield profile or to match the duration of the financial assets to the duration of the liabilities funding those assets. To achieve such an objective, the Group will both collect contractual cash flows and sell financial assets.

Compared to a business model whose objective is to hold financial assets to collect contractual cash flows, this business model will typically involve greater frequency and value of sales. This is because selling financial assets is integral to achieving the business model's objective instead of being only incidental to it.

Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

A business model in which the Group manages its financial assets in order to obtain cash flows arising from their sales, result in the measurement of financial assets by reflecting the fair value changes to profit or loss. The Group is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as the credit risk associated with the time value of money and the unpaid principal amount over a specified period and other basic lending risks and costs.

When evaluating whether the contractual cash flows are solely payments of principal and interest, the Group considers the terms of the contract for the relevant financial instrument. This assessment includes contract terms such as; conditions that may change the amount or timing of cash flows, leverage features, prepayment and extension terms, terms that limit the Group's claim to demand cash flows from specified assets and features that modify consideration of the time value of money.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Financial asset categories

"Financial assets measured at amortised cost" are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortised cost comprise "cash and cash equivalents", "trade receivables", "debt securities" and "receivables from finance sector operations". Financial assets carried at amortised cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortised cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income" are either equity securities or debt securities that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated as financial assets at fair value through profit or loss. The Group measures related financial assets at fair value. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for foreign exchange gains and losses. When an equity security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings. When a debt security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under statement of income.

"Financial assets at fair value through profit or loss" are assets that are not measured at amortised cost or at fair value through other comprehensive income. Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Gains and losses resulting from the valuation of these assets are accounted in the consolidated statement of income.

2.4.7 Repurchase and resale transactions

Funds attributed to financial assets as reverse repo are recorded as receivables from reverse repo under cash and cash equivalents in the consolidated financial statements. A rediscount income is calculated by using the internal discount rate method for the current year portion of the difference between the sale and purchase price of these reverse repo agreements and accounted by adding to the cost of the reverse repo.

2.4.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held in banks with maturities of 3 months or less, government bonds/treasury bills with original maturities of 3 months or less, other short-term liquid investments and blocked deposits. Group evaluates its cash and cash equivalents in accordance with expected credit loss model for impairment.

2.4.9 Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

The Group collects a part of its receivables through factoring. The amounts that the factoring company takes the risk of collection are deducted from the related receivables accounts. The amount that the Group's collection risk continues are presented in the consolidated financial statements and the amount received from the factoring company in exchange of those receivables is classified as factoring payables under the "Borrowings" account in the consolidated financial statements. Factoring transactions do not change the "hold to collect" business model of the Group as long as only short-term receivables are factored and/or factoring transactions are not frequent.

Impairment

Group has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

Group uses a provision matrix for the calculation of the expected credit losses on trade receivables which is based on past experience and future expectations. The provision matrix calculates fixed provision rates depending on the number of days that a trade receivable is past due and those provision rates are reviewed and, revised if necessary, in every reporting period. The changes in the expected credit losses on trade receivables are accounted for under "other operating income/expenses" account of the consolidated statement of income.

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.10 Receivables from finance sector operations

Financial assets generated as a result of lending money or providing a loan are classified as receivables from finance sector operations and are carried at amortised cost, less any impairment. All loans and advances are recognised in the consolidated financial statements when cash is transferred to customers.

Impairment

Group has adopted "three stage approach (general model)" defined in TFRS 9 for the recognition of impairment losses on receivables from finance sector operations, carried at amortised cost or carried at fair value through other comprehensive income. General model considers the changes in the credit quality of the financial instruments after the initial recognition. Three stages defined in the general model are as follows:

"Stage 1", includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ("ECL") are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date and represents the credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

"Stage 2", includes financial instruments that have had a significant increase in credit risk since initial recognition but those do not have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

"Stage 3", includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognised.

Group appropriately classifies its financial instruments considering common risk factors (such as the type of the instrument, credit risk rating, guarantees, time to maturity and sector) to determine whether the credit risk on a financial instrument has increased significantly and to account appropriate amount of credit losses in the consolidated financial statements.

The changes in the expected credit losses on receivables from finance sector operations are accounted for under "other operating income/expenses" account of the consolidated statement of income.

2.4.11 Credit finance income/expenses

Credit finance income/expenses represent imputed finance charges on credit sales and purchases. Such income and expenses are recognised using the effective yield method over the period of credit sales and purchases within the materiality principle and classified under "other operating income/expenses" in the consolidated statement of income.

2.4.12 Inventories

Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. The cost of inventories is determined by the weighted average method. Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.4.13 Assets used in operational lease

Assets used in operational lease include the motor vehicles of Otokoç, a Subsidiary of the Group, resourced in rent a car service. The Group classifies the assets, used in operating leases and owned to be leased for over one year, as "property, plant and equipment"; and classifies the assets owned to be leased for shorter than one year and expected to be disposed at the end of related leasing period in the ordinary business of Otokoç, as "other current assets". The difference between the cost and the estimated second-hand sales price of the related assets is depreciated on a straight-line basis over the duration of rent contracts. The assets used in operating lease are transferred to inventories based on their remaining net carrying values when they are decided to be sold at the end of their leasing period.

2.4.14 Investment property

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation. Depreciation is provided for investment properties on a straight-line basis over their estimated useful lives, ranging from 3-50 years.

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. Recoverable amount of the investment property is the higher of future net cash flows from the utilisation of this investment property or fair value less cost to sell.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.15 Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives. Land is not depreciated as it is deemed to have an indefinite useful life.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

Buildings	5 - 50 years
Land improvements	3 - 50 years
Machinery and equipment	3 - 50 years
Furniture and fixtures	2 - 50 years
Motor vehicles	3 - 25 years
Leasehold improvements	3 - 10 years

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or its fair value less cost to sell.

Repairs and maintenance expenses are charged to the income statements during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Machinery and equipment are capitalised and amortised when their capacity is fully available for use.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under "gains/losses from investing activities" in the current period.

2.4.16 Intangible assets and related amortisation

Intangible assets comprise usage rights, brands, development costs, information systems, customer relationships, generation licences and other identified rights. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Cost of an intangible asset acquired by a business combination is its fair value at the acquisition date. Intangible assets with indefinite useful lives are not amortised, however are tested for impairment annually. Whenever there is an indication that the intangible is impaired, the carrying amount of the intangible asset is reduced to its recoverable amount and the impairment loss is recognised as an expense.

The amortisation periods for intangible assets, which approximate the economic useful lives of such assets, are as follows:

Rights	4 - 15 years
Brands	Indefinite useful life
Development costs	2 - 10 years
Customer relationships	8 - 50 years
Other intangible assets	5 - 40 years

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.17 Leases

Group - as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

- The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),
- Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
- Group has the right to direct the use of an identified asset.

Group has the right to direct the use of the asset throughout the period of use only if either:

- a) Group has the right to direct how and for what purpose the asset is used throughout the period of use or
- b) Relevant decisions about how and for what purpose the asset is used are predetermined:
 - i. Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
 - ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above mentioned factors.

Right-of-use asset

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a) The amount of the initial measurement of the lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received,
- c) Any initial direct costs incurred by the Group, and
- d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

When applying the cost model, Group measures the right-of-use asset at cost:

- a) Less any accumulated depreciation and any accumulated impairment losses; and
- b) Adjusted for any remeasurement of the lease liability.

Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset.

Group applies TAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) Fixed payments, less any lease incentives receivable,
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

KOÇ HOLDING A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

After the commencement date, Group measures the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability,
- Reducing the carrying amount to reflect the lease payments made, and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Options to extend and terminate

Group assesses the contractual options to extend or to terminate the lease when determining the lease liability. The majority of the options to extend and terminate are exercisable both by the Group and the respective lessor. Group determines the lease term of a lease considering the periods covered by options to extend and terminate the lease if the options are exercisable by the Group and the Group is reasonably certain to exercise those options. If a significant change in circumstances takes place, related lease term assessment is revisited by the Group.

Variable lease payments

Some lease contracts of the Group contain variable payment terms. Variable lease payments are not in the scope of TFRS 16 Standard and recognised in the statement of income in the related period.

Practical expedients

The short-term lease agreements with a lease term of 12 months or less and agreements related to information technology equipment leases (mainly printer, laptop, mobile phone etc.), which are determined by the Group as low value, have been evaluated within the scope of practical expedients introduced by the TFRS 16 Leases Standard and related lease payments are recognised as an expense in the period in which they are incurred.

Group - as a lessor

All the leases that Group is the lessor are operating leases. Assets leased out under operating leases are classified under investment properties, property, plant and equipment or other current assets in the consolidated balance sheet. Rental income is recognised in the consolidated statement of income on a straight-line basis over the lease term.

2.4.18 Business combinations and goodwill

Business combinations are accounted for by using the purchase method in the scope of TFRS 3 "Business combinations". Any excess of the cost of acquisition over the acquirer's interest in the (i) net fair value of the acquiree's identifiable assets and contingent liabilities as of the acquisition date, (ii) amount of any non-controlling interest in the acquired entity and (iii) fair value of any equity interest previously held by acquirer is accounted for as goodwill. If those amounts are less than fair value of the net identifiable assets of the business acquired, the difference is recognised directly in "Gains from investment activities" as a gain from bargain purchase.

Under this method, the cost of an acquisition is measured over the fair value of cash and other assets given as of the acquisition date, equity instruments issued or liabilities incurred. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after the acquisition date; in case the adjustment is measurable and more probable than not, than the cost of business combination at acquisition date is adjusted.

Identifiable assets, liabilities and contingent liabilities of the business acquired are measured initially at their fair values at the acquisition date in the scope of TFRS 3.

Goodwill recognised in business combinations is tested for impairment annually (as of 31 December) or more frequently if events or changes in circumstances indicate impairment, instead of amortisation. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

TFRS 3 is not applicable to legal merges between the entities controlled by the Group. As a result of these transactions, no goodwill is recognised.

In business combinations involving entities under common control, assets and liabilities subject to a business combination are recognised at their carrying amounts in the consolidated financial statements. In addition, statements of income are consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognised. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted under "transactions under common control" in "prior years' income".

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For share purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. In case of the share sales to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

2.4.19 Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. A provision is recognised for the current period tax liability based on the period results of the Group at the balance sheet date.

Deferred income tax is provided for in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences (including unused incentive amounts and carried forward tax losses of prior years) are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

The parent company Koç Holding recognises deferred tax asset for all deductible temporary differences arising from investments in Subsidiaries, only to the extent that:

- The temporary difference will reverse in the foreseeable future; and
- Taxable profit will be available against which the temporary difference can be utilised.

The parent company Koç Holding recognises deferred tax liability for all taxable temporary differences associated with investments in Subsidiaries except to the extent that both of the following conditions are satisfied:

- The parent is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

Government grants allowing reduced corporate tax payment are evaluated within the scope of TAS 12 Income Taxes standard and are recognised as deferred tax asset by the qualified tax advantage amount, to the extent it is highly probable that future taxable profits will be available against which the unused investment tax credits can be utilised.

The tax effects of the transactions that are accounted directly in the equity are also reflected to the equity.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority with the condition of being same taxpayer entity and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

2.4.20 Financial liabilities

Financial liabilities are measured initially at fair value. Any transaction costs directly attributable to the undertaking of a financial liability are added on the fair value of the financial liability. These financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are excluded from the balance sheet when the obligation specified in the contract is fulfilled, canceled or expired. When the terms of a financial liability are renegotiated or transferred to another party, the difference between the carrying value of the financial liability and the amount paid, including the transferred non-cash assets and liabilities, is recognised in the income statement as profit or loss.

2.4.21 Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.4.22 Provisions for employee benefits

a) Provision for employment termination benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Group arising from the retirement of its employees based on the actuarial projections.

TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/losses and recognised under other comprehensive income.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

b) Pension rights

The personnel of Yapı Kredi Bankası, a Subsidiary of the Group, are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("the Fund") which was established in accordance with the 20th temporary article of the Social Security Law numbered 506. The technical financial statements of the Fund are audited in accordance with Article 38 of the Insurance Supervision Law and with "Regulation regarding the Actuaries" by a registered independent actuary.

Paragraph one of temporary article 23 of the Banking Act published in the Official Gazette dated 1 November 2005 numbered 25983 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years of the published date of the article. Law article related to the transfer was cancelled by the decision of Constitutional Court (decision no: E.2005/39, K. 2007/33 dated 22 March 2007) published in the Official Gazette No. 26479 dated 31 March 2007, and the effect of the law article was suspended from the date of the publication of the decision.

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated 15 December 2007, numbered 26371. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" numbered 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force. With the New Law, the pension funds of the banks are transferred to the SSI in three years from the issuance date of the related article and this period can be extended for maximum two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated 9 April 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated 8 March 2012, Council of Ministers was authorised to increase the two year extension period to four years. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the date of the transfer. The Council of Ministers was authorised to determine the transfer date of pension funds in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335. The President was authorised to determine the transfer date of pension funds in accordance with the Official Gazette dated 9 July 2018 and numbered 30473.

Under the New Law, a committee is decided to be formed, whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organisation, BRSA and Saving Deposit Insurance Fund ("SDIF") representing the Fund and one member representing the Fund members. This committee is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% by law taking into consideration the income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

In accordance with the New Law, after the transfer to SSI, the social rights and payments of Fund members and their beneficiaries, which are not provided although they are included in the Fund Title Deed, will be provided by the Fund and the employers of the Fund members.

Yapı Kredi Bankası accounts for a provision for the technical deficit based on the report prepared by a registered actuary with the rates determined by the New Law and in accordance with "TAS 19 - Employee Benefits" standard. As a result of this, service and interest costs incurred in the change of provision for the pension fund are recognised in the income statement and actuarial gains and losses are recognised under equity.

c) Defined contribution plans

The Group has to pay contributions to the Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. These contributions are recognised as an employee benefit expense when they are accrued.

d) Unused vacation rights

Liabilities arising from unused vacations of the employees are accrued in the period when the unused vacations are qualified.

2.4.23 Provisions, contingent assets and liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.24 Revenue recognition

Revenue is accounted for in the consolidated financial statements within the scope of the five-stage model below.

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

Group evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations.

Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) Presence of Group's collection right of the consideration for the goods or services,
- b) Customer's ownership of the legal title on goods or services,
- c) Physical transfer of the goods or services,
- d) Customer's ownership of significant risks and rewards related to the goods or services,
- e) Customer's acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Finance sector

Interest income and expenses are recognised in the income statement on an accrual basis by using the effective interest method. When loans and advances to customers are considered doubtful of collection by the management, interest income is suspended and the rediscount amounts recorded until the cessation date are canceled and not recorded as income until the collection is made. Fees and commissions received as a result of the service agreements or arising from negotiating or participating in the negotiation of a transaction on behalf of a third party are recognised either in the period when the transaction is realised or deferred based on the type of the underlying transaction. Other commission income and fees from various banking services are recorded as income at the time of realisation.

2.4.25 Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.4.26 Dividends

Dividend income is recognised by the Group at the date the right to collect the dividend is realised. Dividend payables are recognised as liability in the consolidated financial statements following the approval of the general assembly.

2.4.27 Research and development costs

Research costs are recognised and expensed in the income statement in the period in which they are incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility and only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense cannot be recognised as an asset in subsequent periods. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over their estimated useful lives (2-10 years).

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.28 Warranty provisions

Warranty provisions are recorded as a result of repair and maintenance expenses for products produced and sold, authorised services' labour and material costs for products under the scope of the warranty terms without any charge to the customers, initial maintenance costs and estimated costs based on statistical information for possible future warranty services and returns of products with respect to the products sold during the period.

2.4.29 Government grants

Government grants along with investment, research and development grants are accounted on accrual basis with their fair values when the application of grants is approved. These grants are accounted for as deferred income in the consolidated balance sheet and are credited to consolidated income statement on a straight-line basis over the expected lives of related assets. Government grants allowing reduced corporate tax practice are evaluated within the scope of TAS 12 "Income Taxes" standard (Note 2.4.19).

2.4.30 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognised directly in the income statement.

The financing costs of borrowings attributable to ongoing investments (interest expenses and foreign exchange losses based on the difference between the TL benchmark interest and interest regarding the foreign currency denominated loans) are capitalised until the completion of the investments.

2.4.31 Derivative instruments and hedging activities

Derivative instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency/interest rate swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognised in the consolidated income statement.

The hedging transactions of the Group that qualify for hedge accounting are accounted for as follows:

Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of hedged asset or liability attributable to the hedged risk is recorded as part of the carrying value of the hedged asset or liability during the effective hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised using a recalculated effective interest rate.

Cash flow hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "gains/(losses) on cash flow hedges". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Foreign currency hedge of net investments in foreign operations

Gains or losses on the hedging instrument relating to the effective portion of the foreign currency hedge of net investments in foreign operations are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement.

On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement.

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4.32 Earnings per share

Earnings per share disclosed in the consolidated income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

2.4.33 Treasury shares

As the Group Companies repurchase their own equity instruments, these instruments are accounted for as "treasury shares" and deducted from equity. Gain or loss is not recognised in the consolidated statement of income due to the purchase, sale, issue or cancellation of the equity instruments of the Group Companies and the amounts received or paid for these transactions are recognised directly in equity.

2.4.34 Events after the balance sheet date

The Group adjusts the amounts recognised in its consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

2.4.35 Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).

Cash flows from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.5 Significant Accounting Estimates and Assumptions

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

Impairment tests of intangible assets with indefinite useful lives

As discussed in Note 2.4, goodwill and brands with indefinite useful lives are not amortised but reviewed for impairment on a yearly basis or more frequently, if the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment tests for goodwill are performed by comparing the amount calculated according to the discounted cash flows of each cash generating unit based on long term projections, with the carrying value of the goodwill; whereas impairment tests for brands are performed by comparing the amount calculated by the royalty relief method, with the carrying value of the brand. No impairment was identified as a result of the impairment tests performed as of 31 December 2022 (Note 14 and 15).

Recoverability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available in the foreseeable future. The recoverable amount of deferred tax assets, partially or fully, is estimated under the current conditions. During the assessment of the recoverability of deferred tax assets, future taxable profit forecasts and expiration dates of government grants, carry forward tax losses and other tax advantages were considered (Note 18).

Pension fund

Within the scope of pension fund provision of Yapı Kredi Bankası, a Subsidiary of the Group, which is detailed in Note 2.4.22, the present value of funded obligations is calculated by taking into account the discount rate, mortality rate and medical benefits stated in the New Law and related assumptions are explained in Note 19.

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Impairment on receivables from finance sector activities

The Group reviews its financial assets classified as measured at fair value through other comprehensive income and measured at amortised cost at each balance sheet date in order to assess whether they are impaired in line with the accounting policies set out in Note 2.4.10.

The methodology and assumptions used for estimating both significant increase in credit risk and forward-looking information in Note 2.4.10 are discussed below.

Significant increase in credit risk

In the assessment of significant increase in credit risk quantitative and qualitative assessments are made.

Qualitative Assessment:

As a result of quantitative assessment, related financial asset is classified as Stage 2 (significant increase in credit risk) when any of the following criterias are satisfied.

As of reporting date;

- Lifetime expected credit losses shall be recognised on a transaction base, when a past due status is reached. The Group can abandon this estimation only if it has positive, reasonable and supportable information available regarding the client's repayment.
- In case a loan has been restructured, it will be followed up under Stage 2 during the follow-up period mentioned in the related regulations. The loan can be transferred back to Stage 1 at end of the follow-up period if there is no significant deterioration.
- Provisions on unindemnified non-cash loans are evaluated as significant increase in credit risk.

Quantitative assessment:

The probability of significant increase in credit risk under qualitative assessment is based on the comparison of probability of default of a loan in the origination and as of reporting date.

The Group uses distribution regression on segment basis in order to calculate the thresholds used in defining the significant increase in credit risk.

Forward-looking macroeconomic information

The Group incorporates forward-looking macroeconomic information into credit risk parameters during the assessment of significant increase in credit risk and expected credit loss calculation.

For the calculation of expected credit loss, the Group uses macroeconomic forecasting model developed in the stage of creating multiple scenarios. Macroeconomic variables prevailing during this forecasting are Gross Domestic Product (GDP), Unemployment Rate and Foreign Trade Balance. When expected credit losses are estimated in accordance with the forward-looking macroeconomic information, the Group evaluates three scenarios (base, pessimistic and optimistic) with different weights. Each of these three scenarios is associated with different probability of default risk.

2.6 Convenience Translation into English of Consolidated Financial Statements

The accounting principles described in Note 2 (defined as Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

NOTE 3 - BUSINESS COMBINATIONS

i) A share purchase agreement was signed between Arçelik, a Subsidiary of the Group, and Whirlpool EMEA S.p.A for the purchase of the entire shares of IHP Appliances JSC and IHP Appliances Sales LLC, which operate in Russia, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, Armenia, Georgia, Azerbaijan, Kazakhstan, Belarus and Mongolia. Transactions were completed as of 31 August 2022. As of the closing date, entire shares of IHP Appliances JSC and IHP Appliances Sales were directly owned, and their wholly owned subsidiary IHP Kazakhstan LLP's shares were indirectly owned by Arçelik.

The acquired companies own facilities in Lipetsk with a total capacity of 2,8 million units, where refrigerators and laundry products are produced, and have approximately 2.500 employees.

The purchase price shall not exceed the upper limit determined based on the fixed assets and net working capital within the closing financial statements of the acquired companies. This upper limit has been set and finalised as EUR 261,4 million based on the balance sheets of the acquired companies as of 31 August 2022 which were prepared in accordance with IFRS.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 3 - BUSINESS COMBINATIONS (Continued)

The amount of the acquisition cost to be paid for each year will be calculated annually over a period of ten years. Annual payments will be calculated based on the performance and deduction of defined liabilities; and will be paid following the completion of regulatory authorisations regarding the availability of distributable reserves, and the legal restrictions, if any, existing at the time the payment is due. Amounts calculated in Rubles will be paid by converting to EUR at the exchange rate of the day of payment. Any remaining consideration amount that is not yet been accrued and paid since the conditions are not fulfilled as of the tenth year will be accrued and paid over the next five years if the conditions are fulfilled.

The valuation process of the balance sheets as of 31 August 2022 regarding the acquisition are still ongoing. The acquisition has been provisionally accounted in the consolidated financial statements in accordance with TFRS 3 "Business Combinations" as of 31 December 2022. Within the scope of TFRS 3, differences that occur due to the actual results of the valuation studies will be reflected in the consolidated financial statements of the next period.

In addition to the transfer of "Stinol" brand, the right of use of "Indesit" and "Hotpoint" brands have been granted to Arçelik for at least 20 years with the option to extend up to a total of 40 years, by extending in every 10 years.

The provisional fair values of identifiable assets and liabilities in accordance with TFRS 3 arising from the acquisition are as follows:

Cash and cash equivalents	1.354
Trade receivables	691
Inventories	1.288
Other current assets	134
Property, plant and equipment (Note 13)	1.684
Deferred tax assets (Note 18)	118
Trade and other payables	(460)
Other liabilities	(325)

Fair value of total identifiable net assets (100%) (provisional)	4.484

Total contingent consideration (provisional) ^(*)	3.022

Gain on bargain purchase (Note 27)	1.462

^(*) Contingent consideration amount calculated as of 31 August 2022 has been accounted at its fair value in the consolidated financial statements as of 31 December 2022 (Note 22.d).

Had the financial statements of acquired companies been consolidated since 1 January 2022, additional contribution to consolidated revenue and net profit attributable to equity holders of the parent would have amounted to TL2.859 million and TL10 million, respectively.

ii) Ford Otosan, a Joint Venture of the Group, acquired entire shares of Ford Romania SRL on 1 July 2022. Ford Romania SRL manufactures cars and engines at its Craiova plant.

According to the agreement, the first installment of the purchase price was paid as TL7,1 billion (EUR406 million) and calculated considering the cash and debt amounts on the provisional financial statements dated 30 June 2022 and adjusted for the net working capital and investment amount for the Next Generation Courier project. After the calculations made on the closing balance sheet of Ford Romania SRL dated 30 June 2022, an additional payment of TL256 million (EUR13 million) was made. EUR196 million including interest will be paid in June 2025, and EUR23 million including interest will be paid in December 2028. In addition, an additional payment of up to EUR140 million including interest may be realised depending on the capacity utilisation rate of the Romania plant for the years 2028-2034.

In addition to the total amount of TL7,4 billion paid, the consideration amount consists of the second and third installments to be paid in 2025 and 2028, and a contingent payment amount of TL5,5 billion, which is calculated depending on the capacity utilisation rate of the Romania plant for the years 2028-2034. The aforementioned amount has been taken into account in the goodwill calculation of the acquisition accounting. In this context, total consideration amount calculated according to the best estimates of Ford Otosan management as of 31 December 2022 is TL12,9 billion, including the interest accrual.

In accordance with TFRS 3, any difference in the contingent consideration amount resulting from operational results in the following period will be recognised in the consolidated statement of profit or loss.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 3 - BUSINESS COMBINATIONS (Continued)

The details of the goodwill calculation, total consideration amount and the net assets acquired are as follows:

Total consideration amount	12.871
- Cash consideration amount	7.375
- Contingent and deferred consideration amount	5.496

Net assets acquired	12.429

Goodwill	442

The fair values of identifiable assets and liabilities in accordance with TFRS 3 arising from the acquisition are as follows:

Cash and cash equivalents	293
Trade receivables	2.235
Other receivables	386
Inventories	3.517
Prepaid expenses	147
Other current assets	442
Property, plant and equipment	9.154
Right-of-use-assets	32
Intangible assets	3.234
Trade and other payables	(5.554)
Deferred tax liabilities	(489)
Other liabilities	(968)

Fair value of total identifiable net assets	12.429

The details of cash outflow due to acquisition are as follows:

Total consideration - cash	7.375
Cash and cash equivalents - acquired	(293)

Cash outflow due to acquisition (net)	7.082

In addition to production, supply and spare part supply agreements for Courier, Puma and EcoSport models and engines with Ford Otosan, Ford Motor Company and related Ford Group Companies; technology and production license agreements for these products have been signed with Ford Motor Company.

Within the scope of these agreements, Craiova Plant's vehicle production capacity will increase to a total of 272 thousand units per year. According to the production plan, New Generation Courier production will increase to 100 thousand and Puma production will increase to 189 thousand annually. Besides, the engine production capacity is determined as 350 thousand units. In addition, in accordance with the supply agreements, it is foreseen that EUR490 million investment and engineering expenditure will be made in the next three years for the production of the New Generation Courier, which will start in 2023.

It is estimated that a significant portion of the manufactured vehicles will be sold to Ford Motor Company or subsidiaries, and the transfer price will be calculated with cost plus methodology through which investment costs will be reflected to Ford Motor Company.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 4 - SEGMENT REPORTING

The financial information of the Joint Ventures has been included in the segment results, prepared within the framework of the Group's managerial approach, by full consolidation method (as 100%). The segment reporting information prepared in conformity with this approach is defined as "combined financial information".

"Combined revenue" reported below is before intra and inter segment revenue eliminations. Other financial information except for "combined revenue" represents the amounts after the related consolidation adjustments and profit eliminations.

The reconciliations of the combined financial information to the amounts reported in the consolidated financial statements for the years ended 31 December 2022 and 2021 are presented separately.

1 January - 31 December 2022	Energy	Automotive	Consumer durables	Finance	Other	Total
External revenue	602.961	298.038	148.651	167.467	29.564	1.246.681
Intra segment revenue	108.275	11.034	3.783	303	3.597	126.992
Inter segment revenue	2.491	3.801	1.279	929	23.366	31.866
Combined revenue	713.727	312.873	153.713	168.699	56.527	1.405.539
Combined gross profit	71.854	53.348	41.085	99.942	10.407	276.636
Operating expenses	(13.468)	(14.442)	(32.067)	(17.729)	(8.184)	(85.890)
Other operating income/(expenses) (net) ⁽¹⁾	464	367	156	(13.105)	(23)	(12.141)
Exchange gains/(losses) and credit finance income/(charges) from operating activities (net) ⁽²⁾	(9.123)	588	615	-	(144)	(8.064)
Combined operating profit	49.727	39.861	9.789	69.108	2.056	170.541
Gains/(losses) from investment activities (net) ⁽³⁾	104	196	1.493	89	714	2.596
Financial income/expenses (net)	(8.948)	(6.237)	(6.893)	-	(262)	(22.340)
Combined profit before tax	40.883	33.820	4.389	69.197	2.508	150.797
Tax income/(expense) (net)	1.304	2.416	407	(16.716)	(461)	(13.050)
Combined net profit for the period	42.187	36.236	4.796	52.481	2.047	137.747
Net profit for the period ⁽⁴⁾	19.028	16.341	2.170	31.659	608	69.806

⁽¹⁾ Provisions for loan impairment in Finance sector have been accounted for under "Other operating income/expenses" account.

⁽²⁾ Includes the foreign exchange gains/losses and credit finance income/charges arising from trading activities (trade receivables and payables) of Non-Finance sectors.

⁽³⁾ Gain on bargain purchase of Arçelik, a Subsidiary of the Group, arising from the acquisition of IHP Appliances JSC and IHP Appliances Sales LLC amounting to TL1.462 million, has been accounted for under "gains/losses from investment activities" account of the Consumer Durables sector (Note 27).

⁽⁴⁾ Represents consolidated net profit attributable to the equity holders of the parent.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 31 December 2021	Energy	Automotive	Consumer durables	Finance	Other	Total
External revenue	190.188	128.215	74.843	73.065	13.349	479.660
Intra segment revenue	38.647	10.039	1.694	113	1.419	51.912
Inter segment revenue	714	761	352	336	10.597	12.760
Combined revenue	229.549	139.015	76.889	73.514	25.365	544.332
Combined gross profit	21.632	25.071	21.035	30.788	4.448	102.974
Operating expenses	(5.935)	(6.653)	(15.967)	(9.090)	(3.578)	(41.223)
Other operating income/(expenses) (net) ⁽¹⁾	429	(204)	46	(8.210)	8	(7.931)
Exchange gains/(losses) and credit finance income/(charges) from operating activities (net) ⁽²⁾	(12.686)	340	2.017	-	(155)	(10.484)
Combined operating profit	3.440	18.554	7.131	13.488	723	43.336
Gains/(losses) from investment activities (net) ⁽³⁾	176	32	251	-	179	638
Financial income/(expenses) (net)	355	(2.191)	(3.736)	-	565	(5.007)
Combined profit before tax	3.971	16.395	3.646	13.488	1.467	38.967
Tax income/(expense) (net)	921	(434)	(443)	(3.363)	(255)	(3.574)
Combined net profit for the period	4.892	15.961	3.203	10.125	1.212	35.393
Net profit for the period ⁽⁴⁾	1.675	7.012	1.311	4.593	602	15.193

⁽¹⁾ Provisions for loan impairment in Finance sector have been accounted for under "Other operating income/expenses" account.

⁽²⁾ Includes the foreign exchange gains/losses and credit finance income/charges arising from trading activities (trade receivables and payables) of Non-Finance sectors.

⁽³⁾ Gain on bargain purchase of Arçelik, a Subsidiary of the Group, arising from the acquisition of Whirlpool Beyaz Eşya Sanayi ve Ticaret A.Ş. (currently Arçelik Üretim ve Teknoloji A.Ş.) amounting to TL235 million, has been accounted for under "gains/losses from investment activities" account of the Consumer Durables sector (Note 27).

⁽⁴⁾ Represents consolidated net profit attributable to the equity holders of the parent.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 4 - SEGMENT REPORTING (Continued)

	2022	2021
a) Revenue		
Energy	713.727	229.549
Automotive	312.873	139.015
Consumer durables	153.713	76.889
Finance	168.699	73.514
Other	56.527	25.365
Combined	1.405.539	544.332
Less: Joint Ventures (Note 8.d)	(468.973)	(182.739)
Less: Consolidation eliminations and adjustments	(34.709)	(14.904)
Consolidated	901.857	346.689
b) Operating profit		
Energy	49.727	3.440
Automotive	39.861	18.554
Consumer durables	9.789	7.131
Finance	69.108	13.488
Other	2.056	723
Combined	170.541	43.336
Less: Joint Ventures (Note 8.d)	(35.991)	(17.372)
Less: Consolidation eliminations and adjustments	2.380	2.831
Add: Net profit shares of Joint Ventures and associates (Note 8.c)	12.416	5.880
Consolidated	149.346	34.675
c) Depreciation and amortisation ^(*)		
Energy	1.825	1.584
Automotive	5.735	3.548
Consumer durables	3.361	1.870
Finance	1.291	1.041
Other	602	426
Combined	12.814	8.469
Less: Joint Ventures (Note 8.d)	(4.400)	(3.064)
Less: Consolidation eliminations and adjustments	(154)	(119)
Consolidated	8.260	5.286

^(*) Includes the depreciation expenses of right-of-use assets. As of 31 December 2022, combined depreciation expense of the right-of-use assets amounted to TL2.097 million (31 December 2021: TL1.458 million) and consolidated depreciation expense amounted to TL1.461 million (31 December 2021: TL951 million).

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 4 - SEGMENT REPORTING (Continued)

	2022	2021
d) Profit before tax		
Energy	40.883	3.971
Automotive	33.820	16.395
Consumer durables	4.389	3.646
Finance	69.197	13.488
Other	2.508	1.467
Combined	150.797	38.967
Less: Joint Ventures (Note 8.d)	(29.076)	(15.718)
Add: Net profit shares of Joint Ventures and associates (Note 8.c)	12.416	5.880
Consolidated	134.137	29.129
e) Net profit for the period		
Energy	42.187	4.892
Automotive	36.236	15.961
Consumer durables	4.796	3.203
Finance	52.481	10.125
Other	2.047	1.212
Combined	137.747	35.393
Less: Joint Ventures (Note 8.d)	(31.943)	(15.088)
Add: Net profit shares of Joint Ventures and associates (Note 8.c)	12.416	5.880
Less: Non-controlling interests	(48.414)	(10.992)
Consolidated (attributable to the equity holders of the parent)	69.806	15.193
f) Capital expenditures ⁽¹⁾		
Energy	3.946	2.342
Automotive	26.457	10.818
Consumer durables	6.145	2.605
Finance	1.484	802
Other	2.443	687
Combined	40.475	17.254
Less: Joint Ventures	(12.879)	(4.726)
Consolidated	27.596	12.528

⁽¹⁾ Capital expenditures do not include the additions related to the right-of-use assets.

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 4 - SEGMENT REPORTING (Continued)

	31 December 2022	31 December 2021
g) Total assets		
Energy	199.543	119.769
Automotive	206.211	100.125
Consumer durables	142.638	90.677
Finance	1.191.487	788.430
Other	68.820	45.485
Combined	1.808.699	1.144.486
Less: Joint Ventures (Note 8.d)	(192.069)	(94.663)
Add: Carrying values of Joint Ventures and associates (Note 8.a)	21.369	12.135
Less: Eliminations	(55.405)	(41.405)
Consolidated	1.582.594	1.020.553

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2022			31 December 2021		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
Cash in hand	13.177	34	13.211	12.884	14	12.898
Cheques received	-	196	196	-	126	126
Banks						
- Demand deposits	32.024	10.102	42.126	24.222	6.312	30.534
- Time deposits	16.592	76.215	92.807	13.763	34.315	48.078
- Reverse repo receivables	53	-	53	1.806	-	1.806
Other	2.462	763	3.225	-	407	407
	64.308	87.310	151.618	52.675	41.174	93.849

As of 31 December 2022, total blocked deposits amounted to TL6.610 million (31 December 2021: TL4.325 million). As of 31 December 2022, TL3.370 million (31 December 2021: TL2.720 million) of the related amount consists of the revenue shares collected by Tüpraş, a Subsidiary of the Group, as indicated in the Petroleum Market License Regulation and TL2.705 million (31 December 2021: TL1.528 million) of the related amount consist of blocked demand deposits Tüpraş, for derivative transactions carried out in foreign stock exchanges.

Group companies operating in Non-Finance sectors have cash and cash equivalent balances amounting to TL22.736 million held at Yapı Kredi Bankası and eliminated during the preparation of consolidated financial statements as of 31 December 2022 (31 December 2021: TL22.178 million).

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 6 - BALANCES WITH CENTRAL BANK OF THE REPUBLIC OF TURKEY

	31 December 2022	31 December 2021
Balances with Central Bank of the Republic of Turkey	130.959	103.245
- Required reserves ⁽¹⁾	59.169	48.051
- Free deposits	71.790	55.194
	130.959	103.245

⁽¹⁾ In accordance with the legislation of the CBRT numbered 2013/15 "Decree on Reserve Deposits", banks operating in Turkey must place TL, USD, EUR and gold reserves for their liabilities. As of 31 December 2022, the ratios for TL reserves are between 3% and 8% (31 December 2021: 3% and 8%) and the ratios for foreign currency reserves are between 5% and 26% (31 December 2021: 5% and 26%) for deposits and other liabilities depending on their maturity structures.

NOTE 7 - FINANCIAL ASSETS

	31 December 2022			31 December 2021		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Financial assets measured at fair value through profit or loss	4.752	431	5.183	802	380	1.182
Financial assets measured at fair value through other comprehensive income	10.861	68.890	79.751	10.272	25.064	35.336
Financial assets measured at amortised cost	8.532	159.911	168.443	3.409	92.711	96.120
	24.145	229.232	253.377	14.483	118.155	132.638

a) Financial assets measured at fair value through profit or loss

	31 December 2022			31 December 2021		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
Debt securities:						
Government bonds	596	-	596	211	-	211
	596	-	596	211	-	211
Deposits:						
Time deposits	-	2.473	2.473	-	-	-
	-	2.473	2.473	-	-	-
Equity securities:						
Listed	1.683	-	1.683	363	-	363
Unlisted	-	431	431	228	380	608
	1.683	431	2.114	591	380	971
	2.279	2.904	5.183	802	380	1.182

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 7 - FINANCIAL ASSETS (Continued)

b) Financial assets measured at fair value through other comprehensive income

	31 December 2022			31 December 2021		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
Debt securities:						
Government bonds	59.418	-	59.418	27.730	-	27.730
Eurobonds	16.980	-	16.980	6.023	-	6.023
Private sector bonds	1.899	-	1.899	954	-	954
	78.297	-	78.297	34.707	-	34.707
Equity securities:						
Listed	-	921	921	-	484	484
Unlisted	202	331	533	93	52	145
	202	1.252	1.454	93	536	629
	78.499	1.252	79.751	34.800	536	35.336

The movement of financial assets at fair value through other comprehensive income is as follows:

	2022	2021
Beginning of the period - 1 January	35.336	25.479
Additions	36.723	8.788
Disposals/redemptions	(12.377)	(7.900)
Currency translation differences	4.332	4.432
Change in interest accruals	15.301	4.408
Fair value gains/impairment losses (net)	436	108
Business combinations	-	21
End of the period - 31 December	79.751	35.336

c) Financial assets measured at amortised cost

	31 December 2022			31 December 2021		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
Debt securities:						
Government bonds	95.884	-	95.884	47.676	-	47.676
Eurobonds	66.690	-	66.690	44.130	-	44.130
Other	5.869	-	5.869	4.314	-	4.314
	168.443	-	168.443	96.120	-	96.120

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 7 - FINANCIAL ASSETS (Continued)

The movement of financial assets measured at amortised cost is as follows:

	2022	2021
Beginning of the period - 1 January	96.120	53.013
Additions	31.057	23.582
Disposals/redemptions	(8.560)	(2.067)
Currency translation differences	32.704	15.183
Change in interest accruals	17.122	6.409
End of the period - 31 December	168.443	96.120

NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a) The details of carrying values and consolidation rates subject to equity accounting of Joint Ventures and associates are as follows:

	31 December 2022		31 December 2021	
	%	Amount	%	Amount
Ford Otosan	38,65	8.289	38,65	3.955
Tofaş	37,59	4.238	37,59	2.145
Banque de Commerce	30,67	2.872	30,67	2.051
Opet	43,00	1.680	41,33	1.340
Türk Traktör	37,50	1.364	37,50	771
Allianz Emeklilik	20,00	655	20,00	426
Other		2.271		1.447
		21.369		12.135
Joint Ventures		17.842		9.658
Associates		3.527		2.477
		21.369		12.135

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

b) The market values (Level 1) of the listed Joint Ventures are as follows:

	31 December 2022	31 December 2021
Ford Otosan	184.052	83.552
Tofaş	82.850	37.850
Türk Traktör	35.224	11.955

c) The movement of Joint Ventures and associates is as follows:

	2022	2021
Beginning of the period - 1 January	12.135	8.367
Shares of profit/(loss)	12.416	5.880
Shares of other comprehensive income/(loss)	988	316
Dividend received	(4.858)	(2.645)
Dividend paid	15	42
Contribution to capital increases	485	200
Transactions with non-controlling interests ⁽¹⁾	180	-
Profit eliminations	8	(2)
Disposals from the scope of consolidation	-	(23)
End of the period - 31 December	21.369	12.135

⁽¹⁾ Related to the acquisition of shares constituting 1,67% of Opet's share capital from non-controlling interests (Note 2.4).

Shares of profit/(loss) of Joint Ventures and associates:	2022	2021
Ford Otosan	7.213	3.301
Tofaş	3.218	1.233
Opet	270	553
Türk Traktör	1.114	496
Other	601	297
	12.416	5.880
Joint Ventures	12.180	5.741
Associates	236	139
	12.416	5.880

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Shares of other comprehensive income/(loss) of Joint Ventures and associates:

	2022	2021
Ford Otosan	(344)	(722)
Tofaş	77	(191)
Banque de Commerce	870	848
Opet	124	103
Türk Traktör	(70)	53
Other	331	225
	988	316

Joint Ventures	47	(511)
Associates	941	827
	988	316

Dividend income/(capital increases) from Joint Ventures and associates:

	2022	2021
Ford Otosan	2.536	1.382
Tofaş	1.203	564
Banque de Commerce	49	-
Opet	248	83
Allianz Emeklilik	77	51
Türk Traktör	450	319
Other	(190)	46
	4.373	2.445

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

d) Condensed financial information of Joint Ventures after consolidation adjustments is as follows:

Condensed balance sheet information of Joint Ventures:

31 December 2022	Ford Otosan	Tofaş	Opet	Türk Traktör	Other	Total
Cash and cash equivalents	10.115	12.019	6.508	4.417	2.807	35.866
Other current assets	44.969	18.281	16.405	7.172	9.653	96.480
Receivables from finance sector operations	-	4.809	-	-	-	4.809
Other non-current assets	40.269	5.184	3.494	2.220	3.747	54.914
Total assets	95.353	40.293	26.407	13.809	16.207	192.069
Short-term borrowings	13.219	5.071	12.427	3.402	3.866	37.985
Other current liabilities	32.951	20.956	6.016	5.923	6.095	71.941
Long-term borrowings	18.293	1.889	4.520	459	483	25.644
Other non-current liabilities	9.577	1.104	118	386	481	11.666
Total liabilities	74.040	29.020	23.081	10.170	10.925	147.236
Net assets:	21.313	11.273	3.326	3.639	5.282	44.833
Allocation of net assets:						
Non-controlling interests	-	-	-	-	-	-
Equity holders of the parent	21.313	11.273	3.326	3.639	5.282	44.833
Reconciliation of carrying value:						
<i>Ownership of the Group</i>	<i>38,65%</i>	<i>37,59%</i>	<i>43,00%</i>	<i>37,50%</i>		
Net asset share of the Group	8.238	4.238	1.430	1.364	2.259	17.529
Goodwill carried at Group level	-	-	139	-	-	139
Impact of additional share purchase	51	-	111	-	12	174
Carrying value	8.289	4.238	1.680	1.364	2.271	17.842

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

31 December 2021	Ford Otosan	Tofaş	Opet	Türk Traktör	Other	Total
Cash and cash equivalents	14.174	4.215	1.320	1.567	1.056	22.332
Other current assets	18.640	9.797	8.761	3.373	5.864	46.435
Receivables from finance sector operations	-	4.383	-	-	-	4.383
Other non-current assets	9.929	5.031	2.509	1.171	2.873	21.513
Total assets	42.743	23.426	12.590	6.111	9.793	94.663
Short-term borrowings	8.257	4.138	2.430	569	1.290	16.684
Other current liabilities	12.525	9.608	3.376	2.798	4.469	32.776
Long-term borrowings	10.799	3.621	3.844	533	472	19.269
Other non-current liabilities	1.061	351	35	156	239	1.842
Total liabilities	32.642	17.718	9.685	4.056	6.470	70.571
Net assets:	10.101	5.708	2.905	2.055	3.323	24.092
Allocation of net assets:						
Non-controlling interests	-	-	-	-	-	-
Equity holders of the parent	10.101	5.708	2.905	2.055	3.323	24.092
Reconciliation of carrying value:						
<i>Ownership of the Group</i>	<i>38,65%</i>	<i>37,59%</i>	<i>41,33%</i>	<i>37,50%</i>		
Net asset share of the Group	3.904	2.145	1.201	771	1.435	9.456
Goodwill carried at Group level	-	-	139	-	-	139
Impact of additional share purchase	51	-	-	-	12	63
Carrying value	3.955	2.145	1.340	771	1.447	9.658

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 8 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Condensed income statement information:

1 January - 31 December 2022	Ford Otosan	Tofaş	Opet ⁽²⁾	Türk Traktör	Other	Total
Revenue	171.797	66.793	179.988	21.835	28.560	468.973
Depreciation and amortisation	1.895	1.519	542	214	230	4.400
Operating profit	19.141	8.930	2.847	2.949	2.124	35.991
Net financial income/(expenses)	(3.503)	(452)	(2.270)	(107)	(720)	(7.052)
Profit before tax	15.621	8.562	592	2.863	1.438	29.076
Net profit for the period	18.662	8.561	664	2.971	1.085	31.943
Non-controlling interests	-	-	-	-	-	-
Equity holders of the parents	18.662	8.561	664	2.971	1.085	31.943
Ownership of the Group	38,65%	37,59%	43,00%	37,50%		
Net profit share of the Group	7.213	3.218	270	1.114	365	12.180

1 January - 31 December 2021	Ford Otosan ⁽¹⁾	Tofaş	Opet ⁽²⁾	Türk Traktör	Other	Total
Revenue	71.101	30.513	56.007	11.644	13.474	182.739
Depreciation and amortisation	1.054	1.199	433	161	217	3.064
Operating profit	9.115	4.096	1.775	1.413	973	17.372
Net financial income/(expenses)	(716)	(622)	(276)	95	(189)	(1.708)
Profit before tax	8.361	3.512	1.533	1.510	802	15.718
Net profit for the period	8.540	3.281	1.338	1.322	607	15.088
Non-controlling interests	-	-	-	-	-	-
Equity holders of the parents	8.540	3.281	1.338	1.322	607	15.088
Ownership of the Group	38,65%	37,59%	41,33%	37,50%		
Net profit share of the Group	3.301	1.233	553	496	158	5.741

⁽¹⁾ The operational results of Ford Otosan, a Joint Venture of the Group, for the period January-December 2021 include TL225 million expected credit losses provision (TL168,8 million net amount with TL56,3 million deferred tax impact) provided for the misconduct identified regarding dealer receivables and risks (profit/loss impact in the consolidated financial statements: TL65,3 million).

⁽²⁾ The operational results of Opet, a Joint Venture of the Group, for the period January-December 2020 include TL325 million administrative penalty expense regarding the payment realised to the Competition Authority. In the lawsuit filed by Opet for the cancellation of the related penalty, a stay of execution decision was granted and related administrative penalty was repaid to Opet with its legal interest in September 2021. Therefore, the financial results of Opet for the period January-December 2021 include TL325 million income resulting from the cancellation of the administrative penalty. The Competition Authority applied to the Court of Appeal for the annulment of the cancellation decision of the Court of First Instance and the trial continues.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

	31 December 2022	31 December 2021
Trade receivables		
Trade receivables	70.787	44.265
Notes and cheques receivable	2.659	2.179
Less: Provision for expected credit loss	(1.946)	(1.302)
Less: Unearned finance income	(1.043)	(460)
	70.457	44.682
Due from related parties (Note 29)	5.491	3.074
	75.948	47.756
Short-term trade receivables	74.829	46.980
Long-term trade receivables	1.119	776
	75.948	47.756

Tüpraş and Arçelik, the Subsidiaries of the Group, offset TL6.211 million (31 December 2021: TL642 million) and TL5.767 million (31 December 2021: TL2.366 million) respectively, from their trade receivables that were collected from factoring companies as a part of irrevocable factoring agreements as of 31 December 2022.

Movement of the provision for expected credit losses is as follows:

	2022	2021
Beginning of the period - 1 January	1.302	877
Increases during the period	203	143
Business combinations	275	30
Collections	(29)	(36)
Write-offs ⁽¹⁾	(92)	(66)
Currency translation differences	287	354
End of the period - 31 December	1.946	1.302

⁽¹⁾ Doubtful receivables, for which no possibility of collection is foreseen, are written off from the records along with their related provisions.

	31 December 2022	31 December 2021
Trade payables		
Trade payables	96.546	69.130
Less: Unearned finance expense	(628)	(232)
	95.918	68.898
Due to related parties (Note 29)	6.921	2.690
	102.839	71.588

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

	31 December 2022	31 December 2021
Short-term receivables from finance sector operations	414.715	229.362
Long-term receivables from finance sector operations	212.975	187.381
	627.690	416.743

The breakdown of receivables from finance sector operations is as follows:

31 December 2022	Corporate and commercial loans	Consumer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
Stage 1	314.252	113.841	103.391	19.074	10.514	561.072
Stage 2	65.209	8.281	6.629	765	576	81.460
Stage 3	15.515	4.723	1.406	501	100	22.245
Gross ⁽¹⁾	394.976	126.845	111.426	20.340	11.190	664.777
Stage 1 and 2	(17.304)	(1.856)	(856)	(399)	(110)	(20.525)
Stage 3	(10.504)	(4.337)	(1.281)	(368)	(72)	(16.562)
Expected credit losses (-) ⁽¹⁾	(27.808)	(6.193)	(2.137)	(767)	(182)	(37.087)
Net	367.168	120.652	109.289	19.573	11.008	627.690
31 December 2021	Corporate and commercial loans	Consumer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
Stage 1	222.020	70.305	47.532	14.113	5.189	359.159
Stage 2	56.923	5.831	3.460	887	786	67.887
Stage 3	15.103	3.090	1.443	438	139	20.213
Gross	294.046	79.226	52.435	15.438	6.114	447.259
Stage 1 and 2	(13.471)	(1.701)	(454)	(355)	(85)	(16.066)
Stage 3	(10.043)	(2.677)	(1.273)	(343)	(114)	(14.450)
Expected credit losses (-) ⁽¹⁾	(23.514)	(4.378)	(1.727)	(698)	(199)	(30.516)
Net	270.532	74.848	50.708	14.740	5.915	416.743

⁽¹⁾ TL657.307 million (31 December 2021: TL445.079 million) of gross receivables from finance sector operations and TL36.945 million (31 December 2021: TL30.392 million) of expected credit losses are related to Yapı Kredi Bankası.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Movement of the expected credit losses is as follows:

2022	Corporate and commercial loans	Consumer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
Beginning of the period - 1 January	23.514	4.378	1.727	698	199	30.516
Increases during the period	10.718	4.653	1.634	178	96	17.279
Collections	(7.978)	(1.886)	(767)	(174)	(56)	(10.861)
Disposals due to sale of portfolio	(209)	(997)	(467)	-	-	(1.673)
Write-offs	(3.111)	(4)	-	-	(56)	(3.171)
Currency translation differences	4.874	49	10	65	(1)	4.997

End of the period - 31 December	27.808	6.193	2.137	767	182	37.087

2021	Corporate and commercial loans	Customer loans	Credit card receivables	Leasing receivables	Factoring receivables	Total
Beginning of the period - 1 January	19.477	2.953	1.629	568	154	24.781
Increases during the period	1.795	1.766	337	205	78	4.181
Collections	(1.747)	(343)	(255)	(74)	(32)	(2.451)
Write-offs	(1.035)	(32)	(2)	(69)	(1)	(1.139)
Currency translation differences	5.024	34	18	68	-	5.144

End of the period - 31 December	23.514	4.378	1.727	698	199	30.516

Stage-based movement of the expected credit losses is as follows:

2022	Stage 1	Stage 2	Stage 3	Total
Beginning of the period - 1 January	3.339	12.727	14.450	30.516
Increases during the period	2.187	4.535	10.557	17.279
Collections	(1.684)	(3.894)	(5.283)	(10.861)
Write-offs	-	-	(3.171)	(3.171)
Disposals due to sale of portfolio	-	-	(1.673)	(1.673)
Transfers to Stage 1	315	(315)	-	-
Transfers to Stage 2	(20)	114	(94)	-
Transfers to Stage 3	(1)	(1.646)	1.647	-
Currency translation differences	724	4.144	129	4.997
End of the period - 31 December	4.860	15.665	16.562	37.087

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 10 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

2021	Stage 1	Stage 2	Stage 3	Total
Beginning of the period - 1 January	2.795	8.344	13.642	24.781
Increases during the period	630	899	2.652	4.181
Collections	(542)	(793)	(1.116)	(2.451)
Write-offs	-	-	(1.139)	(1.139)
Transfers to Stage 1	605	(569)	(36)	-
Transfers to Stage 2	(739)	927	(188)	-
Transfers to Stage 3	(69)	(451)	520	-
Currency translation differences	659	4.370	115	5.144
End of the period - 31 December	3.339	12.727	14.450	30.516

NOTE 11 - DERIVATIVE INSTRUMENTS

The breakdown of derivative instruments as of 31 December 2022 and 2021 is as follows:

	31 December 2022		31 December 2021	
	Asset	Liability	Asset	Liability
Derivatives held for trading	11.447	13.020	19.199	17.201
Derivatives held for hedging	11.294	2.430	6.409	4.901
	22.741	15.450	25.608	22.102

Finance:

	31 December 2022			31 December 2021		
	Contract amount ⁽¹⁾	Fair Values		Contract amount ⁽¹⁾	Fair Values	
		Asset	Liability		Asset	Liability
Derivatives held for trading:						
Interest rate swaps	244.236	2.897	2.422	231.544	1.541	1.474
Currency swaps	264.250	2.121	3.733	173.875	10.287	7.825
Currency forwards	30.740	1.038	221	26.393	1.178	1.611
Cross-currency fixed interest rate swaps	14.788	3.134	5.836	23.004	4.126	5.681
Option agreements	111.771	1.163	331	13.594	163	61
Other derivative instruments	99.778	785	12	88.038	847	6
	765.563	11.138	12.555	556.448	18.142	16.658
Derivatives held for hedging:						
Interest rate swaps	120.990	7.556	35	113.088	3.560	683
Cross-currency fixed interest rate swaps	1.935	-	1.381	1.496	-	989
	122.925	7.556	1.416	114.584	3.560	1.672

⁽¹⁾ Refers to the aggregate contract amounts of buy and sell legs of the related derivative instruments.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 11 - DERIVATIVE INSTRUMENTS (Continued)

Non-finance:

	31 December 2022			31 December 2021		
	Contract amount ⁽¹⁾	Fair values Asset	Liability	Contract amount ⁽¹⁾	Fair values Asset	Liability
Derivatives held for trading:						
Currency forwards	32.057	172	331	52.142	1.055	416
Currency swaps	14.688	60	56	6.560	2	27
Commodity futures	852	77	78	20.448	-	100
	47.597	309	465	79.150	1.057	543
Derivatives held for hedging:						
Interest rate swaps	6.787	182	16	9.141	93	112
Cross-currency fixed interest rate swaps	248	216	-	369	274	-
Currency swaps	672	14	298	558	-	177
Currency forwards	2.276	2	-	151	9	-
Commodity futures	92.587	3.324	700	34.675	2.473	2.940
	102.570	3.738	1.014	44.894	2.849	3.229

⁽¹⁾ Refers to the aggregate contract amounts of buy and sell legs of the related derivative instruments.

NOTE 12 - INVENTORIES

	31 December 2022	31 December 2021
Raw materials and supplies	22.602	11.110
Work in progress	10.300	5.018
Finished goods	24.132	13.977
Merchandise	10.372	4.948
Goods in transit	11.679	11.413
Other inventories	366	105
Less: Provision for impairment	(930)	(313)
	78.521	46.258

Movement of provision for impairment on inventories is as follows:

	2022	2021
The beginning of the period - 1 January	313	188
Increase during the period	641	83
Reversal of provisions	(100)	(105)
Business combinations	49	36
Currency translation differences	27	111
End of the period - 31 December	930	313

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
As of 1 January 2022								
Cost	6.972	13.774	29.995	18.589	5.759	2.550	1.288	78.927
Accumulated depreciation	(1.634)	(4.719)	(13.411)	(3.945)	(3.303)	-	(747)	(27.759)
Net book value	5.338	9.055	16.584	14.644	2.456	2.550	541	51.168
Net book value at the beginning of period	5.338	9.055	16.584	14.644	2.456	2.550	541	51.168
Additions	347	2.928	1.624	11.394	2.257	4.556	276	23.382
Business combinations (Note 3)	40	766	822	17	20	11	8	1.684
Additions to the scope of consolidation (Note 1)	-	-	-	358	7	-	-	365
Disposals	(11)	(350)	(127)	(498)	(38)	(292)	(15)	(1.331)
Transfers ⁽¹⁾	23	330	1.475	(1.218)	187	(2.157)	33	(1.327)
Currency translation differences	140	1.127	1.236	2.577	271	212	7	5.570
Current period depreciation	(197)	(1.334)	(2.080)	(1.878)	(849)	-	(147)	(6.485)
Net book value at the end of the period	5.680	12.522	19.534	25.396	4.311	4.880	703	73.026
31 December 2022								
Cost	7.509	18.848	36.882	31.340	8.939	4.880	1.550	109.948
Accumulated depreciation	(1.829)	(6.326)	(17.348)	(5.944)	(4.628)	-	(847)	(36.922)
Net book value	5.680	12.522	19.534	25.396	4.311	4.880	703	73.026

⁽¹⁾ Include transfers amounting to TL1.236 million from other non-current assets used in operational lease classified under property, plant and equipment to inventories and transfers amounting to TL91 million from property, plant and equipment to other intangible assets (Note 15).

Net book value of the right-of-use assets classified under property, plant and equipment is TL5.110 million as of 31 December 2022 (31 December 2021: TL3.297 million). For the year ended 31 December 2022, additions to the right-of-use assets amounted to TL3.067 million (31 December 2021: TL1.524 million) and depreciation expenses amounted to TL1.461 million (31 December 2021: TL951 million).

KOÇ HOLDING A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Constructions in progress	Leasehold improvements	Total
As of 1 January 2021								
Cost	6.153	10.798	23.049	11.731	3.985	2.295	934	58.945
Accumulated depreciation	(1.443)	(3.565)	(10.062)	(2.291)	(2.499)	-	(564)	(20.424)
Net book value	4.710	7.233	12.987	9.440	1.486	2.295	370	38.521
Net book value at the beginning of the period	4.710	7.233	12.987	9.440	1.486	2.295	370	38.521
Additions	198	1.437	1.591	4.973	971	1.243	202	10.615
Business combinations	412	373	1.252	11	165	33	1	2.247
Disposals	(1)	(438)	(9)	(310)	(18)	(33)	(7)	(816)
Transfers ⁽¹⁾	13	33	904	(599)	77	(1.213)	22	(763)
Currency translation differences	190	1.276	1.261	2.157	302	225	66	5.477
Current period depreciation	(184)	(859)	(1.402)	(1.028)	(527)	-	(113)	(4.113)
Net book value at the end of the period	5.338	9.055	16.584	14.644	2.456	2.550	541	51.168
31 December 2021								
Cost	6.972	13.774	29.995	18.589	5.759	2.550	1.288	78.927
Accumulated depreciation	(1.634)	(4.719)	(13.411)	(3.945)	(3.303)	-	(747)	(27.759)
Net book value	5.338	9.055	16.584	14.644	2.456	2.550	541	51.168

⁽¹⁾ Include transfers amounting to TL749 million from other non-current assets used in operational lease classified under property, plant and equipment to inventories and transfers amounting to TL14 million from property, plant and equipment to other intangible assets (Note 15).

NOTE 14 - GOODWILL

	2022	2021
Net book value at the beginning of the period - 1 January	5.582	3.726
Currency translation differences	937	643
Business combinations	-	1.213
Net book value at the end of the period - 31 December	6.519	5.582

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 14 - GOODWILL (Continued)

The allocation of the goodwill is as follows:

	31 December 2022	31 December 2021
Tüpraş	2.736	2.736
Hitachi	1.747	1.212
Defy Group	898	662
Singer Bangladesh	688	574
Dawlance Group	427	376
Other	23	22
	6.519	5.582

Goodwill impairment tests:

As indicated in Note 2.4.18, goodwill allocated to cash-generating units is tested for impairment annually or more frequently when there is an indication of impairment. The recoverable amount of a cash generating unit is determined by calculating the value in use or fair value less costs to sell.

As specified below in details, no impairment has been identified as of 31 December 2022 as a result of the impairment tests realised on the basis of cash generating units.

a) Tüpraş

The recoverable amount of the cash generating unit has been determined using discounted cash flow analyses based on fair value less costs to sell calculations. These fair value calculations include shareholders cash flow projections denominated in USD and are based on the financial plans approved by Tüpraş management covering nine years period. The Group considers that, the analysis covering a period longer than five years is more appropriate to evaluate operating results and prospective assumptions in the sector and therefore impairment test is based on longer term plans. The cash flows for the periods beyond fourteen years are extrapolated using the long term growth rate of 2% (2021: 1%). The discount rate (cost of equity) used to discount the related cash flows is 12% (2021: 9,7%).

b) Hitachi Group

The recoverable amount of the goodwill has been determined based on value in use calculations. Value in use is determined by discounting the expected future cash flows to be generated by the cash generating unit. Goodwill impairment test is based on the projections denominated in USD, approved by Arçelik management covering five years period between 1 January 2023 and 31 December 2027. Cash flows for further periods were extrapolated using a constant growth rate of 1% which does not exceed the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 12% is used as after tax discount rate in order to calculate the recoverable amount of the unit. The post-tax rate was adjusted considering the tax cash outflows, other future tax cash flows and differences between the cost of the assets and their tax bases.

c) Defy Group

The recoverable amount of the goodwill has been determined based on value in use calculations. Value in use is determined by discounting the expected future cash flows to be generated by the cash generating unit. Goodwill impairment test is based on the projections denominated in South African Rand, approved by Arçelik management covering five years period between 1 January 2023 and 31 December 2027. Cash flows for further periods were extrapolated using a constant growth rate of 7,2% (2021: 5%) which does not exceed the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 14,7% (2021: 13,2%) is used as after tax discount rate in order to calculate the recoverable amount of the unit. The post-tax rate was adjusted considering the tax cash outflows, other future tax cash flows and differences between the cost of the assets and their tax bases.

d) Singer Bangladesh

In order to test for the impairment of the goodwill generated during the acquisition of Singer Bangladesh, the listed subsidiary of Arçelik, the market value of the Company has been used which was calculated over the share price at Bangladesh Stock Exchange as of 31 December 2022.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 14 - GOODWILL (Continued)

e) Dawlance Group

The recoverable amount of the goodwill has been determined based on value in use calculations. Value in use is determined by discounting the expected future cash flows to be generated by the cash generating unit. Goodwill impairment test is based on the projections in Pakistan Rupee currency, approved by Arçelik management covering five years period between 1 January 2023 and 31 December 2027. Cash flows for further periods were extrapolated using a constant growth rate of 4% (2021: 4%) which does not exceed the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 16,8% (2021: 14,3%) is used as after tax discount rate in order to calculate the recoverable amount of the unit. The post-tax rate was adjusted considering the tax cash outflows, other future tax cash flows and differences between the cost of the assets and their tax bases.

Sensitivity analysis:

The effects of 1% negative deviation on the significant assumptions used in the base scenario of impairment tests have been analysed for each cash generating unit. Positive deviations on recoverable amounts with respect to the carrying amounts including goodwill as a result of the sensitivity analysis performed as of 31 December 2022 are summarised in the following table:

	Tüpraş	Hitachi	Defy Group	Singer Bangladesh	Dawlance Group
Base scenario	77%	181%	36%	60%	131%
Sensitivity analysis:					
Long-term growth rate: 1% decrease	68%	563%	29%	-	113%
Discount rate: 1% increase	63%	543%	18%	-	99%
20% decrease in market value	-	-	-	28%	-

NOTE 15 - OTHER INTANGIBLE ASSETS

	Rights	Brand	Deposit Base	Development Costs	Customer Relations	Other	Total
1 January 2022							
Cost	2.465	4.549	1.615	4.609	2.322	2.365	17.925
Accumulated amortisation	(1.336)	-	(561)	(1.931)	(261)	(975)	(5.064)
Net book value	1.129	4.549	1.054	2.678	2.061	1.390	12.861
Additions	532	-	-	2.113	-	313	2.958
Disposals	(1)	-	-	-	-	(2)	(3)
Transfers ^(*)	70	-	-	(13)	-	34	91
Currency translation differences	6	921	-	(60)	1.589	196	2.652
Current period amortisation	(282)	-	(207)	(458)	(353)	(292)	(1.592)
Net book value at the end of the period	1.454	5.470	847	4.260	3.297	1.639	16.967
31 December 2022							
Cost	3.081	5.470	1.615	6.665	3.912	3.059	23.802
Accumulated amortisation	(1.627)	-	(768)	(2.405)	(615)	(1.420)	(6.835)
Net book value	1.454	5.470	847	4.260	3.297	1.639	16.967

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 15 - OTHER INTANGIBLE ASSETS (Continued)

	Rights	Brand	Deposit Base	Development Costs	Customer Relations	Other	Total
1 January 2021							
Cost	1.796	3.678	1.615	3.641	641	1.660	13.031
Accumulated amortisation	(1.032)	-	(353)	(1.626)	(110)	(704)	(3.825)
Net book value	764	3.678	1.262	2.015	531	956	9.206
Additions	236	-	-	1.027	-	229	1.492
Business combinations	35	-	-	-	1.362	329	1.726
Disposals	(5)	-	-	(2)	-	-	(7)
Transfers ⁽¹⁾	12	-	-	(57)	-	59	14
Currency translation differences	267	871	-	1	319	57	1.515
Current period amortisation	(180)	-	(208)	(306)	(151)	(240)	(1.085)
Net book value at the end of the period	1.129	4.549	1.054	2.678	2.061	1.390	12.861
31 December 2021							
Cost	2.465	4.549	1.615	4.609	2.322	2.365	17.925
Accumulated amortisation	(1.336)	-	(561)	(1.931)	(261)	(975)	(5.064)
Net book value	1.129	4.549	1.054	2.678	2.061	1.390	12.861

⁽¹⁾ Includes transfers from property, plant and equipment.

Total research and development expenditures incurred in 2022 excluding amortisation amounts to TL2.724 million (2021: TL1.345 million).

As of 31 December 2022, net book value of intangible assets with indefinite useful lives amounted to TL5.470 million (2021: TL4.549 million) and consists of brands. The useful lives of the related brands are assessed as indefinite, since there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group.

The breakdown of the Group's brands is as follows:

	31 December 2022	31 December 2021
Yapı Kredi Bankası	2.013	2.013
Arçelik		
Grundig	1.716	1.183
Defy	1.102	799
Dawlance	555	486
Other	84	68
	5.470	4.549

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 15 - OTHER INTANGIBLE ASSETS (Continued)

Brand impairment test

Yapı Kredi Bankası brand

As of 31 December 2022, Yapı Kredi Bankası brand has been tested for impairment using the royalty relief method. Revenue forecasts, considered in the determination of the brand value, are based on the financial plans approved by the management covering a five year period. Beyond the five year period, revenue forecasts have been extrapolated by 2,7% expected growth rate. The royalty income was estimated by applying 1% royalty rate to these revenue forecasts. Estimated royalty income determined with the aforementioned method has been discounted by using 28,2% discount rate after tax. Value in use of the brand was calculated 104% above its carrying value and no impairment has been identified.

According to the sensitivity scenario in which 1% higher after tax discount rate is used in the value in use calculation, value in use of the brands is calculated 96% higher than their carrying amounts.

Arçelik brands

As of 31 December 2022, Arçelik brands have been tested for impairment using the royalty relief method. Sales forecasts, considered in the determination of the brand value, are based on the financial plans approved by the management covering a five year period. Beyond the five year period, sales forecasts have been extrapolated by 3% to 7,2% expected growth rates. The royalty income was estimated by applying 2% to 3% royalty rates to these sales forecasts. Estimated royalty income determined with the aforementioned method has been discounted using 8,1% to 16,8% discount rates after tax. Value in use of the brands has been calculated as 12,3 times of their carrying values and no impairment has been identified.

According to the sensitivity scenario in which 1% higher after tax discount rate is used in the value in use calculation, value in use of the brands is calculated as 10,4 times of their carrying amounts.

NOTE 16 - BORROWINGS

	31 December 2022			31 December 2021		
	Finance	Non-Finance	Total	Finance	Non-Finance	Total
Short-term borrowings ⁽¹⁾:						
Bank borrowings	108.319	45.340	153.659	55.129	27.860	82.989
Debt securities in issue	37.044	31.111	68.155	37.718	1.772	39.490
Factoring payables	-	2.908	2.908	-	251	251
Lease liabilities	453	777	1.230	308	472	780
	145.816	80.136	225.952	93.155	30.355	123.510
Long-term borrowings:						
Bank borrowings	15.114	25.397	40.511	33.878	24.656	58.534
Debt securities in issue	70.338	37.945	108.283	56.993	44.603	101.596
Lease liabilities	1.524	2.280	3.804	1.043	1.606	2.649
	86.976	65.622	152.598	91.914	70.865	162.779
Total borrowings	232.792	145.758	378.550	185.069	101.220	286.289

⁽¹⁾ Includes short-term portion of long-term borrowings.

Group companies operating in Non-Finance sectors have borrowings amounting to TL3.413 million obtained from Yapı Kredi Bank and eliminated during the preparation of consolidated financial statements as of 31 December 2022 (31 December 2021: TL1.802 million).

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 16 - BORROWINGS (Continued)

Major borrowings in 2022:

Finance:

Koç Finansman, a Subsidiary of the Group completed the bond issues with a nominal value of TL1.460 million, maturity between 12 and 13 months, principal and coupon payments at the end of maturity and annual interest rate between 20,95% - 34,50% in 2022.

Non-finance:

Arçelik, a Subsidiary of the Group completed the financial bill and bond issues with a nominal value of TL3.875 million, fixed interest rate single coupon payments and annual interest rate between 24% - 34,5% in 2022.

Tat, a Subsidiary of the Group completed the bond issues with a nominal value of TL1.150 million, maturities between 179 and 375 days, principal and coupon payments at the end of maturity and annual interest rate between 24,50% - 30% in 2022.

Aygaz, a Subsidiary of the Group completed the bond issues with a nominal value of TL750 million, maturities between 175 and 368 days, coupon payments at the end of maturity and annual interest rate between 24% - 33% in 2022.

Otokoç, a Subsidiary of the Group completed the bond and financial bill issues with a nominal value of TL675 million, maturities between 179 and 370 days, principal and coupon payments at the end of maturity and annual interest rate between 24,9% - 33% in 2022.

Arçelik completed the bond issue with a nominal value of TL650 million, coupon payments in every 3 months with variable interest rate on 13 April 2022. Maturity of the bond is 5 April 2024 and coupon interest rate is DIBS+130.

Bilkom, a Subsidiary of the Group, completed the financing bill issue with a nominal value of TL150 million, maturity of 175 days, principal and coupon payments at the end of maturity and an annual interest rate of 26,50% on 9 November 2022.

Olympic, a Subsidiary of the Group, completed the bond issue with a nominal value of EUR90 million with a maturity of 366 days on 29 June 2022.

Major borrowings before 2022:

Finance:

Yapı Kredi Bankası, a Subsidiary of the Group, launched a Basel III compliant subordinated note with an amount of USD500 million, 10 year maturity and an early payment option at the end of the 5th year on 22 January 2021. The note has 7,875% coupon rate and if the notes are not redeemed at the fifth year, the coupon will be reset as 5 year USD Treasury + 7,415% for the remaining 5 years.

Yapı Kredi Bankası issued a Basel III compliant debt instrument abroad with a nominal value of USD650 million, annual interest rate of 13,875% for the first five years and mid-swap +11,24% for the next five years on 15 January 2019.

Yapı Kredi Bankası obtained a loan from UniCredit Bank Austria AG on 18 December 2013 amounting to USD470 million with 10 years maturity and a repayment option at the end of 5 years. The interest rate was determined as 6,35% for the first 5 years and midswap +4,68% for the remaining 5 years. On 30 January 2015, loan agreement has been amended in accordance with Article 8 of the "Regulation Regarding the Equity of Banks" and interest rate has been revised as 6,55% for the first 5 years and midswap +4,88% for the remaining 5 years. The interest rate has been fixed as 7,7156% for the second five years. Yapı Kredi Bank prepaid USD200 million of the related loan on 16 January 2019.

Yapı Kredi Bankası had early repaid its borrowing for USD585 million on 9 January 2013 which was received from UniCredit Bank Austria AG on 22 February 2012 with an interest rate of 3 months Libor + 8,30%. Yapı Kredi Bank received another subordinated loan from the same counterparty for USD585 million with 10 years of maturity (payable after 5 years) and 5,5% fixed interest rate. On 30 January 2015, loan agreement has been amended in accordance with Article 8 of the "Regulation Regarding the Equity of Banks" and interest rate has been revised as 5,70%.

Non-finance:

Arçelik obtained the green loan amounting to EUR150 million from European Bank for Reconstruction and Development with maturity of 8 years and interest rate of 2,35% to be used in energy and resource efficiency investments and R&D infrastructure in production facilities in Turkey on November 2021.

Arçelik completed the green bond issue, quoted on the Irish Stock Exchange, with a nominal value of EUR350 million, maturity of 5 years, coupon payments in each year, principal and coupon payments at the end of maturity and annual interest rate of 3% on 25 May 2021.

Arçelik completed the bond issue, quoted on the Borsa İstanbul, with a nominal value of TL1,2 billion, maturity of 728 days, coupon payments in every 3 months with variable interest rate, principal and coupon payments at the end of maturity and 140 bps additional return over TLREF reference ratio on 12 February 2021.

Tüpraş completed the bond issue with a nominal value of TL1,1 billion, maturity of 728 days, coupon payments in every 3 months with variable interest rate, principal and coupon payments at the end of maturity and 140 bps additional return over TLREF reference ratio on 3 February 2021.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 16 - BORROWINGS (Continued)

Olympic completed the bond issue with a nominal value of EUR130 million, maturity of 1011 days on 13 August 2020.

Koç Holding completed the bond issue, quoted on the Irish Stock Exchange, with a nominal value of USD750 million, maturity of 6 years, coupon payments in every 6 months, principal and coupon payments at the end of maturity and an annual interest rate of 6,625% on 11 March 2019.

Tüpraş completed the bond issue, quoted on the London Stock Exchange, with a nominal value of USD700 million, maturity of 7 years, coupon payments in every 6 months, principal and coupon payments at the end of maturity and an annual interest rate of 4,5% on 18 October 2017.

Koç Holding completed the bond issue, quoted on the Irish Stock Exchange, with a nominal value of USD750 million, maturity of 7 years, coupon payments in every 6 months, principal and coupon payments at the end of maturity and an annual interest rate of 5,40% on 15 March 2016. As of the balance sheet date, USD71,5 million of the bond has been repurchased.

Arçelik completed the bond issue, quoted on the Irish Stock Exchange, with a nominal value of USD500 million, maturity of 10 years, coupon payments in every 6 months, principal and coupon payments at the end of maturity and an annual interest rate of 5,125% on 3 April 2013.

Tüpraş signed three different loan agreements to finance the Fuel Oil Conversion Project in 2011. Within the scope of these loan agreements, USD1.988 million of loans are utilised for the insurance payments and capital expenditures between 2011 - 2015. The loans insured by the Spanish Export Credit Agency (CESCE) and the Italian Export Credit Agency (SACE) within the scope of financing package are non-recourse loans for 4 years and with a maximum 12 years maturity date. The third tranche is also a non-recourse loan for 4 years with a maximum 7 years maturity date. The repayment of these loans started in 2015 and the remaining balance of the mentioned loans is USD193 million as of 31 December 2022 (31 December 2021: USD385 million).

The redemption schedule of long-term financial liabilities is as follows:

	31 December 2022	31 December 2021
1-2 years	56.147	67.094
2-3 years	39.003	29.903
3-4 years	24.793	31.351
4-5 years	3.600	11.179
5 years and over	29.055	23.252
	152.598	162.779

Movement of the financial liabilities as of 31 December 2022 and 2021 is as follows:

	2022	2021
Beginning of the period - 1 January	286.289	181.807
Additions	111.897	82.826
Repayments of borrowings	(82.937)	(60.102)
New lease contracts/impact of lease modifications	2.739	1.162
Cash outflows from payments of lease liabilities	(2.178)	(1.381)
Change in exchange rates	62.043	79.822
Change in interest accruals	3.051	1.283
Currency translation differences	2.461	2.567
Consolidation eliminations and adjustments	(4.815)	(1.979)
Business combinations	-	284
End of the period - 31 December	378.550	286.289

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 17 - PAYABLES OF FINANCE SECTOR OPERATIONS

	31 December 2022	31 December 2021
Short-term payables to finance sector operations	707.203	445.328
Long-term payables to finance sector operations	5.237	5.846
	712.440	451.174

Breakdown of payables to finance sector operations is as follows:

	31 December 2022			31 December 2021		
	Demand	Time	Total	Demand	Time	Total
TL deposits						
Saving deposits	48.659	164.803	213.462	22.116	53.764	75.880
Commercial deposits	42.458	104.925	147.383	14.196	38.170	52.366
Interbank deposits	364	8.234	8.598	218	5.354	5.572
Funds deposited under repurchase agreements	-	23.122	23.122	-	48.578	48.578
Public sector deposits	1.074	1.922	2.996	1.834	70	1.904
	92.555	303.006	395.561	38.364	145.936	184.300
Foreign currency deposits						
Saving deposits	119.305	65.907	185.212	78.640	77.263	155.903
Commercial deposits	72.157	50.221	122.378	60.090	44.531	104.621
Interbank deposits	961	928	1.889	1.565	-	1.565
Funds deposited under repurchase agreements	-	7.400	7.400	-	4.785	4.785
	192.423	124.456	316.879	140.295	126.579	266.874
	284.978	427.462	712.440	178.659	272.515	451.174

NOTE 18 - TAX ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Current income tax liabilities	25.126	5.229
Less: Prepaid income tax	(19.444)	(2.664)
Current income tax liabilities (net)	5.682	2.565
Deferred tax assets	20.871	13.057
Deferred tax liabilities	(4.025)	(2.607)
Deferred tax assets (net)	16.846	10.450

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

Turkish tax legislation does not permit a parent company to file a consolidated tax return. Therefore, tax liabilities, as reflected in consolidated financial statements, have been calculated on a separate-entity basis.

The corporation tax rate is 23% in Turkey in 2022 (2021: 25%). Corporation tax is payable on the total income of the company after adjusting for certain disallowable expenses, income not subject to tax and allowances.

Income tax expenses in the consolidated income statements are summarised as follows:

	2022	2021
Current period tax expense	(25.125)	(5.302)
Deferred tax income (net)	9.208	2.358
	(15.917)	(2.944)
Profit before tax	134.137	29.129
Less: Share of profit/loss of Joint Ventures	(12.416)	(5.880)
Profit before tax (excluding share of profit/(loss) of Joint Ventures)	121.721	23.249
Domestic tax rate	23%	25%
Tax calculated at domestic tax rate	(27.996)	(5.812)
Investment tax credits	10.423	2.447
Tax allowances/exemptions	1.953	885
Additions	(1.132)	(559)
Tax rate differences/changes	267	63
Tax losses and other tax advantages (net effect)	122	(46)
Other	446	78
Tax income/(expense)	(15.917)	(2.944)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

Koç Holding, its Subsidiaries and Joint Ventures, recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and the Turkish tax legislations.

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Property, plant and equipment and intangible assets	21.186	15.124	(4.688)	(3.463)
Investment incentives ⁽¹⁾	-	-	11.235	6.737
Impairment provision for loans and receivables	(24.148)	(18.576)	6.033	3.908
Provision for employment termination benefits	(6.677)	(2.534)	1.474	528
Deductible tax losses and other tax advantages	(3.939)	(4.513)	1.094	1.042
Provision for the pension fund obligations	(2.945)	(1.813)	736	363
Warranty and assembly provisions	(2.213)	(1.529)	452	352
Unearned finance income (net)	(793)	(1.440)	168	330
Provisions for unused vacations	(659)	(301)	154	62
Provisions for lawsuits	(341)	(116)	69	27
Expense accruals (net)	(174)	(121)	37	30
Derivative instruments	11.522	3.865	(2.827)	(882)
Deferred income	1.201	(197)	(248)	60
Inventories	76	(1.177)	30	337
Other (net)	(12.630)	(4.563)	3.127	1.019
Deferred tax assets (net)			16.846	10.450

⁽¹⁾ Tüpraş, a Subsidiary of the Group, was granted a large-scaled investment incentive for the Residium Upgrade Project (RUP), in the first quarter of 2011, within the scope of the decree of the Council of Ministers dated 14 July 2009 and numbered 2009/15199. In accordance with the related legislation, Tüpraş can deduct 30% of its capital expenditures related with RUP, with a rate of 50% from tax base in accordance with the legislation provisions, at the time investment is completed and the revenue is started to be recognised. As of 7 October 2013, RUP was granted Strategic Investment Incentive by Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey that would be applicable after 19 October 2012. Within the scope of the Strategic Investment, Tüpraş can deduct 50% of its capital expenditures related with RUP, with a rate of 90% from tax base in accordance with the legislation provisions. In accordance with the related investment incentives, tax credits of TL9.741 million as of 31 December 2022 (31 December 2021: TL6.264 million) that Tüpraş will benefit in the foreseeable future have been recognised as deferred tax asset in the consolidated financial statements.

Gains of Arçelik, arising from investments under incentive certificate are subject to corporate income tax at reduced rates being effective from the financial year which the investment starts to be operated partially or entirely till the period that the investment reaches to the contribution amount. In accordance with the related investment incentives, tax credits of TL1.419 million as of 31 December 2022 (31 December 2021: TL386 million) that Arçelik will benefit in the foreseeable future have been recognised as deferred tax asset in the consolidated financial statements.

Otokar, a Subsidiary of the Group, was granted an investment certificate by the Incentive Implementation and Foreign Investment Department of Ministry of Industry and Technology of Republic of Turkey for its modernisation investment which is intended to be completed in four-year period. In accordance with the related investment certificate, tax credits of TL75 million as of 31 December 2022 (31 December 2021: TL86 million) that Otokar will benefit in the foreseeable future have been recognised as deferred tax asset in the consolidated financial statements.

Net deferred tax assets and liabilities recognised in the Subsidiaries' financial statements prepared in accordance with TFRS, are separately classified under deferred tax assets and liabilities accounts in Koç Holding's consolidated balance sheet. Temporary differences and deferred tax assets and liabilities presented above, which are prepared on the basis of gross amounts, present the net deferred tax position.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 18 - TAX ASSETS AND LIABILITIES (Continued)

The redemption schedule of carry forward tax losses which are not considered in deferred tax calculation is as follows:

	31 December 2022	31 December 2021
Up to 1 year	480	369
Up to 2 years	490	178
Up to 3 years	261	142
Up to 4 years	531	399
5 years and above	1.802	801
	3.564	1.889

Movements in deferred tax assets/(liabilities) are as follows:

	2022	2021
Beginning of the period - 1 January	10.450	8.554
Charge to the income statement	9.208	2.358
Charge to equity:		
- Gains/(losses) on financial assets measured at fair value through other comprehensive income	(2.203)	(323)
- Gains/(losses) on cash flow hedges	(2.197)	(404)
- Gains/(losses) on hedges of net investments in foreign operation	520	733
- Gains/(losses) on remeasurements of defined benefit plans	965	154
Business combinations (Note 3)	118	(335)
Currency translation differences	(15)	(287)
End of the period - 31 December	16.846	10.450

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 19 - PROVISIONS FOR EMPLOYEE BENEFITS

	31 December 2022	31 December 2021
Provision for employment termination benefits	7.594	2.662
Provision for the pension fund	2.945	1.813
Provision for unused vacations	885	424
	11.424	4.899

Provision for employment termination benefits:

- Domestic	6.726	2.245
- Foreign	868	417
	7.594	2.662

Under Turkish Labour Law, Koç Holding and its Turkish Subsidiaries and Joint Ventures are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

As of 31 December 2022, the amount payable consists of one month's salary limited to a maximum of TL15.371,40 (31 December 2021: TL8.284,51) for each year of service.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of Koç Holding and its Subsidiaries registered in Turkey arising from the retirement of employees.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL19.982,83 effective from 1 January 2023 (1 January 2022: TL10.848,59) has been taken into consideration in calculating the consolidated reserve for employment.

TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions have been used in the calculation of the total liability. Related rates have been presented by considering the weighted average of actuarial assumptions of the Subsidiaries within the scope of consolidation.

	31 December 2022	31 December 2021
Net discount rate (%)	0,55	4,45
Turnover rate to estimate the probability of retirement (%)	94,47	95,09

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 19 - PROVISIONS FOR EMPLOYEE BENEFITS (Continued)

Movements in the provision for employment termination benefits are as follows:

	2022	2021
Beginning of the period - 1 January	2.662	1.640
Increases during the period	134	397
Losses on remeasurement of defined benefit plans	4.791	421
Payments during the period	(354)	(234)
Interest expense	81	82
Currency translation differences	280	132
Business combinations	-	224
End of the period - 31 December	7.594	2.662

Provision for the pension fund:

Yapı Kredi Bankası, a Subsidiary of the Group, accounted for a provision amounting to TL2.945 million (31 December 2021: TL1.813 million) as of 31 December 2012 for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,80% determined by the New Law and CSO 1980 mortality table (Note 2.4.22). The following disclosures reflect the actuarial parameters and results in accordance with the New Law.

	31 December 2022	31 December 2021
Present value of funded obligations	8.220	5.227
- Pension benefits transferable to SSI	9.538	5.554
- Post-employment medical benefits transferable to SSI	(1.318)	(327)
Fair value of plan assets	(5.275)	(3.414)
	2.945	1.813

The fair value of pension assets are comprised as follows:

	31 December 2022	%	31 December 2021	%
Bank placements	1.238	23,0	1.721	51,0
Government bonds and treasury bills	2.887	55,0	1.177	34,0
Property, plant and equipment	883	17,0	386	11,0
Other	267	5,0	130	4,0
	5.275	100	3.414	100

The principal actuarial assumptions used are as follows:

	31 December 2022	31 December 2021
Discount rates (%):		
- Pension benefits transferable to SSI	9,80	9,80
- Post-employment medical benefits transferable to SSI	9,80	9,80

The average life expectancy of a pensioner is defined according to CSO 1980 mortality table.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 19 - PROVISIONS FOR EMPLOYEE BENEFITS (Continued)

The sensitivity analysis of provision for the pension fund is as follows:

% change in defined benefit obligation	%
Discount rate +1%	(14,9)
Discount rate -1%	19,6
Price inflation +1%	19,6
Price inflation -1%	(15,1)

NOTE 20 - PROVISIONS

a) Short-term provisions	31 December 2022	31 December 2021
Provisions for warranty and assembly	2.684	1.615
Provisions for transportation	651	263
Expense accruals of construction contracts	500	323
Provisions for lawsuits	465	211
Provision for price revision ⁽¹⁾	363	441
Provisions for demurrage	268	73
Provision for Energy Market Regulation Authority participation share	145	89
Other	1.419	683
	6.495	3.698

⁽¹⁾ As communicated to Aygaz Doğal Gaz Tüptan Satış A.Ş., a Subsidiary of the Group, by Akfel Gaz Sanayi ve Ticaret A.Ş. ("Akfel"), from which natural gas is supplied; the price revision arbitration process initiated by Gazprom Export LLC ("Gazprom"), which Akfel has imported natural gas, was concluded against Akfel and provision amount has been revised as USD19 million (total TRY363 million) based on the best estimates of the Company management as of 31 December 2022 (31 December 2021: USD34 million - TL441 million).

b) Other long-term provisions	31 December 2022	31 December 2021
Provisions for non-cash loans	2.224	1.720
Provisions for warranty	571	392
Provisions for lawsuits	238	200
Provisions for credit card points	110	66
Other	63	71
	3.206	2.449

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 20 - PROVISIONS (Continued)

The movements of provision for non-cash loans, provisions for warranty and assembly, expense accruals of construction contracts and provision for lawsuits for the years ended 31 December 2022 and 2021 are as follows:

	Provision for non-cash loans	Provisions for warranty and assembly	Expense accruals of construction contracts	Provision for lawsuits
As of 1 January 2022	1.720	2.007	323	411
Additions	497	4.663	177	324
Disposals/(payments)	(3)	(3.814)	-	(32)
Business combinations	-	17	-	-
Currency translation differences	10	382	-	-
As of 31 December 2022	2.224	3.255	500	703

	Provision for non-cash loans	Provisions for warranty and assembly	Expense accruals of construction contracts	Provision for lawsuits
As of 1 January 2021	1.063	1.144	190	225
Additions	667	2.555	133	199
Disposals/(payments)	(11)	(2.057)	-	(12)
Business combinations	-	71	-	-
Currency translation differences	1	294	-	(1)
As of 31 December 2021	1.720	2.007	323	411

NOTE 21 - OTHER RECEIVABLES AND PAYABLES

a) Other receivables	31 December 2022	31 December 2021
VAT and SCT receivables	8.609	5.058
Taxes and funds deductible	3.186	1.527
	11.795	6.585
b) Other short-term payables		
Taxes and duties payable	11.957	4.219
Social security premiums payable	757	285
Dividend payables to shareholders	5	48
Payables to the Privatisation Administration	-	226
	12.719	4.778

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 22 - OTHER ASSETS AND LIABILITIES

a) Other current assets	31 December 2022	31 December 2021
Prepaid expenses	33.515	2.924
Pledged assets ⁽¹⁾	24.728	28.032
Advances given	6.041	4.335
Short-term assets used in operational lease	5.909	3.090
Interbank cheque clearing accounts	5.807	3.902
Gold reserves	4.109	1.407
Income accruals	3.100	2.492
Assets received for commitments of loans and receivables	1.086	1.355
Deposits and guarantees given	256	215
Income accrual on commodity hedge	288	-
Other	1.164	644
	86.003	48.396

⁽¹⁾ Includes collaterals given by Yapı Kredi Bankası to the counter parties of derivative transactions.

The movement of short-term assets used in operational lease is as follows:

	2022	2021
Beginning of the period - 1 January	3.090	1.650
Additions	4.322	1.944
Transfers ⁽¹⁾	(1.404)	(492)
Currency translation differences	186	162
Current period depreciation	(285)	(174)
End of the period - 31 December	5.909	3.090

⁽¹⁾ Represents the net amount of transfers from other non-current assets used in operational lease classified under property, plant and equipment and transfers to inventories.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 22 - OTHER ASSETS AND LIABILITIES (Continued)

b) Other non-current assets	31 December 2022	31 December 2021
Spare parts and other materials	2.602	1.898
Advances given	1.954	2.174
Prepaid expenses	90	42
Other	151	154
	4.797	4.268
c) Other current liabilities		
Credit card payables	34.566	19.072
Interbank/customer clearing accounts	6.277	4.596
Accruals for sales and incentive bonus	5.754	3.618
Deposits and guarantees received	5.507	4.854
Payables to personnel and premium accruals	3.772	1.252
Revenue share ⁽¹⁾	3.384	2.730
Miscellaneous payables to bank customers	2.330	1.256
Deferred income	2.002	1.290
Advances received	1.716	1.107
Import deposits and transfer orders	741	746
Accruals for rent and advertising expenses	504	384
Blocked deposits	359	65
Saving deposit insurance fund payable	308	156
License fee expense accruals	210	246
Expense accrual on commodity hedge	79	528
Liabilities related to business combinations ⁽²⁾	-	95
Other	9.823	3.271
	77.332	45.266

⁽¹⁾ In accordance with the Petroleum Market License Regulation and Liquefied Petroleum Gas ("LPG") Market Regulation, revenue shares collected by Tüpraş, but not recognised in the statement of comprehensive income, have been recorded as revenue share within "Other current liabilities" and blocked in banks as overnight deposits according to the decision of National Petroleum Reserves Commission. Deposits related to the revenue share are classified as time deposits under "Cash and cash equivalents" (Note 5).

⁽²⁾ The contingent consideration amount regarding to the collection or offsetting expectation of VAT receivables in the closing balance sheet of Arçelik Üretim ve Teknoloji A.Ş. (formerly Whirlpool Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi) until 2023 and which was calculated as TL94,7 million according to the best estimates of Arçelik management as of 31 December 2021, has been realised as TL65,9 million in accordance with the agreement signed between Arçelik and Whirlpool Global. The difference amounting to TL29 million has been recognised as "income from changes in contingent liabilities" in the consolidated financial statements (Note 27).

d) Other non-current liabilities	31 December 2022	31 December 2021
Liabilities related to the business combinations ⁽¹⁾	2.737	-
Deferred income	1.864	1.281
Deposits and guarantees received	130	371
Other	503	381
	5.234	2.033

⁽¹⁾ Represents the fair value of the consideration amount (31 August 2022: TL3.022 million) of Arçelik, a Subsidiary of the Group as of 31 December 2022, regarding the purchase of entire shares of IHP Appliances JSC and IHP Appliances Sales LLC dated 31 August 2022 (Note 3).

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 23 - EQUITY

Share Capital

Koç Holding adopted the registered share capital system and its registered and issued share capital is as follows:

	31 December 2022		31 December 2021	
	Share %	Amount	Share %	Amount
Limit on registered share capital (historical)				5.000
Issued share capital in nominal value				2.536
Companies in Turkey may exceed the limit on registered share capital in the event of the issuance of free capital shares to existing shareholders.				
The shareholding structure of Koç Holding is as follows:				
	31 December 2022		31 December 2021	
	Share %	Amount	Share %	Amount
Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. ⁽¹⁾	43,65	1.107	-	-
Temel Ticaret ve Yatırım A.Ş. ⁽¹⁾	-	-	43,65	1.107
Koç Family Members	18,65	473	18,65	473
Rahmi M. Koç ve Mahdumları Maden, İnşaat, Turizm, Ulaştırma, Yatırım ve Ticaret A.Ş.	1,40	35	1,40	35
Total Koç Family members and companies owned by Koç Family members	63,70	1.615	63,70	1.615
Vehbi Koç Vakfı	7,26	184	7,26	184
Koç Holding Emekli ve Yardım Sandığı Vakfı	2,35	60	1,99	50
Treasury shares ⁽²⁾	0,04	1	0,04	1
Other	26,65	675	27,01	685
Paid-in share capital	100,00	2.536	100,00	2.536
Adjustment to share capital ⁽³⁾		967		967
Total share capital		3.503		3.503

⁽¹⁾ The shares were transferred to Family Danışmanlık Gayrimenkul ve Ticaret Anonim Şirketi, which is 100% owned by Temel Ticaret ve Yatırım A.Ş., through partial demerger.

⁽²⁾ Refers to shares that have been repurchased and publicly traded as of 31 December 2022.

⁽³⁾ Adjustment to share capital includes the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with TAS 29 and fair value differences of share issues within the context of acquisitions and mergers.

KOÇ HOLDING A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 23 - EQUITY (Continued)

The analysis of shares by group is as follows:

Group	Unit of shares	Million TL	Nature of shares
A	67.877.342.230	679	Registered
B	185.712.462.770	1.857	Registered
		2.536	

In the Articles of Association ("the Articles") Koç Holding sets out the following privileges for A-group shares:

1. In accordance with Article 6, pre-emptive rights are used in purchase of new shares issued for their own groups; however, pre-emptive rights not used by B-group shareholders, can be used by A-group shareholders within the terms of CMB Legislation.
2. In accordance with Article 15 paragraph "c", A-group shareholders have two voting rights for each share owned at the General Assembly meetings (except for resolutions to change the Articles and decisions given for filing release and liability suits).

Treasury shares

Driven by the recent market conditions and the impacts of the developments in the global economies on the sectors operated in and on the Turkish capital markets, the current market price and the current net asset value discount of Koç Holding A.Ş. shares traded at Borsa İstanbul is deemed ineffective in reflecting the true value and fundamentals of Koç Holding. In this respect, in order to contribute to the fair valuation of Koç Holding A.Ş. shares, the Board of Directors of Koç Holding A.Ş. resolved to initiate a share buyback program from the market on 1 July 2021. Within the scope of the related decision, considering the transactions that were cleared as of 31 December 2022, shares with a nominal value of TL890 thousand (31 December 2021: TL890 thousand) corresponding to 0,04% of Koç Holding's share capital were repurchased with a total cost of TL19 million including the transaction costs (31 December 2021: TL19 million). No treasury shares have been sold as of the issue date of this report.

Other Comprehensive Income/Expense

	31 December 2022	31 December 2021
Items not to be reclassified to profit/loss:		
Gains/(losses) on remeasurement of defined benefit plans	(3.509)	(620)
	(3.509)	(620)
Items to be reclassified to profit/loss:		
Currency translation differences	15.764	8.463
Gains/(losses) on hedge	(1.694)	(3.865)
- Cash flow hedge	2.384	(1.526)
- Net investment hedge	(4.078)	(2.339)
Gains/(losses) on financial assets measured at fair value through other comprehensive income	5.730	1.037
	19.800	5.635

The movements in other comprehensive income/expenses are presented in the statement of comprehensive income and statement of changes in equity.

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 23 - EQUITY (Continued)

Restricted Reserves

The details of the restricted reserves are as follows:

	31 December 2022	31 December 2021
Legal reserves	507	507
Special reserves	157	12
Reserves for treasury shares ⁽¹⁾	19	19
	683	538

⁽¹⁾ In accordance with the TCC and CMB regulations, reserves are provided for the treasury shares in an amount corresponding to the purchase price. In this context, reserves are provided within the legal reserves amounting to TL19 million (31 December 2021: TL19 million) including the transaction costs in the consolidated financial statements as of 31 December 2022 for the treasury shares

Within the scope of the Exemption for Sale of Property and Participation Shares, the gains in statutory financial statements arising from the sale of investments and sale of properties have been classified under "Special Reserves".

Dividend Distribution

Listed companies in BIST are subject to dividend regulations of CMB as follows:

According to the Article 19 of the Capital Market Law, numbered 6362 and Dividend Communiqué of CMB, numbered II-19.1, listed companies shall distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the prevailing regulations. Regarding the profit distribution policies of the listed companies, CMB may set different principles on companies with similar qualifications.

In accordance with the Turkish Commercial Code, unless the required reserves and the dividend for shareholders as determined in the Articles of Association or in the dividend distribution policy of the company are set aside; no decision may be taken to set up other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct shares, to the members of the board of directors or to the employees; and no dividend can be distributed to these people unless the determined dividend for shareholders is paid in cash.

For the listed companies, dividend distribution is made evenly to all existing shares as of the date of dividend distribution without considering the dates of issuance and acquisition of the shares.

Companies shall distribute their profits through general assembly decisions in accordance with the profit distribution policies to be determined by their general assemblies as well as the related provisions of the prevailing regulations. A minimum distribution rate has not been determined in these regulations. The companies pay dividends as determined in their articles of associations or profit distribution policies. Furthermore, dividends may be paid in installments with same or different amounts and profit share advances may be distributed over the profit in the interim financial statements.

In accordance with profit distribution policy of Koç Holding, as long as regulatory policies and financial conditions permit, 5% of distributable profit of the period is paid in cash to the shareholders after taking market expectations, long term Group strategies, capital needs of the Company, associates and subsidiaries, investing and financing policies, profitability and cash position into the consideration.

In accordance with Article 32 of the Company's Articles of Association, a contribution of a maximum 2% (according to the decision of the General Assembly) of the amount remaining after the first legal reserves set aside over income before tax, financial obligations and first level dividends, is paid to Koç Holding Emekli ve Yardım Sandığı Vakfı. In addition, save for the first level dividend determined according to the Capital Markets Law, 3% of the amount remaining after the first legal reserves, financial obligations and 5% of the paid-in capital are deducted from the income before tax, is allocated to holders of dividend-right certificates. However, the amount to be paid to the holders of dividend-right certificates may not exceed 1/10 of the amount remaining after the first legal reserves and first level dividend calculated according to CMB regulations are deducted from the net profit.

As of 31 December 2022, total amount of reserves that can be subject to dividend distribution without creating additional corporate tax burden is TL15.726 million.

At the Ordinary General Assembly Meeting of Koç Holding held on 1 April 2022, it was decided to distribute TL2.287.380.041,10 dividend to shareholders, TL451.977.482,93 dividend to usufruct shareholders and TL12.500.000 dividend to Koç Holding Emekli ve Yardım Sandığı Vakfı from taxable earnings of 2021. Cash dividend payments were completed as of 7-11 April 2022.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 24 - REVENUE

Non-finance revenue

	2022	2021
Domestic revenue	539.658	182.325
Foreign revenue	194.210	91.328
Revenue	733.868	273.653
Sales of goods	709.409	264.550
Sales of services	24.459	9.103
Revenue	733.868	273.653

The Group has accounted for revenue amounting to TL731.524 million (2021: TL272.518 million) related to performance obligation at a point in time and TL2.344 million (2021: TL1.135 million) related to performance obligation over time.

Revenue from finance sector operations

	2022	2021
Interest income	134.984	55.191
Fee and commission income	21.608	10.917
Other operating income	11.397	6.928
Revenue from finance sector operations	167.989	73.036

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 25 - EXPENSES BY NATURE

Expenses by nature include cost of goods sold, marketing expenses, general administrative expenses and research and development expenses.

	2022	2021
Raw materials and supplies	399.450	158.633
Changes in work in progress and finished goods	(15.438)	(10.578)
Cost of merchandise sold	184.282	63.153
Personnel expenses	36.397	17.380
Energy and utility expenses	16.671	4.044
Transportation, distribution and storage expenses	14.212	5.864
Depreciation and amortisation charges	8.260	5.286
Advertisement and promotion expenses	5.108	2.319
Warranty and assembly costs	4.657	2.545
Maintenance and repair expenses	4.232	1.761
Outsourcing expenses	3.463	1.366
Information systems and communication expenses	2.413	1.204
Rent expenses ⁽¹⁾	1.593	700
Litigation and consultancy expenses	1.460	872
Insurance expenses	1.455	808
Taxes, duties and charges	1.270	722
Sales, incentives and premium expenses	1.245	438
Saving Deposit Insurance Fund expenses	925	519
Travel expenses	875	334
Grants and donations	666	173
Royalty and license expenses	625	394
Other	4.433	2.459
	678.254	260.396

⁽¹⁾ In 2022, TL1.231 million (2021: TL538 million) of the rent expenses is related to variable leases, TL248 million (2021: TL93 million) is related to short-term leases and TL114 million (2021: TL69 million) is related to low-value leases.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 25 - EXPENSES BY NATURE (Continued)

The functional breakdowns of depreciation, amortisation and personnel expenses are as follows:

	2022	2021
Depreciation and amortisation charges		
Cost of sales	4.243	2.610
Marketing expenses	1.397	802
General administrative expenses	2.185	1.557
Research and development expenses	435	317
	8.260	5.286

Total depreciation charges capitalised in 2022 is TL118 million (2021: TL86 million).

	2022	2021
Personnel expenses		
Cost of sales	10.379	5.281
Marketing expenses	5.593	2.783
General administrative expenses	20.058	9.161
Research and development expenses	367	155
	36.397	17.380

Cost of finance sector operations

	2022	2021
Interest expense	55.002	35.945
Fee, commissions and other expenses	10.634	3.443
	65.636	39.388

Fees for Services Received from Independent Auditor/Independent Audit Firms

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021, are as follows:

	2022 ⁽¹⁾	2021 ⁽¹⁾
Audit and assurance fee	74	31
Tax consulting fee	8	6
Other assurance services fee	5	3
Other service fee apart from audit	1	1
	88	41

⁽¹⁾ The fees above have been determined through including the independent audit and other related service fees of all Subsidiaries and Joint Ventures and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TL using the annual average rates of the relevant years.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 26 - OTHER OPERATING INCOME/(EXPENSES)

	2022	2021
Other operating income		
Foreign exchange gains arising from trading activities	8.691	10.342
Credit finance income arising from trading activities	4.845	1.286
Reversals of provisions	338	95
Income from claims and grants	133	98
Other	1.038	493
	15.045	12.314
Other operating expenses		
Foreign exchange losses arising from trading activities	(18.926)	(20.908)
Expected credit losses for loans and receivables	(13.370)	(8.444)
Credit finance charges arising from trading activities	(2.706)	(585)
Provisions for lawsuits and penalties	(883)	(337)
Other	(197)	(150)
	(36.082)	(30.424)

NOTE 27 - GAINS/(LOSSES) FROM INVESTMENT ACTIVITIES

	2022	2021
Gains from investment activities		
Gain on bargain purchase (Note 3)	1.462	235
Gain on sale of property, plant and equipment and scraps	444	311
Gain on fair value change of financial assets ⁽¹⁾	372	-
Rent income	139	82
Dividend income	91	9
Income from changes in contingent liabilities (Note 22.c)	29	-
	2.537	637
Losses from investment activities		
Loss on sale of property, plant and equipment and other intangible assets	(81)	(46)
Loss on liquidation of a subsidiary	-	(3)
Loss on impairment of property, plant and equipment	-	(5)
	(81)	(54)

⁽¹⁾ Related to time deposits, which are recognised in financial assets measured at fair value through profit or loss.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 28 - FINANCIAL INCOME/(EXPENSES)

	2022	2021
Financial income		
Foreign exchange gains ⁽¹⁾	18.157	29.525
Gains on derivative instruments	5.652	8.675
Interest income	2.816	1.629
Other financial income	95	63
	26.720	39.892
Financial expenses		
Foreign exchange losses ⁽¹⁾	(25.756)	(29.095)
Losses on derivative instruments	(6.450)	(10.217)
Interest expenses ⁽²⁾	(12.119)	(6.621)
Other financial expenses	(60)	(88)
	(44.385)	(46.021)

⁽¹⁾ Foreign exchange income/(expenses) arising from trading activities (trade receivables and payables) are accounted for under "other operating income/(expenses)".

⁽²⁾ In 2022, TL216 million of interest expense is related to lease liabilities (2021: TL159 million).

NOTE 29 - RELATED PARTY DISCLOSURES

a) Related party balances

	31 December 2022			31 December 2021		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Trade receivables	4.879	612	5.491	2.511	563	3.074
Trade payables	6.507	414	6.921	2.503	187	2.690
Loans and advances given	4.054	1.171	5.225	1.251	887	2.138
Deposits	8.772	18.130	26.902	5.568	13.305	18.873
Borrowings	-	82	82	-	112	112

b) Related party transactions

	2022			2021		
	Joint Ventures	Other	Total	Joint Ventures	Other	Total
Sales of goods and services	106.649	994	107.643	41.455	336	41.791
Purchases of goods and services	36.026	1.677	37.703	12.498	1.345	13.843
Interest expense (-)	-	(27)	(27)	-	(26)	(26)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 29 - RELATED PARTY DISCLOSURES (Continued)

The Joint Ventures of the Group have been accounted for using the equity method in the consolidated financial statements. Accordingly, the transactions of Group's Subsidiaries with Joint Ventures and the balances from Joint Ventures are not subject to elimination.

As of 31 December 2022, TL2.918 million (31 December 2021: TL1.454 million) of trade receivables is composed of Tüpraş balances against Opet and THY Opet, TL878 million (31 December 2021: TL388 million) of trade receivables is composed of balances of Zer Ticaret and TL336 million (31 December 2021: TL290 million) of trade receivables is composed of balances of Ram Dış Ticaret arising from the sales transactions with Joint Ventures and other related parties not included in the scope of consolidation. TL5.059 million (31 December 2021: TL2.148 million) of trade payables is composed of balances due to vehicle purchases of Otokoç from Ford Otosan and Tofaş, and TL249 million (31 December 2021: TL218 million) of trade payables is composed of balances due to air conditioner purchases of Arçelik from Arçelik LG. Loans and advances given and deposit balances arise from loan and deposit transactions of Yapı Kredi Bankası, a Subsidiary of the Group, with Joint Ventures and other related parties.

TL97.287 million (31 December 2021: TL35.760 million) of sales of goods and services is composed of balances arising from the sales of Tüpraş' petroleum products to Opet and THY Opet for the year ended 31 December 2022. TL23.159 million (31 December 2021: TL9.758 million) of purchases of goods and services is composed of balances due to Otokoç's vehicle purchases from Ford Otosan and Tofaş, and TL2.844 million (31 December 2021: TL1.192 million) of purchases of goods and service is composed of transactions due to air conditioner purchases of Arçelik from Arçelik LG.

c) Key management compensation

The key management of Koç Holding is identified as the members of the Board of Directors (including the President), CEO and the Group Presidents. Total key management compensation incurred by Koç Holding in 2022 amounted to TL1.389 million (31 December 2021: TL486 million). TL310 million of the respective amount is related to the payments made for employee leaves and the remaining portion is comprised of short-term employee benefits (31 December 2021: TL26 million).

After charging the costs to Koç Group companies to whom services are provided, the cost incurred by Koç Holding A.Ş. amounted to TL468 million (31 December 2021: TL184 million). TL68 million of this amount is related to the payments made for employee leaves (31 December 2021: TL4 million).

NOTE 30 - DISCLOSURES ON INTERESTS IN OTHER ENTITIES

Information regarding the Subsidiaries in which the Group has major non-controlling interests is as follows:

Subsidiary	31 December 2022			
	Non-controlling interest %	Gains/(losses) attributable to non-controlling interests	Accumulated non-controlling interests	Dividend paid to non-controlling interests
Yapı Kredi Bankası	37,51%	19.699	46.832	320
Tüpraş	53,88%	21.118	27.103	40
Arçelik	54,84%	2.701	15.539	325
Aygaz	59,32%	(24)	773	89

Subsidiary	31 December 2021			
	Non-controlling interest %	Gains/(losses) attributable to non-controlling interests	Accumulated non-controlling interests	Dividend paid to non-controlling interests
Yapı Kredi Bankası	55,51%	5.607	35.730	250
Tüpraş	56,30%	1.666	3.879	20
Arçelik	57,13%	1.878	12.497	905
Aygaz	59,32%	109	928	89

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 30 - DISCLOSURES ON INTERESTS IN OTHER ENTITIES (Continued)

Condensed financial information of Subsidiaries after consolidation adjustments and before eliminations is as follows:

Condensed balance sheet information:

	31 December 2022			
	Yapı Kredi Bankası	Tüpraş	Arçelik	Aygaz
Cash and cash equivalents	194.577	46.236	24.529	1.827
Receivables from finance sector operations	626.301	-	-	-
Other current assets	101.702	71.046	67.457	5.622
Deferred tax assets	5.421	9.622	4.055	183
Other non-current assets	254.865	22.164	35.638	2.375
Total assets	1.182.866	149.068	131.679	10.007
Short-term borrowings	140.935	11.644	35.229	2.789
Payables to finance sector operations	736.018	-	-	-
Other current liabilities	73.671	66.315	44.130	4.772
Long-term borrowings	90.588	19.788	16.210	810
Other non-current liabilities	16.794	1.211	9.550	421
Total liabilities	1.058.006	98.958	105.119	8.792
Total equity	124.860	50.110	26.560	1.215

	31 December 2021			
	Yapı Kredi Bankası	Tüpraş	Arçelik	Aygaz
Cash and cash equivalents	155.621	20.400	16.015	1.693
Receivables from finance sector operations	414.686	-	-	-
Other current assets	69.995	45.029	43.580	2.945
Deferred tax assets	3.316	7.442	1.824	57
Other non-current assets	138.981	18.551	23.208	2.457
Total assets	782.599	91.422	84.627	7.152
Short-term borrowings	90.523	11.399	13.044	1.067
Payables to finance sector operations	473.291	-	-	-
Other current liabilities	46.509	52.589	27.458	2.795
Long-term borrowings	93.777	20.219	19.535	1.486
Other non-current liabilities	14.133	501	3.970	256
Total liabilities	718.233	84.708	64.007	5.604
Total equity	64.366	6.714	20.620	1.548

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 30 - DISCLOSURES ON INTERESTS IN OTHER ENTITIES (Continued)

Condensed income statement information:

	2022			
	Yapı Kredi Bankası	Tüpraş	Arçelik	Aygaz
Revenue	167.141	474.235	133.916	37.507
Depreciation and amortisation	1.282	906	3.311	241
Operating profit	68.842	44.354	9.090	322
Net financial expense	-	(5.751)	(6.289)	(384)
Profit before tax	69.167	38.802	4.093	4
Net profit for the period	52.519	39.135	4.598	75

	2021			
	Yapı Kredi Bankası	Tüpraş	Arçelik	Aygaz
Revenue	72.711	150.962	68.184	15.893
Depreciation and amortisation	1.034	856	1.846	180
Operating profit	13.316	382	7.020	590
Net financial expense	-	996	(3.660)	(354)
Profit before tax	13.454	1.572	3.519	275
Net profit for the period	10.137	2.903	3.147	213

NOTE 31 - GOVERNMENT GRANTS

The Group is entitled to the following incentives and rights:

- 100% exemption from customs duty on machinery and equipment imported,
- Exemption from VAT on investment goods supplied from home and abroad,
- Incentives under the jurisdiction of the research and development law (100% corporate tax exemption, Social Security Institution incentives, etc.),
- Inward processing permission certificates,
- Cash refund from Tübitak-Teydeb for research and development expenditures,
- Exemption from taxes, duties and charges,
- Discounted corporate tax incentive,
- Insurance premium employer share incentive,
- Corporate tax incentive within the scope of investment incentive exemption (Note 18),
- Brand supporting government grants given by the Ministry of Economy of Turkey (Turquality),
- Patent incentives.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 32 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Guarantees given:

Finance:

Non-cash loans:

	31 December 2022	31 December 2021
Letters of guarantee	181.373	118.970
- TL	88.884	40.321
- Foreign currency	92.489	78.649
Letter of credits	33.200	26.320
Acceptance credits	865	546
Other	28.354	15.081
	243.792	160.917
Less: Provisions (Note 20.b)	(2.224)	(1.720)
	241.568	159.197

Non-Finance:

	31 December 2022	31 December 2021
Letters of guarantee	25.507	11.921
Letters of credit	11.728	15.974
Guarantees given to banks	2.493	2.549
Guarantorships given to banks	1.924	1.386
Other	18	1
	41.670	31.831

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 32 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals/pledges/mortgages/bill of guarantees ("CPMB") of Subsidiaries of the Group as of 31 December 2022 and 2021 are as follows (foreign currency CPMBs are presented by their TL equivalents):

	31 December 2022	31 December 2021
A. Total amount of CPMB's given in the name of its own legal personality	31.906	23.912
- TL	15.163	5.432
- USD	13.393	16.760
- EUR	2.173	1.476
- Other	1.177	244
B. Total amount of CPMB's given on behalf of the fully consolidated companies ⁽¹⁾	9.762	7.913
- TL	404	52
- USD	4.543	3.818
- EUR	1.985	1.699
- Other	2.830	2.344
C. Total amount of CPMB's given on behalf of third parties for ordinary course of business ⁽²⁾	243.794	160.923
- TL	100.512	41.183
- USD	66.370	58.462
- EUR	66.861	54.659
- Other	10.051	6.619
D. Total amount of other CPMB's given		
i) Total amount of CPMB's given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C	-	-
- TL	-	-
- USD	-	-
- EUR	-	-
- Other	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-
	285.462	192.748

⁽¹⁾ As of 31 December 2022, the total amount of incurred commission expenses for the CPMBs of the Subsidiaries of the Group, except for 'A. CPMB's given in the name of its own legal personality', is TL43 million (31 December 2021: TL20 million).

⁽²⁾ Significant portion of the amount is related to the CPMB's (non-cash loans) given by Yapı Kredi Bankası, a Subsidiary of the Group, to related and third parties within the scope of its ordinary business activities.

Finance:

Financial assets pledged as collateral:

As of 31 December 2022, financial assets measured at fair value through other comprehensive income, measured at amortised cost and measured at fair value through profit and loss whose total carrying amount is TL30.335 million (31 December 2021: TL51.912 million) are pledged to banks and other financial institutions against funds obtained under repurchase agreements, borrowed funds and total return swap transactions.

In addition, as of 31 December 2022, financial assets amounting to TL105.970 million (31 December 2021: TL41.065 million) are also pledged to regulatory authorities for legal requirements and other financial institutions as a guarantee for stock exchange and money market operations. These are mainly the CBRT, Borsa İstanbul, Settlement and Custody Bank and other various banks.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 32 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Guarantees received:

Non-finance:

	31 December 2022	31 December 2021
Letters of guarantee	18.443	8.341
Mortgages	4.720	3.001
Direct crediting limit	2.859	1.640
Bill of guarantees	389	316
Guarantee notes	360	108
Other	4.686	1.500
	31.457	14.906

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments and Financial Risk Management

Financial Risk Management

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk, interest rate risk, product profit margin/crack margin risk and commodity price risk) and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance. The Group also uses derivative instruments to hedge risk exposures.

A) Credit Risk

Credit risk is the risk that a counterparty cannot fulfill its obligations in the agreements that the Group is party to. The Group monitors the credit risk by credit ratings and limitations to the total risk of a single counterparty. The credit risk is diversified as a result of large number of entities comprising the customer bases and the penetration to different business segments.

Credit risk management procedures

Finance:

Credit risk which is inherent in all products ranging from loans to customers and commitments to letters of credit is monitored through detailed credit policies and procedures by the management of companies operating in the finance sector.

Yapı Kredi Bankası identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and industry and geographical concentration and considering credit policies determined by the Board of the Directors each year. The limits defined by the Board of Directors for each bank are followed up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls for each Treasury Management employee authorised for market transactions are followed by the system. During the loan granting process, liquid collaterals are preferred to the greatest extent possible. While granting of long term project finance loans, long term projections of the companies are analyzed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with treasury management.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Rating system used for corporate/commercial customers, medium sized entities and small and medium sized entities is also used for defining the authorisation level for loan granting. Thus, customers with a low rating are assigned to higher authority levels, whereas customers with a high rating are assigned to lower authority levels. By using this methodology, it is aimed to establish risk based optimisation in the loan processes. Furthermore, probability of default of a customer is calculated through this internally developed rating system created for customers with different characteristics.

There are control limits over the positions of forwards, options and similar agreements. These positions are measured and managed by following their market values and by taking potential risk into considerations throughout their maturities, in accordance with counterparty credit risk management. Yapı Kredi Bankası dynamically manages and calculates its limits by taking these potential risks into consideration. Daily market value calculations, limit controls, collateral assessments are performed and reported to the relevant departments.

Yapı Kredi Bankası may use its rights, as stated in the agreements based on which the derivative transactions are realised, in order to eliminate the risks that may arise due to being exposed to severe risk levels arising from fluctuations in the market.

Non-finance:

The Group's non-finance sector companies are exposed to credit risk arising from their trade receivables, financial assets, derivative instruments and bank deposits.

Major portion of trade receivables stem from the dealers over which the Group exerts a significant control mechanism. Credit risk by dealer is followed up by taking into account the relevant customers' financial position, past experience and other related factors; and guarantees are obtained to the greatest extent possible.

Credit risk details

The exposure of consolidated financial assets to credit risk is as follows:

31 December 2022	Trade receivables	Receivables from finance sector operations	Cash and cash equivalents	Financial assets	Derivative instruments
Maximum exposure to credit risk as of reporting date (A+B+C+D)	75.948	627.690	138.407	249.809	22.741
A. Book value of neither past due nor impaired financial assets ⁽¹⁾	72.643	638.240	138.407	249.809	22.741
- Secured with guarantees	27.091	203.828	-	-	-
B. Book value of past due but not impaired financial assets	3.297	4.293	-	-	-
C. Net book value of impaired assets	49	5.682	-	-	-
- Past due	49	5.682	-	-	-
- Gross amount	1.954	22.244	-	-	-
- Impairment	(1.905)	(16.562)	-	-	-
- Secured with guarantees	89	4.501	-	-	-
- Not past due	-	-	-	-	-
- Gross amount	-	-	-	-	-
- Impairment	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-
D. Expected credit losses (-) ⁽²⁾	(41)	(20.525)	-	-	-

⁽¹⁾ Trade receivables and receivables from finance sector operations include related party balances amounting to TL5.491 million and TL5.225 million, respectively.

⁽²⁾ Include expected credit losses related to receivables from finance sector operations classified under "A" and "B" categories in the table above.

As of 31 December 2022, the Finance Segment is exposed to credit risk arising from non-cash loans in the amount of TL243.792 million (Note 32). By taking the related risk into consideration, the maximum credit risk amount, to which the Group is exposed, is TL1.358.387 million.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2021	Trade receivables	Receivables from finance sector operations	Cash and cash equivalents	Financial assets	Derivative instruments
Maximum exposure to credit risk as of reporting date (A+B+C+D)	47.756	416.743	80.951	131.038	25.608
A. Book value of neither past due nor impaired financial assets ⁽¹⁾	44.836	422.786	80.951	131.038	25.608
- Secured with guarantees	18.990	129.728	-	-	-
B. Book value of past due but not impaired financial assets	2.890	4.260	-	-	-
C. Net book value of impaired assets	59	5.763	-	-	-
- Past due	59	5.763	-	-	-
- Gross amount	1.332	20.213	-	-	-
- Impairment	(1.273)	(14.450)	-	-	-
- Secured with guarantees	72	5.407	-	-	-
- Not past due	-	-	-	-	-
- Gross amount	-	-	-	-	-
- Impairment	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-
D. Expected credit losses (-) ⁽²⁾	(29)	(16.066)	-	-	-

⁽¹⁾ Trade receivables and receivables from finance sector operations include related party balances amounting to TL3.074 million and TL2.138 million, respectively.

⁽²⁾ Include expected credit losses related to receivables from finance sector operations classified under "A" and "B" categories in the table above.

As of 31 December 2021, the Finance Segment is exposed to credit risk arising from non-cash loans in the amount of TL160.917 million (Note 32). By taking the related risk into consideration, the maximum credit risk amount, to which the Group is exposed, is TL863.013 million.

Trade receivables

a) Details of neither past due nor impaired trade receivables' credit quality:

	2022	2021
Customers with no payment defaults	61.107	38.141
Public institutions and corporations	6.915	4.047
Customers with prior collection delays	2.896	2.167
New customers (less than 3 months)	1.725	481
	72.643	44.836

As of 31 December 2022, trade receivables that are not due and not impaired amounting to TL27.091 million are secured by guarantees (2021: TL18.990 million).

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Analysis of past due trade receivables:

<i>Not impaired</i>	2022	2021
Past due up to 1 month	1.673	1.216
Past due 1 - 3 months	498	178
Past due 3 - 12 months	371	291
Past due more than 1 year	755	1.205
	3.297	2.890

As of 31 December 2022, past due but not impaired trade receivables amounting to TL1.327 million are secured by guarantees (2021: TL1.048 million).

<i>Impaired</i>	2022	2021
Past due up to 3 months	131	182
Past due 3 - 6 months	70	26
Past due 6 - 12 months	835	328
Past due more than 1 year	918	796
Less: Provision for impairment	(1.905)	(1.273)
	49	59

As of 31 December 2022, impaired receivables amounting to TL89 million are secured by guarantees (2021: TL72 million).

c) Expected credit losses:

	Not past due	0 - 1 month past due	1 - 3 months past due	More than 3 months past due	Total
31 December 2022					
Expected loss rate (%)	0,003	0,02	0,19	1,26	
Period end balance ⁽¹⁾	67.152	1.768	533	2.950	72.403
Expected credit losses	3	0	1	37	41
31 December 2021					
Expected loss rate (%)	0,004	0,06	0,30	0,98	
Period end balance ⁽¹⁾	41.761	1.278	298	2.647	45.984
Expected credit losses	2	1	1	25	29

⁽¹⁾ Represents gross trade receivables excluding related party balances and impairment losses.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Receivables from finance sector operations

a) As of 31 December 2022 and 2021, the rating concentration of undue corporate and commercial loans of Yapı Kredi Bankası is as follows:

		Concentration level (%)	
	Rating class	31 December 2022	31 December 2021
Above average	1 - 4	43,6%	36,6%
Average	5+ - 6	40,7%	45,9%
Below average	7+ - 9	15,7%	17,5%

b) Considering the scoring models, Yapı Kredi Bankası classifies its loan portfolio into the following groups as of 31 December 2022 and 2021:

31 December 2022	% of loans and advances	Provision coverage (%)
Stage 1	84,37%	0,85%
Stage 2	12,28%	19,24%
Stage 3	3,35%	74,42%
31 December 2021	% of loans and advances	Provision coverage (%)
Stage 1	80,20%	0,91%
Stage 2	15,27%	18,76%
Stage 3	4,53%	71,45%

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) The details of the receivables from finance sector operations that are overdue but not impaired, which are classified as Stage 2, are as follows:

31 December 2022	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial leasing receivables	Factoring receivables	Total
0 - 1 months overdue	201	1.439	326	55	2	2.023
1 - 3 months overdue	321	1.483	321	144	1	2.270
	522	2.922	647	199	3	4.293

31 December 2021	Corporate and commercial loans	Consumer loans	Credit card receivables	Financial leasing receivables	Factoring receivables	Total
0 - 1 months overdue	492	1.097	232	10	5	1.836
1 - 3 months overdue	711	1.311	232	55	48	2.357
3 - 6 months overdue	53	12	2	-	-	67
	1.256	2.420	466	65	53	4.260

d) Sectoral breakdown of receivables from finance sector operations is as follows:

	31 December 2022	%	31 December 2021	%
Public sector	255.785	42	133.431	32
Production	171.897	27	107.979	26
Financial institutions	128.326	20	109.699	26
Food and retail	44.198	7	24.253	6
Real estate	14.530	2	11.880	3
Consumer loans	7.324	1	4.420	1
Other sectors	5.630	1	25.081	6
	627.690	100	416.743	100

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

B) Market Risk

a) Foreign Exchange Risk

The difference between the foreign currency denominated and foreign currency indexed assets and liabilities of the Group are defined as the "Net foreign currency position" and it is the basis of the currency risk. Another important dimension of the currency risk is the changes of the exchange rates of different foreign currencies in net foreign currency position (cross currency risk).

The Group keeps the currency risk exposure within the limits set by Koç Holding, the Parent Company and within the limits approved by their Board of Directors. Derivative contracts such as swaps, options and forwards are also used as instruments for currency risk management for hedging purposes, when needed.

Assets and liabilities denominated in foreign currency are as follows:

	31 December 2022	31 December 2021
Assets	580.059	468.832
Liabilities	(702.807)	(577.215)
Net balance sheet position	(122.748)	(108.383)
Derivative instruments net position	67.248	76.511
Net foreign currency position	(55.500)	(31.872)
Loans designated as hedging instruments ⁽¹⁾	11.538	9.069
Net foreign currency position after hedging instruments	(43.962)	(22.803)
Inventories under the natural hedge ⁽²⁾	37.990	25.343
Net foreign currency position after hedging instruments and natural hedge	(5.972)	2.540

⁽¹⁾ The loans of Tüpraş related to financing the Residuüm Upgrade Project (RUP) are designated as hedging instruments against the spot foreign exchange rate risk (USD/TL) associated with highly probable USD denominated export revenues. The loans of Tüpraş which are subject to cash flow hedge amounted to USD190 million (TL3.547 million) as of 31 December 2022 (31 December 2021: USD388 million).

The USD denominated loans of Entek are designated as hedging instruments against the spot foreign exchange rate risk (USD/TL) associated with highly probable USD denominated revenue related to Renewable Energy Sources Support Mechanism ("YEKDEM"). The loans of Entek which are subject to cash flow hedge amounted to USD15 million (TL286 million) as of 31 December 2022 (31 December 2021: USD49 million).

Foreign exchange gains/losses related to the loans of Tüpraş and Entek are recognised under equity as "gains/losses on cash flow hedges" until the realisation of the cash flows at the hedged items.

Arçelik, a Subsidiary of the Group designated EUR200 million (TL3.987 million) of bank loan and RUB10.548 million (TL2.737 million) of contingent liability; Otokoç, a Subsidiary of the Group, designated EUR49 million (TL981 million) of bank loan as hedging instruments in order to hedge the foreign currency risk arising from the translation of net assets of the subsidiaries operating in Europe and Russia from foreign currency to Turkish Lira (31 December 2021: Arçelik: EUR200 million - Otokoç: EUR22 million). Foreign exchange gains/losses of the related loans are recognised under equity as "gains/losses on net investment hedges" in order to offset the foreign exchange gains/(losses) arising from the translation of the net assets of investments in foreign operations to Turkish Lira.

⁽²⁾ Tüpraş and Aygaz manage their foreign currency risk resulting from their net financial liabilities by reflecting the effects of the changes in foreign currencies to their selling prices of petroleum products ("natural hedge"). As of 31 December 2022, Tüpraş and Aygaz have raw materials and petroleum products amounting to TL35.835 million (31 December 2021: TL24.198 million) and TL2.155 million (31 December 2021: TL1.145 million), respectively.

Excluding the loans designated as hedging instruments and the inventories under the natural hedge, the Group has TL5.972 million (USD319 million) foreign exchange net short position as of 31 December 2022.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2022, if EUR and USD had appreciated by 10% against TL with all other variables held constant, profit before tax would have been TL4,3 billion lower, mainly as a result of foreign exchange losses on the translation of the foreign exchange position as presented in detail in the table below. The net effect of the related foreign exchange losses on the net profit (attributable to equity holders) is approximately TL1,5 billion.

The impact of 10% exchange increase in income statement (pre-tax profit):

	USD	EUR	Other	Total
31 December 2022				
Foreign currency net position ⁽¹⁾	(4.758)	122	306	(4.330)

⁽¹⁾ Profit before tax impacts arising from foreign exchange positions of Joint Ventures have been included in the sensitivity analysis.

Above sensitivity analysis has been performed by taking "net foreign currency position after hedging instruments" into account and based on a scenario of a sudden increase in exchange rates as of the balance sheet date. Therefore, related analysis does not include the profitability that will arise in the following months, via the reflection of the exchange rate increase on the sales prices of the products defined as "natural hedges". If "net foreign currency position after hedging instruments and the natural hedge" is taken into account, which is followed by the Group in the context of risk management policies, a possible 10% increase in foreign exchange rates would have a limited effect on Group's pre-tax profitability, since the net position after natural hedge is limited.

The impact of 10% exchange increase in other comprehensive income statement (pre-tax profit):

	USD	EUR	Other	Total
31 December 2022				
Hedged items ⁽¹⁾	(383)	(2.048)	-	(2.431)

⁽¹⁾ Related balances include foreign exchange impacts which are within the scope of cash flow hedge and net investment hedge in foreign operations and which are recognised under the hedging reserve.

KOÇ HOLDING A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2022			
	USD ⁽¹⁾	EUR ⁽¹⁾	Other (TL Equivalent)	Total (TL Equivalent)
Assets:				
Trade receivables ⁽²⁾	712	634	3,440	29,392
Receivables from finance sector operations	1,942	2,214	6,894	87,358
Monetary financial assets	7,117	3,102	19,423	214,336
Non-monetary assets	2	-	12	47
Other assets	1,336	386	4,215	36,885
Current assets	11.109	6.336	33.984	368.018
Receivables from finance sector operations	3,124	2,632	945	111,819
Monetary financial assets	4,315	442	2,955	92,435
Other assets	278	118	217	7,787
Non-current assets	7.717	3.192	4.117	212.041
Total assets	18.826	9.528	38.101	580.059
Liabilities:				
Trade payables ⁽²⁾	3,207	500	729	70,669
Borrowings	5,362	1,987	4,056	143,925
Payables of finance sector operations	9,298	5,311	42,370	322,097
Other liabilities	377	465	285	16,608
Short-term liabilities	18.244	8.263	47.440	553.299
Borrowings	5,787	1,230	317	133,051
Payables of finance sector operations	16	243	23	5,176
Other liabilities	296	72	4,330	11,281
Long-term liabilities	6.099	1.545	4.670	149.508
Total liabilities	24.343	9.808	52.110	702.807
Net balance sheet position	(5.517)	(280)	(14.009)	(122.748)
Derivative assets	9,709	1,577	20,330	233,310
Derivative liabilities	(6,879)	(1,585)	(5,834)	(166,062)
Derivative instruments net position	2.830	(8)	14.496	67.248
Net foreign currency position	(2.687)	(288)	487	(55.500)
Loans designated as hedging instruments ⁽³⁾	205	249	2,737	11,538
Net foreign currency position after hedging instruments	(2.482)	(39)	3.224	(43.962)
Net foreign currency position of monetary items	(2,689)	(288)	474	(55,547)
Fair value of derivative instruments held for hedging	316	51	-	6,918

⁽¹⁾ Presented in original currencies.

⁽²⁾ Represents balances before consolidation eliminations.

⁽³⁾ Includes loans of Tüpraş, Arçelik, Otokoç and Entek designated as hedging instruments.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2021			
	USD ⁽¹⁾	EUR ⁽¹⁾	Other (TL Equivalent)	Total (TL Equivalent)
Assets:				
Trade receivables ⁽²⁾	615	716	4.398	22.901
Receivables from finance sector operations	2.343	2.673	4.167	73.828
Monetary financial assets	8.591	2.981	11.306	166.568
Non-monetary assets	6	1	114	202
Other assets	1.937	530	1.473	34.364
Current assets	13.492	6.901	21.458	297.863
Receivables from finance sector operations	4.187	3.687	621	109.102
Monetary financial assets	3.670	557	2.053	57.854
Other assets	177	111	100	4.013
Non-current assets	8.034	4.355	2.774	170.969
Total assets	21.526	11.256	24.232	468.832
Liabilities:				
Trade payables ⁽²⁾	3.860	493	1.016	58.340
Borrowings	4.448	1.500	91	79.830
Payables of finance sector operations	11.980	6.118	27.915	273.213
Other liabilities	537	438	115	13.528
Short-term liabilities	20.825	8.549	29.137	424.911
Borrowings	9.284	1.404	214	141.308
Payables of finance sector operations	16	381	2	5.810
Other liabilities	318	71	21	5.186
Long-term liabilities	9.618	1.856	237	152.304
Total liabilities	30.443	10.405	29.374	577.215
Net balance sheet position	(8.917)	851	(5.142)	(108.383)
Derivative assets	8.925	1.260	17.414	151.749
Derivative liabilities	(2.530)	(2.239)	(9.533)	(75.238)
Derivative instruments net position	6.395	(979)	7.881	76.511
Net foreign currency position	(2.522)	(128)	2.739	(31.872)
Loans designated as hedging instruments ⁽³⁾	437	222	-	9.069
Net foreign currency position after hedging instruments	(2.085)	94	2.739	(22.803)
Net foreign currency position of monetary items	(2.528)	(129)	2.624	(32.074)
Fair value of derivative instruments held for hedging	(63)	(6)	-	(901)

⁽¹⁾ Presented in original currencies.

⁽²⁾ Represents balances before consolidation eliminations.

⁽³⁾ Includes loans of Tüpraş, Arçelik, Otokoç and Entek designated as hedging instruments.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Export and import details (TL Equivalent)

Group's consolidated export and import balances are as follows:

Export	2022	2021
USD	96.473	37.562
EUR	27.558	14.358
Other	11.966	6.745
	135.997	58.665
Import		
USD	370.868	139.342
EUR	12.991	5.574
Other	67	35
	383.926	144.951

b) Interest Rate Risk

The Group is exposed to interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed-floating interest and short-long term nature of borrowings as well as using derivative instruments for hedging purposes.

The monitoring of interest rate sensitive assets and liabilities and sensitivity analysis of Yapı Kredi Bankası, a Subsidiary of the Group, regarding the effect of interest rate fluctuations on the financial statements are performed by the Risk Management Department for all interest sensitive instruments. The results of studies such as time analysis, difference analysis, base point value analysis, scenario analysis, net interest income simulations are presented to the Board of Directors monthly within the scope of the Asset-Liability Management function. By using sensitivity and scenario analyses, the possible loss effects on the equity are analysed due to the interest rate volatility not only within current year but also for the future periods. The effects of the volatility of market interest rates on positions and on cash flows are also closely monitored.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The weighted average effective annual interest rates (%) for the consolidated financial assets and liabilities outstanding as of 31 December 2022 and 2021 are as follows:

	31 December 2022			31 December 2021		
	USD	EUR	TL	USD	EUR	TL
Assets						
Cash and cash equivalents	2,65	0,63	21,23	0,83	0,60	19,94
Financial assets						
- Measured at fair value through profit or loss	5,38	4,80	-	3,43	3,87	15,57
- Measured at fair value through other comprehensive income	7,56	3,32	48,65	6,27	3,32	28,75
- Measured at amortised cost	6,39	2,62	53,69	6,25	2,71	30,36
Receivables from finance sector operations	8,18	6,09	23,07	5,64	4,48	19,38
Liabilities						
Borrowings	6,29	3,13	18,37	3,70	1,79	15,98
Payables of finance sector operations	1,12	0,24	8,26	0,40	0,16	11,90

Consolidated financial assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates are as follows:

31 December 2022	Up to 3 months	3 months - 1 year	1 year - 5 years	5 years and over	Non-interest bearing	Total
Assets						
Cash and cash equivalents	84.674	8.982	-	-	57.962	151.618
Balances with CBRT	3.266	-	-	-	127.693	130.959
Financial assets						
- Measured at fair value through profit or loss	8	2.493	127	211	2.344	5.183
- Measured at fair value through other comprehensive income	29.243	20.418	13.157	15.508	1.425	79.751
- Measured at amortised cost	68.937	13.787	29.677	56.042	-	168.443
Receivables from finance sector operations	248.580	210.237	136.829	32.044	-	627.690
	434.708	255.917	179.790	103.805	189.424	1.163.644
Liabilities						
Borrowings	158.336	95.957	117.707	5.896	654	378.550
Payables to finance sector operations	401.780	28.403	4.898	338	277.021	712.440
	560.116	124.360	122.605	6.234	277.675	1.090.990

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2021	Up to 3 months	3 months - 1 year	1 year - 5 years	5 years and over	Non- interest bearing	Total
Assets						
Cash and cash equivalents	44.003	5.961	-	-	43.885	93.849
Balances with CBRT	68.178	-	-	-	35.067	103.245
Financial assets						
- Measured at fair value through profit or loss	4	6	58	139	975	1.182
- Measured at fair value through other comprehensive income	13.526	13.360	3.718	4.137	595	35.336
- Measured at amortised cost	31.441	13.387	11.652	39.640	-	96.120
Receivables from finance sector operations	116.313	155.686	119.420	25.324	-	416.743
	273.465	188.400	134.848	69.240	80.522	746.475
Liabilities						
Borrowings	112.164	62.996	103.764	6.148	1.217	286.289
Payables to finance sector operations	266.918	10.689	2.898	277	170.392	451.174
	379.082	73.685	106.662	6.425	171.609	737.463

Sensitivity to interest rate risk

The sensitivity analysis of Yapi Kredi Bankası, a Subsidiary of the Group operating in the finance sector, regarding fluctuations in interest rates was carried out for all interest-bearing assets and debts with interest. In the case of 100 bps rise in the annual interests in TL, USD and EUR currencies, the negative impact on the Group's consolidated equity holders of the parent is around TL1,4 million. (In the case of 100 bps decrease in the annual interests, the positive impact on the Group's consolidated equity holders of the parent is around TL1,6 million.)

In the case of 100 bps rise in the annual interests, the additional annual consolidated interest expense resulting from the repricing of borrowings within 1-year period is around TL500 million for the subsidiaries of the Group which operate in non-finance sector. It is expected that this interest expense will be substantially offset by the additional interest income resulting from the repricing of cash and cash equivalents due to their short term maturities and therefore, 100 bps rise in interest rates is not expected to have a material net interest income/(expense) effect at the Group's non-finance sector operations' results within 1-year period.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The interest rate position is as follows:

	31 December 2022	31 December 2021
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents	86.457	46.464
Balances with CBRT	3.266	68.178
Financial assets		
- Measured at fair value through profit or loss	2.839	207
- Measured at fair value through other comprehensive income	56.080	12.477
- Measured at amortised cost	119.917	48.746
Receivables from finance sector operations	451.525	302.107
	720.084	478.179
Financial liabilities		
Borrowings	269.216	193.423
Payables to finance sector operations	435.357	280.773
	704.573	474.196
Floating interest rate financial instruments		
Financial assets		
Cash and cash equivalents	7.199	3.500
Financial assets		
- Measured at fair value through other comprehensive income	22.246	22.264
- Measured at amortised cost	48.526	47.374
Receivables from finance sector operations	176.165	114.636
	254.136	187.774
Financial liabilities		
Borrowings	108.680	91.650
Payables to finance sector operations	62	9
	108.742	91.659

c) Commodity price risk

Tüpraş, a Subsidiary of the Group is exposed to risk arising from fluctuations in crude oil prices due to raw material inventory held for production. Tüpraş management manages the risk by regularly reviewing the amount of the inventory held.

Tüpraş sets its sales price according to Petroleum Market Law No: 5015 considering the product prices at the Mediterranean market, which are the closest reachable world competitive market and USD currency rates. The changes in prices in the Mediterranean market and USD currency rate are evaluated daily by Tüpraş management and sales prices are updated when prices calculated according to the aforementioned factors differ significantly from the current sales prices.

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Since instability in crude oil prices may cause fluctuations in net profit and cash flows, Tüpraş management has constituted a hedging policy in order to eliminate the aforementioned risk. In accordance with the policy, short and long term hedging transactions are realised by utilising various derivative instruments.

d) Product Profit Margin (Crack Margin) Risk

Besides the fluctuations in crude oil prices, Tüpraş is also exposed to the risk of fluctuations in crack margins arising from the changes in product prices. In order to eliminate the aforementioned risk in crack margins, a hedging policy has been constituted by considering historical product price levels, market expectations and forecasted sales volumes. In accordance with the policy, crack margins are hedged by utilising various derivative instruments.

C) Liquidity Risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. In the framework of liquidity risk management, funding sources are being diversified and sufficient cash and cash equivalents are held. In order to meet instant cash necessities it is ensured that the level of cash and cash equivalent assets does not fall below a predetermined portion of the short term liabilities.

Liquidity management of Yapı Kredi Bankası, a Subsidiary of the Group, is daily monitored by Treasury Management, Risk Management and Capital Management. Liquidity risk is evaluated with liquidity gap analyses, liquidity stress tests and supplementary precautions/measurements. Liquidity gap analyses are performed for two different periods as short-term and long-term. Both short-term liquidity and long-term (structural) liquidity measurement and reporting for all types of currencies are periodically made in the Bank and its subsidiaries. There are limits, which are predetermined and approved by the Board of Directors in terms of all currencies for each period. Yapı Kredi Bankası mainly uses derivative transactions for managing liquidity risk and monitors cash inflows and outflows in the framework of funding plan in order to balance the liquidity distribution among currencies.

Undiscounted contractual cash flows of the consolidated financial liabilities as of 31 December 2022 and 2021 are as follows:

31 December 2022	Carrying value	Total contractual cash outflow	Demand or up to 3 months	3 months - 1 year	1 - 5 years	5 years and over
Financial liabilities						
Borrowings	378.550	424.063	119.282	120.910	147.526	36.345
<i>Borrowings, debt instruments and factoring liabilities</i>	373.516	417.061	118.614	119.798	144.511	34.138
<i>Lease liabilities</i>	5.034	7.002	668	1.112	3.015	2.207
Trade payables	102.839	106.584	104.415	2.169	-	-
Payables to finance sector operations	712.440	721.997	686.456	30.457	4.757	327
Derivative instruments^(*)						
Cash inflows	22.741	242.195	172.778	38.473	21.655	9.289
Cash outflows	15.450	(263.768)	(190.923)	(34.733)	(26.359)	(11.753)

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2021	Carrying value	Total contractual cash outflow	Demand or up to 3 months	3 months - 1 year	1 - 5 years	5 years and over
Financial liabilities						
Borrowings	286.289	324.033	45.134	90.493	156.876	31.530
<i>Borrowings, debt instruments and factoring liabilities</i>	<i>282.860</i>	<i>319.194</i>	<i>44.677</i>	<i>89.592</i>	<i>154.636</i>	<i>30.289</i>
<i>Lease liabilities</i>	<i>3.429</i>	<i>4.839</i>	<i>457</i>	<i>901</i>	<i>2.240</i>	<i>1.241</i>
Trade payables	71.588	71.755	67.890	3.865	-	-
Payables to finance sector operations	451.174	454.873	437.076	12.105	5.317	375
Derivative instruments⁽¹⁾						
Cash inflows	25.608	197.155	150.960	18.891	22.252	5.052
Cash outflows	22.102	(201.129)	(152.573)	(19.030)	(24.281)	(5.245)

⁽¹⁾ Derivative instruments do not include the carrying value (Note 11) of changes in the fair value changes arising from the off-balance sheet operating lease transactions of Otokoç, a Subsidiary of the Group, denominated in foreign currency.

The distribution of non-cash loans (Note 32) of Yapı Kredi Bankası, a Subsidiary of the Group, by original maturity is as follows:

31 December 2022	Indefinite	Up to 1 year	1-5 years	5 years and over	Total
Letters of guarantee	53.545	40.031	74.028	13.769	181.373
Letter of credits	-	23.237	9.810	153	33.200
Acceptance credits	-	861	4	-	865
Other	1.438	10.932	3.300	12.684	28.354
	54.983	75.061	87.142	26.606	243.792
31 December 2021	Indefinite	Up to 1 year	1-5 years	5 years and over	Total
Letters of guarantee	34.627	27.932	44.237	12.174	118.970
Letter of credits	-	18.840	7.255	225	26.320
Acceptance credits	-	515	31	-	546
Other	1.864	1.888	1.444	9.885	15.081
	36.491	49.175	52.967	22.284	160.917

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 33 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Capital Risk Management

The Group's main objectives for capital management are to keep the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may decide on the amount of dividends paid to shareholders, issue of new shares or sell assets to decrease net financial debt.

The Group monitors capital on the basis of the net financial debt/invested capital ratio. Net financial debt is calculated as total financial liabilities less cash and cash equivalents (excluding blocked deposits) and invested capital is calculated as net financial debt plus total equity. Consolidated net financial debt/invested capital ratio as of 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Total borrowings	378.550	286.289
Less: Cash and cash equivalents	(145.008)	(89.524)
Net financial debt	233.542	196.765
Equity	247.198	121.105
Invested capital	480.740	317.870
Net financial debt/invested capital ratio	0,49	0,62

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 34 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

Fair value of financial instruments

Estimated fair values of financial instruments have been determined by the Group by using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

Carrying values of cash and cash equivalents and trade receivables are assumed to reflect their fair values due to their short-term nature. The estimated fair value of interest bearing placements of cash and cash equivalents of finance sector is calculated based on discounted cash flows using prevailing money market interest rates at the statement of financial position date with similar credit risk and remaining maturity.

The estimated fair value of receivables from finance sector operations represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates with similar currency and remaining maturity in order to determine their fair value.

The fair value of financial assets measured at amortised cost is determined based on market prices; or when market price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

Financial liabilities

Fair values of short-term trade payables and borrowings with floating interest rate are assumed to approximate their carrying values. The estimated fair value of issued debt securities and other long-term borrowings without quoted market price is based on discounted cash flows using market interest rates prevailing at the balance sheet date with similar credit risk and remaining maturity.

The estimated fair value of demand deposits with no stated maturity classified under payables to finance sector operations, represents the amount repayable on demand. The fair value of overnight deposits is considered to approximate their carrying values. The estimated fair value of fixed-interest deposits is calculated based on discounted cash flows using market interest rates applied to similar loans and other debts. In case the maturities are short-term, the carried value is assumed to reflect the fair value.

KOÇ HOLDING A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 34 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS (Continued)

Within the framework of the methods and assumptions explained above, the carrying values and estimated fair values of financial assets and liabilities as of 31 December 2022 and 2021 are presented in the table below:

	31 December 2022		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Cash and cash equivalents	151.618	151.394	93.849	93.826
Receivables from finance sector operations	627.690	632.459	416.743	408.310
Financial assets measured at amortised cost	168.443	196.204	96.120	100.869
Liabilities				
Borrowings	378.550	385.016	286.289	286.210
Payables to finance sector operations	712.440	713.131	451.174	451.238

Fair value estimation

The classification of the Group's consolidated financial assets and liabilities at fair value is as follows:

Level 1: *Quoted prices (unadjusted) in active markets for identical assets or liabilities:* The fair value of financial assets and financial liabilities are determined with reference to quoted market prices.

Level 2: *Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices):* The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other variables used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

Level 3: *Inputs for the asset or liability that are not based on observable market data.*

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit/(loss)				
- Equity securities	1.493	190	431	2.114
- Debt instruments	-	2.473	-	2.473
Financial assets measured at fair value through other comprehensive income				
- Equity securities	921	533	-	1.454
- Debt instruments	76.398	1.899	-	78.297
Derivative instruments	-	22.741	-	22.741
Total assets	78.812	27.836	431	107.079
Derivative instruments	-	15.450	-	15.450
Liabilities related to business combinations (Note 22)	-	-	2.737	2.737
Total liabilities	-	15.450	2.737	18.187

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 34 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS (Continued)

31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit/(loss)				
- Equity securities	78	285	608	971
- Debt instruments	211	-	-	211
Financial assets measured at fair value through other comprehensive income				
- Equity securities	486	143	-	629
- Debt instruments	33.737	970	-	34.707
Derivative instruments	-	25.608	-	25.608
Total assets	34.512	27.006	608	62.126
Derivative instruments	-	22.102	-	22.102
Total liabilities	-	22.102	-	22.102

NOTE 35 - EARNINGS PER SHARE

	2022	2021
Earnings per share:		
Profit for the period	118.220	26.185
Less: Profit attributable to non-controlling interests	48.414	10.992
Profit attributable to equity holders of the parent	69.806	15.193
Weighted average number of shares with nominal value of Kr 1 each ⁽¹⁾	253.500.757.500	253.562.415.596
Earnings per share (Kr)	27,537	5,992

⁽¹⁾ Calculated by adjusting the treasury shares (Note 23).

KOÇ HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into English of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 36 - SUPPLEMENTARY CASH FLOW INFORMATION

Supplementary information for the details included in the consolidated cash flow statements as of 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Changes in provisions:		
Provisions for employee benefits	1.453	377
Provisions for warranty and assembly	866	498
Provisions for non-cash loans	494	656
Provisions for lawsuits	292	186
Cost accruals for construction contracts	176	133
Other provisions	1.411	687
	4.692	2.537
Adjustments for impairment loss/(reversal of impairment loss):		
Expected credit loss provisions on receivables from finance sector operations	17.279	4.180
Expected credit loss provisions on trade receivables	203	144
Provisions for impairment on inventories	590	(22)
Provisions for impairment on property, plant and equipment	-	5
	18.072	4.307
Net changes in the operating assets and liabilities:		
Finance:		
Receivables from finance sector operations	(227.231)	(123.636)
Balances with Central Bank of the Republic of Turkey - required reserves	(11.118)	(25.531)
Payables of finance sector operations	261.265	174.003
Other assets and liabilities, net	(6.009)	(12.481)
	16.907	12.355
Non-Finance:		
Inventories	(31.337)	(26.831)
Trade receivables	(27.705)	(25.451)
Trade payables	30.791	39.361
Other assets and liabilities, net	11.032	5.963
Other payables and receivables, net	(10.707)	(7.578)
	(27.926)	(14.536)
Currency translation differences	3.406	5.972
	(7.613)	3.791
Cash and cash equivalents:		
Cash and cash equivalents (Note 5)	151.618	93.849
Add: Balances with		
Central Bank of the Republic of Turkey - free deposits (Note 6)	71.790	55.194
Less: Blocked deposits (Note 5)	(6.610)	(4.325)
	216.798	144.718

KOÇ HOLDİNG A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts on tables expressed in millions of Turkish Lira ("TL") unless otherwise indicated.)

Convenience translation into english of the consolidated financial statements originally issued in Turkish (Note 2.6)

NOTE 37 - EVENTS AFTER THE BALANCE SHEET DATE

In line with the growth strategy of Arçelik A.Ş. ("Arçelik"), a Subsidiary of the Group, Arçelik and Whirlpool Corporation ("Whirlpool") signed a Participation Agreement on 16 January 2023 in order to merge all of Arçelik and Whirlpool's manufacturing, sales and marketing subsidiaries operating in Europe under a structure that Arçelik will control with majority share.

For this purpose, the entire shares of Arçelik's subsidiaries operating in Europe, including all shares of 100% owned Beko Balkans and 51% owned Beko PLC will be transferred into Ardutch B.V. ("Ardutch"). Hereupon Ardutch will transfer the aforementioned shares of the subsidiaries to Beko Europe B.V. ("Beko Europe") which has been incorporated in Netherlands for the purpose of this transaction by contribution of capital in kind. Likewise, the entire shares of all subsidiaries of Whirlpool EMEA Holdings LLC operating in Europe will be merged under one company and the shares of this company will be transferred to Beko Europe by contribution of capital in kind. According to the foreseen shareholding structure after the aforementioned transfers, Ardutch will have majority share with 75% and Whirlpool EMEA will own 25% share in Beko Europe. The final ownership ratio will be determined by taking into account the EBITDA and net fixed asset value in the 2022 year-end financials for the companies subject to the transaction and will be adjusted based on net debt and net working capital after the closing financial statements are prepared. If there is a need for an adjustment, share proportions may change according to the principles determined in the agreement.

After the completion of the transaction, it is anticipated that Whirlpool's 38 European subsidiaries including 14 production facilities located in 9 locations (in Italy, Poland, Slovakia and the UK), and Arçelik's 25 European subsidiaries including 2 production facilities located in Romania will be merged under Beko Europe. The total production capacity of all the mentioned production facilities will be approximately 24 million units per year after the transaction.

It is also agreed that a share purchase agreement will be signed within six weeks between the parties regarding the acquisition of the entire shares of two subsidiaries of Whirlpool domiciled in the United Arab Emirates and Morocco and operating in the Middle East and North Africa markets ("MENA"), by Ardutch at the amount of EUR20 million in cash which is subject to net debt and net working capital adjustments based on the closing financials.

As a result of the transactions, Beko Europe and companies acquired in the MENA region will be fully consolidated as a subsidiary, since Arçelik has a majority share and control right.

Koç Holding A.Ş. Balance Sheet and Income Statement Issued
According to the Statutory Records

Presentation

General Assembly

Koç Group

Sectors and Companies

Social Investments

Corporate Governance

Financial Statements

Other Information

Koç Holding A.Ş. Balance Sheet at 31 December 2022 and 31 December 2021 Issued According to the Statutory Records (TL)

ASSETS	31.12.2022	31.12.2021
CURRENT ASSETS	31,279,567,822.50	23,824,800,364.80
Cash and Cash Equivalents	21,546,555,189.10	18,259,492,432.49
Cash	1,000.00	1,000.00
Banks	21,546,554,189.10	18,259,491,432.49
Securities	8,020,377,498.36	4,870,922,458.33
Debt Securities	7,881,333,450.00	4,821,141,250.00
Other Securities	139,044,048.36	49,781,208.33
Short Term Trade Receivables	1,143,856,748.08	375,433,345.11
Customers	1,143,838,590.26	375,415,187.29
Doubtful Receivables	1,014,241.88	1,014,241.88
Provision for Doubtful Receivables	-996,084.06	-996,084.06
Expenses and Income Accruals for Future Months	497,698,177.01	256,386,276.01
Expenses for Future Months	45,914,148.41	35,931,936.60
Income Accruals	451,784,028.60	220,454,339.41
Other Current Assets	71,080,209.95	62,565,852.86
Prepaid Taxes and Funds	-	17,325,545.45
Other Miscellaneous Current Assets	71,080,209.95	45,240,307.41
NON-CURRENT ASSETS	18,610,635,916.48	13,888,891,594.57
Long Term Trade Receivables	1,630,620.79	1,272,335.45
Deposits and Guarantees Given	1,630,620.79	1,272,335.45
Financial Non-Current Assets	16,261,892,903.64	12,202,452,889.01
Subsidiaries	8,346,202,357.64	4,371,341,578.60
Capital Commitments to Subsidiaries	-84,375,000.00	-
Affiliate Company	8,000,065,546.00	7,831,111,310.41
Property, Plant and Equipment	2,291,373,674.79	1,636,430,214.08
Lands	32,967,975.16	32,967,975.16
Land Improvements	8,946,219.51	8,946,219.51
Buildings	561,865,574.95	655,451,990.96
Motor Vehicles Equipment	1,435,979,568.97	551,962,732.76
Furniture and Fixtures	58,769,118.69	48,899,224.57
Accumulated Depreciation	-247,722,212.39	-254,608,329.88
Advances Given	440,567,429.90	592,810,401.00
Intangible Assets	38,734,630.72	24,627,466.52
Research and Developments Expenses	35,352,640.00	21,037,520.00
Establishment and Formation Expenses	2,529,126.22	2,529,126.22
Rights	13,339,532.27	11,901,767.00
Leasehold Improvements	5,100,886.32	5,100,886.32
Accumulated Depreciation	-17,587,554.09	-15,941,833.02
Prepaid Expenses for the Following Years	17,004,086.54	24,108,689.51
Prepaid Expenses for the Following Years	17,004,086.54	24,108,689.51
TOTAL ASSETS	49,890,203,738.98	37,713,691,959.37

Koç Holding A.Ş. Balance Sheet at 31 December 2022 and 31 December 2021 Issued According to the Statutory Records (TL)

LIABILITIES	31.12.2022	31.12.2021
CURRENT LIABILITIES	1,458,295,613.02	773,930,610.26
Trade Payables	226,845,954.85	51,994,931.44
Suppliers	224,225,782.03	16,960,264.45
Deposits and Guarantees Received	2,620,172.82	35,034,666.99
Other Current Liabilities	701,060,653.10	289,882,012.50
Liabilities to Associates	672,161,192.45	276,198,278.57
Social Security Premiums Payable	5,878,205.60	3,321,466.59
Other Debts	23,021,255.05	10,362,267.34
Provision for Debts and Expenses	500,517,439.45	379,678,725.56
Provision for Profit of Period Taxes and Other	-	31,466,146.39
Other Provision for Debts and Expenses	500,517,439.45	348,212,579.17
Income and Expense Accruals for Future Months	29,871,565.62	52,374,940.76
Income for Future Months	29,871,565.62	52,374,940.76
NON-CURRENT LIABILITIES	28,085,776,994.83	19,485,538,998.57
Financial Liabilities	28,047,450,000.00	19,466,250,000.00
Bonds Issued	28,047,450,000.00	19,466,250,000.00
Provision for Debts and Expenses	38,326,994.83	19,288,998.57
Provision for Employment Termination Benefits	38,326,994.83	19,288,998.57
EQUITY	20,346,131,131.13	17,454,222,350.54
Total Share Capital	2,507,888,937.81	2,488,837,944.43
Paid-in Share Capital	2,535,898,050.00	2,535,898,050.00
Adjustment to Share Capital - Positive	34,548,215.22	34,548,215.22
Adjustment to Share Capital - Negative	-62,557,327.41	-62,557,327.41
Repurchased Stocks	-	-19,050,993.38
Issue Premium	9,705,724.30	9,705,724.30
Issue Premium	9,705,724.30	9,705,724.30
Capital Reserves	433,859,429.05	378,441,061.95
Other Capital Reserves	433,859,429.05	378,441,061.95
Reserves	11,796,586,436.64	10,588,279,390.24
Legal Reserves	615,618,768.68	615,618,768.68
Extraordinary Reserves	8,879,543,334.79	7,815,848,012.01
Special Funds	2,301,424,333.17	2,156,812,609.55
Prior Years' Income-Inf. Adj. Profit-2004	174,879,886.04	174,879,886.04
Prior Years' Income-Inf. Adj. Profit-2004	174,879,886.04	174,879,886.04
Prior Years' Profit	27,163,677.11	-
Prior Years' Profit	27,163,677.11	-
Prior Years' Losses	-106,312,899.20	-
Prior Years' Losses	-106,312,899.20	-
Profit for the Period	5,502,359,939.38	3,814,078,343.58
TOTAL LIABILITIES AND EQUITY	49,890,203,738.98	37,713,691,959.37

Koç Holding A.Ş. Income Statement for the Period of 1 January-31 December 2022 and 1 January-31 December 2021, Issued According to the Statutory Records (TL)

	2022	2021
GROSS REVENUES	1,515,793,667.80	574,463,420.22
Domestic Revenues	1,515,793,667.80	574,463,420.22
OPERATING EXPENSES	-2,512,548,906.22	-952,069,208.63
General Administrative Expenses	-2,512,548,906.22	-952,069,208.63
ORDINARY INCOME AND PROFIT FROM OTHER OPERATIONS	16,740,828,671.92	14,336,381,937.82
Dividend Income from Associates	5,594,721,657.81	3,272,596,106.38
Dividend Income from Subsidiaries	443,723,545.85	223,513,368.55
Interest Income	1,493,409,058.74	962,138,826.54
F/X Income	9,057,204,341.68	9,781,947,096.73
Other Ordinary Income and Profit	151,770,067.84	96,186,539.62
ORDINARY EXPENSES AND LOSSES FROM OTHER OPERATIONS	-19,037,996.26	-803,783,803.40
Provision Expenses	-19,037,996.26	-3,160,550.70
F/X Losses	-	-800,015,291.45
Losses on the Sale of Securities	-	-607,961.25
FINANCIAL EXPENSES	-10,217,078,247.77	-9,310,751,115.03
Short Term Borrowing Expenses	-33,942,199.40	-9,284,223.79
Long Term Borrowing Expenses	-10,183,136,048.37	-9,301,466,891.24
EXTRAORDINARY INCOME AND PROFIT	41,005.91	1,303,258.99
Other Extraordinary Income and Profit	41,005.91	1,303,258.99
EXTRAORDINARY EXPENSE AND LOSSES	-5,638,256.00	-
Other Extraordinary Expense and Losses	-5,638,256.00	-
PROFIT FOR THE PERIOD	5,502,359,939.38	3,845,544,489.97
TAXES PAYABLES AND OTHER LEGAL LIABILITIES	-	-31,466,146.39
NET PROFIT FOR THE PERIOD	5,502,359,939.38	3,814,078,343.58

OTHER INFORMATION ABOUT CORPORATE GOVERNANCE

Informative Document Regarding the Ordinary General Assembly Meeting
 Statements of Independence
 Corporate Governance Compliance Report and Information Form
 Sustainability Principles Compliance Report

Informative Document for the 22 March 2023 Ordinary General Assembly to Review Financial Year 2022

1. INVITATION TO THE 22 MARCH 2023 ORDINARY GENERAL ASSEMBLY

Koç Holding A.Ş.'s Ordinary General Assembly Meeting shall convene on Wednesday 22 March 2023 at 16:00 (2pm GMT) at the address of Kuzguncuk Mahallesi Azizbey Sok. No:1 34674 Üsküdar/İstanbul (Tel: 0216 531 00 00, Fax: 0216 531 00 99). The activities of the Company for the fiscal year 2022 will be reviewed at the meeting, the following agenda will be discussed and a resolution regarding the agenda will be voted.

In accordance with the legal requirements, 2022 Financial Statements, the Independent Auditor's Report prepared by our Independent Auditor, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., and the Board of Directors' Annual Report, including the dividend distribution proposal of the Board of Directors and the explanations on Corporate Governance and Sustainability, along with the following agenda and the Memorandum containing the information required by Capital Markets Board regulations shall be made available to the shareholders at the Company Headquarters, on the Company's corporate website at www.koc.com.tr, on the Public Disclosure Platform, and on the Electronic General Assembly System of the Central Registry Agency at least three weeks prior to the meeting, excluding the invitation and the meeting dates.

Shareholders that are unable to attend the meeting in person, save for the rights and obligations of the ones participating electronically via the Electronic General Assembly System, shall prepare their proxy documents in accordance with the legal requirements, or shall obtain a proxy sample form from Yapı Kredi Yatırım Menkul Değerler A.Ş. (Yapı Kredi Plaza / Levent-İstanbul), our Company, or from our corporate website at www.koc.com.tr and shall submit to the Company the proxy documents issued in accordance with the requirements of the Communiqué No. II-30.1, Use of Proxy Vote and Proxy Collection through Invitation, enacted on 24 December 2013 and published in Official Gazette No. 28861. A proxy document is not required from a proxy appointed electronically through the Electronic General Assembly System. Due to our legal liability, **proxy documents which do not comply with the requirements of the aforementioned Communiqué shall not be accepted.**

Shareholders intending to vote via the Electronic General Assembly System are requested to obtain information from the Central Registry Agency, our Company's website at www.koc.com.tr or from the Company Headquarters (Tel: +90 216 531 00 00) to ensure that they comply with the provisions of the by-laws for the Electronic Shareholders Meeting for Joint Stock Companies.

Pursuant to Paragraph 4 of Article 415 of the Turkish Commercial Code No. 6102 and Paragraph 1 of Article 30 of the Capital Markets Law, the right to attend the General Assembly and voting rights shall not be conditional on depositing the share certificates. Accordingly, shareholders participating in the General Assembly do not need to block their shares.

At the Ordinary General Assembly Meeting, the voters shall use the open voting system by raising hands, without prejudice to the provisions of electronic voting regarding the voting of each item on the agenda.

Detailed information on processing shareholders' personal data within the framework of the Law on the Protection of Personal Data (No. 6698) is available at "Koç Holding Personal Data Protection and Processing Policy" disclosed on www.koc.com.tr.

All right holders and stakeholders as well as the press are invited to the General Assembly Meeting.

Pursuant to the Capital Markets Law, shareholders holding registered shares that are traded on the stock exchange will not receive a separate registered invitation letter for the meeting.

Respectfully,

KOÇ HOLDİNG A.Ş.
BOARD OF DIRECTORS

Company Address: Nakkaştepe Azizbey Sok. No:1 34674 Kuzguncuk-Üsküdar/İstanbul
Trade Registry and Number: İstanbul/85714
Mersis Number: 0570002057500012

2. ADDITIONAL EXPLANATIONS IN ACCORDANCE WITH CMB REGULATIONS

The additional explanations required pursuant to Capital Markets Board (CMB) Corporate Governance Communiqué No. II-17.1 are made in the related articles of the agenda below. Other mandatory general explanations are provided in this section.

2.1. Capital Structure and Voting Rights

As of the date of the publication of this Information Document, information concerning the total number of shares and voting rights, the number of shares and voting rights representing each privileged share and the type of privilege is provided below:

Company shares are divided into two groups, Group A and Group B. Each Group A share has two votes at the General Assembly.

The voting rights of our shareholders, taking into consideration privileged shares, are provided in the following table:

Shareholder	Group	Share Amount (TL)	Equity Ratio (%)	Voting Right	Voting Right Stake (%)
Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. ¹	A	678,773,422	26.77	135,754,684,460	42.23
Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. ¹	B	428,196,786	16.88	42,819,678,578	13.32
Koç Family ²	B	472,895,145	18.65	47,289,514,516	14.71
Vehbi Koç Foundation	B	184,171,754	7.26	18,417,175,384	5.73
Koç Holding Pension and Assistance Foundation	B	59,553,491	2.35	5,955,349,123	1.85
Rahmi M. Koç ve Mahdumları Maden İnşaat Turizm Ulaştırma Yatırım ve Ticaret A.Ş.	B	35,385,424	1.40	3,538,542,410	1.10
Free Float ³	B	676,922,028	26.69	67,692,202,760	21.06
Total		2,535,898,050	100.00	321,467,147,230	100.00

(1) As publicly disclosed on 11 October 2022, group A and B Koç Holding shares with a nominal value of TL 1,106,970,208.08 held by Temel Ticaret ve Yatırım A.Ş. ("Temel Ticaret") were transferred to Family Danışmanlık Gayrimenkul ve Ticaret Anonim Şirketi ("Family Danışmanlık"), a wholly-owned subsidiary of Temel Ticaret, by way of partial demerger. Accordingly, the nominal value of shares held by Family Danışmanlık in the capital of Koç Holding A.Ş. reached TL 1,106,970,208.08 corresponding to a stake of 43.65% and voting rights of 55.55%; Temel Ticaret, on the other hand, has no longer any direct stake in Koç Holding A.Ş. The transaction did not result in any change in the ultimate shareholding structure of Koç Holding A.Ş. Majority of Temel Ticaret ve Yatırım A.Ş. shares belong to Koç Family members.

(2) Koç Family Members: Rahmi M. Koç, Semahat S. Arsel, deceased Suna Kırac, M. Ömer Koç, Ali Y. Koç, İpek Kırac, Caroline N. Koç, Esra Çiğdem Koç and Aylin Elif Koç

(3) Includes shares bought back by Koç Holding with a nominal value of 890,475 TL amounting to 0.04% of share capital.

2.2. Managerial and Operational Changes in Our Company or our Subsidiaries which may Significantly Affect the Activities of our Company

Based on the review of structuring alternatives regarding Koç Group's energy companies in line with their strategic goals, it has been resolved by Koç Holding, Aygaz A.Ş. ("Aygaz") and Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş") Board of Directors on 25.04.2022 to transfer Entek Elektrik Üretim A.Ş. ("Entek") shares corresponding to 49.62% of the registered Entek capital in Koç Holding's assets to Tüpraş through a partial demerger transaction through the associates model. Simultaneously, it was resolved to transfer the Entek shares registered in the assets of our subsidiary Aygaz to Tüpraş through a partial demerger transaction through the model of share transfer to its shareholders. Following the approval by the Capital Markets Board, the partial demerger transactions has been approved by the companies' shareholders on extraordinary general assembly meetings on 25.08.2022 and registered on 26.08.2022.

Informative Document for the 22 March 2023 Ordinary General Assembly to Review Financial Year 2022

Also, in 2022, in an effort to enhance the synergy among Koç Group Companies and Presidencies in Koç Holding, the Board of Directors resolved to make the following changes; Koç Finansman A.Ş. and Tanı Pazarlama ve İletişim Hizmetleri A.Ş. shall be reporting to the Banking Group President; Zor Merkezi Hizmetler ve Ticaret A.Ş. shall be reporting to the Tourism, Food and Retailing Group President and Inventram Teknoloji Yatırımları A.Ş. shall be reporting to the Strategy and Business Development Director of Koç Holding A.Ş.

Apart from the ones mentioned above, there are no managerial or operational changes that have substantially affected or that will substantially affect the Company's activities in the previous accounting period, or planned for the upcoming accounting periods.

Besides, material event disclosures made by our Company in accordance with legal requirements are available at www.kap.gov.tr

2.3. Information regarding requests of shareholders for adding an item on the agenda

Information on the requests of the shareholders of the partnership, submitted in writing to the Investor Relations Department regarding the inclusion of an item on the agenda, the requests that were not accepted in cases where the board of directors did not accept the requests of the shareholders, and the reasons for rejection are presented below:

No request has been submitted in writing to the Koç Holding concerning the desire of shareholders to have an item added on the agenda.

3. ANNOUNCEMENTS PERTAINING TO THE AGENDA ITEMS OF THE ORDINARY GENERAL ASSEMBLY MEETING ON 22 MARCH 2023

1. Opening and election of the Chairman of the Meeting

Within the framework of the provisions of "the Turkish Commercial Code (TCC) no. 6102" and "the Regulation of the Ministry of Customs and Commerce regarding Principles and Procedures of General Assembly Meetings of Joint Stock Companies and Representatives of the Ministry of Customs and Commerce to be Present in these Meetings" ("Regulation" or "General Assembly Regulation"), and General Assembly Principles Article 7, a Chairman shall be elected to chair the General Assembly meeting. Within the framework of the General Assembly Principles, at least one person will be appointed as Secretary by the Chairman. The Chairman may also appoint adequate number of vote-collectors.

2. Presentation for discussion and approval of the Annual Report of the Company prepared by the Board of Directors for the year 2022

Within the framework of the TCC, the Regulation, the Capital Markets Law and related regulations, information shall be given on the 2022 Annual Report, which has been announced at the Headquarters of our Company, on the Electronic General Assembly portal of the Central Registry Agency (CRA) and on the corporate website of the Company at www.koc.com.tr for review of our shareholders three weeks before the General Assembly meeting and the Annual Report shall be presented for discussion and approval of our shareholders.

3. Presentation of the summary of the Independent Auditor's Report for the year 2022

A summary of the Independent Auditor's Report, which is prepared according to the TCC and CMB regulations and announced three weeks prior to the General Assembly meeting at the Company Headquarters, the Electronic General Assembly Portal of the CRA and www.koc.com.tr, will be read aloud.

4. Presentation, discussion and approval of the Financial Statements of the Company for the year 2022

Information about our financial statements and legal statutory accounts, which, pursuant to the TCC, Bylaws and Capital Markets Law have been announced three weeks prior to the General Assembly meeting at our Company Headquarters, on the Electronic General Assembly Portal of the CRA and on www.koc.com.tr for review by our shareholders, shall be presented to our shareholders for their evaluation and approval.

5. Release of each member of the Board of Directors from liability for the Company's activities for the year 2022

Pursuant to the TCC and Bylaws, the release of the members of our Board of Directors for the activities, transactions and accounts for the year 2022 shall be submitted to the General Assembly for its approval.

6. Approval, approval with amendment, or rejection of the Board of Directors' proposal on the distribution of profits for the year 2022 and the distribution date

According to our financial statements prepared by our Company within the framework of the Turkish Commercial Code and Capital Markets Law and related regulations in compliance with Turkish Financial Reporting Standards and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. covering the accounting period between 01.01.2022 - 31.12.2022; consolidated profit attributable to equity holders of the parent in the amount of TL 69,806 million was made. The dividend payment proposal, drawn up in accordance with the dividend distribution table format provided in the Dividend Communiqué numbered II-19.1 and the Dividend Manual announced in accordance with the said Communiqué, and taking into account the Company's Dividend Distribution Policy, long-term strategy, investment and financing policies, profitability and liquidity, is provided in **Appendix 1**.

7. Presentation, discussion and approval of the current share buyback transactions

In accordance with article 379 of the Turkish Commercial Code, Article 22 of the Capital Markets Law, Capital Market Board's Communiqué II-22.1 on Share Buybacks and the related announcements dated 21.07.2016, 25.07.2016, and 23.03.2020; driven by the recent market conditions and the impacts of the developments in the global economies on the sectors Koç Group operates in and on the Turkish capital markets, the net asset value discount and the market price of Koç Holding shares traded at Borsa İstanbul was deemed ineffective in reflecting the true value and fundamentals of Koç Holding. In this respect, in order to contribute to the fair valuation of Koç Holding shares, on 01.07.2021, the Board of Directors resolved to initiate a share buyback program from the market in accordance with article 10 of the Articles of Association.

The maximum number of shares that may be subject to buy-back was determined as 3,500,000,000 with a total nominal value of TL 35,000,000 and the maximum amount of funds to be allocated for share buybacks was determined to be TL 700,000,000, to be sourced from the current Company sources.

The share buyback program and the transactions made thereof were approved by the shareholders during the General Assembly on 01.04.2022 and the Board of Directors was mandated to continue the program in accordance with the relevant Board decision or to amend the program including but not limited to the maximum number of shares and the amount of funds, or to initiate a new program if needed.

Within the scope of the related decision and the share buyback program which can be valid up until 01.07.2024, shares with a nominal value of TL 890,475 thousand corresponding to 0.04% of Koç Holding's share capital were repurchased with a total cost of TL 19,065,996 including the transaction costs. The amount of treasury shares bought back as of the date of this Informative Document remains the same.

At the general assembly meeting, information will be provided about the treasury shares bought back as of the meeting date and the buyback program and the buyback transactions made thereof will be presented to the information and approval of the general assembly.

8. Determining the number of the members of the Board of Directors and their terms of office and election of the members of the Board of Directors in accordance with the newly resolved number and election of the Independent Board Members

In accordance with CMB regulations, the TCC and Bylaws and the principles governing the election of members of the Board of Directors in the Articles of Association, new members to replace Board members whose terms of office have expired shall accordingly be elected. In addition to that, Independent Members of the Board of Directors shall be elected in compliance with the CMB's Corporate Governance Communiqué No. II-17.1.

According to Article 11 of the Articles of Association, Company's business and management are conducted by a Board of Directors consisting of at least 9 and at most 18 members elected in line with the TCC and CMB regulations. The General Assembly may decide on the renewal of the Board of Directors even if their terms of office have not expired.

One third of the elected Board of Director members shall meet the independence criteria as defined in the CMB's mandatory Corporate Governance Principles.

Informative Document for the 22 March 2023 Ordinary General Assembly to Review Financial Year 2022

The Board of Directors, upon the proposal of the Nomination and Remuneration Committee, has designated the following candidates as the Independent Members of the Board of Directors: Ms. Emily K. Rafferty, Dr. Cem M. Kozlu, Mr. Peter Martyr and Mr. Michel Ray de Carvalho.

All the candidates meet all of the independence criteria defined in the CMB's Communiqué, except for the criteria of "qualifying as a Turkish resident under the Income Tax Law" for Ms. Emily K. Rafferty, Mr. Peter Martyr and Mr. Michel Ray de Carvalho. As it can be seen from the CV's of the candidates, the foreign independent members, with their competency, expertise and knowledge, have been affiliated with important merits and degrees and accordingly contribute substantially to the Company's and Koç Group's vision and progress. In this respect, as three of the independent member candidates are non-residents, as regards to the requirement of Turkish residency of at least half of the independent members which translates as two resident members amongst four independent members for a board of 12 members, an application has been made to CMB for Mr. Michel Ray de Carvalho to be accepted for one year as the third foreign independent member of the Board of Directors.

In its statement dated 06.02.2023, CMB assented this request and granted an exception to Mr. Michel Ray de Carvalho for one year; and accordingly has not given any negative opinion on any of the candidates.

The CVs of the candidates to the Board of Directors and the Declarations of Independence for the independent member candidates who will be presented to the General assembly are provided in **Appendix 2**.

9. Presentation to the shareholders and approval by the General Assembly of the "Remuneration Policy" for the members of the Board of Directors and the Senior Executives and the payments made on that basis in accordance with the Corporate Governance Principles

According to CMB's mandatory Corporate Governance Principle No. 4.6.2, the principles for the remuneration of Board of Directors' members and senior management shall be made available in writing and included as a separate item on the General Assembly agenda to enable the shareholders to share their opinions on the same. The Remuneration Policy prepared in this respect is attached hereto as **Appendix 3** for this purpose. Information on the compensation of the members of the Board of Directors and the senior management is available in footnote No. 29 of our financial statements dated 31 December 2022.

10. Determining the annual gross salaries to be paid to the members of the Board of Directors

The annual gross remuneration to be paid to the members of the Board of Directors in 2023 shall be determined by the shareholders as per our revised Remuneration Policy submitted for the approval of the shareholders as per item 9 of the agenda.

11. Approval of the appointment of the Independent Audit Firm as selected by the Board of Directors in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Board regulations

In accordance with the Turkish Commercial Code and Capital Markets Board regulations, and taking into consideration the opinion of the Audit Committee, the Board of Directors resolved at their meeting on 10 February 2023 to nominate PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to audit the Company's financial reports for the year 2023 accounting period and to fulfil all other obligations required for the auditors by Turkish Commercial Code and Capital Markets Law and related regulations. This decision shall be submitted to the General Assembly for approval.

12. Within the scope of the Company's Donation and Sponsorship Policy, informing the shareholders on the donations made by the Company in 2022 and determining an upper limit for donations for the year 2023

The Donations and Sponsorship Policy which was adopted by the Board of Directors and disclosed on 01.03.2021 was approved by the shareholders at the General Assembly on 09.04.2021 in accordance with the Corporate Governance Principle 1.3.10 "A policy regarding donations and contributions shall be prepared and submitted to the approval of the general assembly."

Pursuant to Article 6 of the CMB's Communiqué on Dividends No. II-19.1, the limit of donations to be made must be determined by the General Assembly, in cases not specified in the Articles of Association, and information concerning the donations and payments made must be provided to shareholders at the General Assembly. Therefore, in accordance with the Donation and Sponsorship Policy, donations totaling to TL 108,560,918.25 were made to foundations and associations in 2022. Of this amount, TL 100,200,000 was donated to Vehbi Koç Foundation; TL 6,455,861.25 was donated to İstanbul Foundation for Culture and Arts; TL 1,266,732 to Koç University and the remaining TL 638,325 was donated to various other entities each with an amount below TL 250,000 the amounts of which are not deemed to be material for investors. The upper limit of donations to be made in 2023 shall be resolved by the General Assembly.

13. Presentation to the shareholders of the collaterals, pledges, mortgages and sureties granted in favor of third parties in the year 2022 and of any benefits or income thereof in accordance with the Capital Markets Board regulations

Pursuant to Article 12 of the Capital Markets Board Corporate Governance Communiqué No. II-17.1, income or benefits derived by our Company and/or its subsidiaries from collaterals, pledges, mortgages and sureties against third parties must be stipulated in a separate article of the agenda of the General Assembly. This is indicated in footnote No. 32 of our financial statements dated 31 December 2022.

14. Authorization of the shareholders that have management control, the members of the Board of Directors, the senior executives and their spouses and relatives related by blood or affinity up to the second degree as per the provisions of articles 395 and 396 of the Turkish Commercial Code and presentation to the shareholders of the transactions carried out thereof in the year 2022 pursuant to the Corporate Governance Communiqué of the Capital Markets Board

The members of the Board of Directors can do business as stipulated in the first subsection of Articles 395 and 396 of the TCC entitled Competition Ban and Ban on doing Business with the Company and Borrowing from the Company only with the approval of the General Assembly.

Pursuant to the Capital Markets Board mandatory Corporate Governance Principle No. 1.3.6, the General Assembly shall be informed in the event that shareholders having managerial control, board members, senior management and their relatives up to the second degree of blood or affinity engaged in a significant business transaction creating a conflict of interest with the Company or its subsidiaries, competed with the company in the same line of business on their own behalf or on the behalf of others, or was involved in the same business as that of the Company as unlimited partner in another company. Information about said transactions must be included as a separate item on the agenda and recorded into the minutes of the General Assembly.

To fulfil the requirements of these regulations, permission shall be sought from the shareholders at the General Assembly. Some of the shareholders having managerial control, board members, senior management and relatives up to the second degree of blood or affinity are also board members at several Koç Group companies including those with similar operations to our Company. In 2022, there has not been any material transaction which requires notification in accordance with Corporate Governance Principle No. 1.3.6 of the Corporate Governance Communiqué.

15. Wishes and Observations

APPENDICES:

- APPENDIX 1** 2022 Dividend Distribution Proposal (see page 24-25)
- APPENDIX 2** CVs of Board of Directors Candidates (see page 170-173) and Independence Declarations of Independent Board Member Candidates (see page 308-311)
- APPENDIX 3** Remuneration Policy for Board of Directors and Executive Management (see page 27)

Statements of Independence

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Koç Holding A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communique on Corporate Governance, except for the criteria of "qualifying as a Turkish resident under the Income Tax Law". In that regard I also confirm that;

- a. In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders.
- b. In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c. My CV indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- d. After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- e. I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f. I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- g. I have not been on the board of the Company for more than six years within last ten years,
- h. I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul in total.
- i. I am not registered in the name of any legal entity elected as a board member.

(signature)

Emily K. Rafferty

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Koç Holding A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communique on Corporate Governance, in that regard I also confirm that;

- a. In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders.
- b. In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c. My CV indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- d. I am deemed to be resident in Turkey according to Revenue Tax Law No.193 dated 31.12.1960
- e. After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- f. I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- g. I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- h. I have not been on the board of the Company for more than six years within last ten years,
- i. I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul in total.
- j. I am not registered in the name of any legal entity elected as a board member.

(signature)

Dr. Cem M. Kozlu

Statements of Independence

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Koç Holding A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communique on Corporate Governance, except for the criteria of "qualifying as a Turkish resident under the Income Tax Law". In that regard I also confirm that;

- a. In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders.
- b. In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c. My CV indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- d. After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- e. I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f. I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- g. I have not been on the board of the Company for more than six years within last ten years,
- h. I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul in total.
- i. I am not registered in the name of any legal entity elected as a board member.

(signature)

Peter Martyr

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Koç Holding A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board's ("CMB") Communique on Corporate Governance, except for the criteria of "qualifying as a Turkish resident under the Income Tax Law". In that regard I also confirm that;

- a. In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders.
- b. In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
- c. My CV indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member,
- d. After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
- e. I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- f. I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
- g. I have not been on the board of the Company for more than six years within last ten years,
- h. I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul in total.
- i. I am not registered in the name of any legal entity elected as a board member.

(signature)

Michel Ray de Carvalho

Corporate Governance Compliance Report and Information Form

I. CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There was not any notification made regarding such a transaction.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.				X		The agenda of the General Shareholders' Meeting included a separate item for the total amount of the donations and contributions made and major donations were explained in the general assembly information document. The remaining amount for which the details were not provided, includes donations to various parties each below TL 500,000, which were not deemed as material information to our shareholders. As the donations below this threshold are not interrogated by our investors, we foresee to continue with the current practice of disclosing only the material amounts.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				Under normal circumstances, general meetings are held open to the public. However, due to the pandemic concerns and the restrictions of authorities on collective gatherings, in the general assembly meetings held in 2022, our shareholders were prioritized in terms of acceptance to meeting venue.

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.				X		Koç Holding shares have been divided into two groups as Group A and B. Each registered Group A share is entitled to 2 voting rights at the General Assembly Meeting. However, for decisions concerning the amendment to the Articles of Association or filing a lawsuit of acquaintance and responsibility, all shares have 1 (one) right to vote. As stated in company's Articles of Association, Group A shareholders do not have the privilege to nominate candidates to the BoD. Besides, total number of Group A voting rights make up for less than half of the total voting rights. As these rights have been present since the establishment and accordingly the initial public offering of our shares and taking into account that it is not possible to make a decision by the affirmative votes of privileged shares only and also given that do not prevent the holders of publicly traded shares from being represented at company board, any changes to the current structure is not foreseen.
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such crossownership provides management control.					X	Within Koç Holding, no cross ownerships exist that are associated with a controlling relationship.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.				X		Minority rights are not vested by the Articles of Association in shareholders holding less than one twentieth of the capital and rights are vested within the general framework of the regulations. Furthermore, there was no demand from the investors regarding this issue and any changes to the current structure is not foreseen.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Dividend was distributed.

Corporate Governance Compliance Report and Information Form

	Compliance Status					
	Yes	Partial	No	Exempted	NA	Explanation
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.		X				Article 9 of our company's Articles of Association sets out the principles regarding transfer of shares and there are no provisions in the Articles of Association that complicate or restrict the transfer of Group B shares traded on the stock exchange. As the existing restrictions relate only to non-listed group of shares, any changes to the current structure is not foreseen.
2.1. CORPORATE WEBSITE						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.					X	Koç Holding operates as a holding entity.
3.4.2 - Customers are notified of any delays in handling their requests.					X	Koç Holding operates as a holding entity.
3.4.3 - The company complied with the quality standards with respect to its products and services.					X	Koç Holding operates as a holding entity.
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.					X	Koç Holding operates as a holding entity.
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

Corporate Governance Compliance Report and Information Form

	Compliance Status					
	Yes	Partial	No	Exempted	NA	Explanation
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chair and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations Department and the Corporate Governance Committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				There is a Directors and Officers Liability Insurance policy for Koç Group companies, however the coverage is below the stated ratio. Given the high capital, the current insurance coverage is deemed enough to cover foreseeable risks. The amount is reviewed regularly and can be increased in the future if deemed necessary.

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attend the majority of the board meetings in person or via an electronic board meeting system	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members					X	
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.				X		

Although there is the possibility to present an opinion in such a case, there has not been any notification made by the BoD members who could not attend the meetings.

There are no restrictions for BoD Members on assuming other positions or duties outside the Company. Such a restriction is not deemed necessary as the business and sectoral experience of BoD Members makes a vital contribution to the BoD. CVs of the BoD Members are provided in the annual report. Given the performance and the efficiency of the BoD and taking into account the fact that the current structure does not impose any challenges in terms of corporate governance, any changes to the current structure is not foreseen in the short-run.

Corporate Governance Compliance Report and Information Form

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Members who serve on more than one committee facilitate communication and increase the opportunities for cooperation between committees handling related subjects. Given the performance and the efficiency of the committees and the valuable contributions of Board members, any changes to the current structure is not deemed necessary.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	There have not been any external consultancy services used.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.		X				
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Similar to the general practices, the remuneration of the members of the Board and Executive Management is disclosed in total in the annual report and at the General Assembly meetings. We are monitoring the general market practices in this subject which we deem to be material in terms of the protection of personal information, and intend to follow such prevalent practice.

II. CORPORATE GOVERNANCE INFORMATION FORM

SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights	Attended 16 roadshow and conferences, met with around 450 investors
The number of investor meetings (conference, seminar/etc.) organized by the company during the year	
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/1007954
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Provided
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	There is no such transaction.
The name of the section on the corporate website that demonstrates the donation policy of the company	https://www.koc.com.tr/investor-relations/corporate-overview-and-governance
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/en/Bildirim/926383
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 15-a
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Under normal circumstances, general meetings are held open to the public. However, due to the pandemic concerns and the restrictions of authorities on collective gatherings, in the general assembly meetings held in 2022, our shareholders were prioritized in terms of acceptance to meeting venue.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Yes
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	Koç Holding shares have been divided into two groups as Group A and B. Each registered Group A share is entitled to 2 voting rights at the General Assembly Meeting. However, for decisions concerning the amendment to the Articles of Association or filing a lawsuit of acquaintance and responsibility, all shares have 1 (one) right to vote. Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. owns all of Group A shares which correspond to 42.23% of the total voting rights. Current shareholder structure is available in the annual report.
The percentage of ownership of the largest shareholder	43.65%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	-

Corporate Governance Compliance Report and Information Form

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy

Investor Relations - Corporate Governance - Policies

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.

Dividend was distributed.

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends

-

General Assembly Meetings

General Meeting Date

01.04.2022

The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting

-

Shareholder participation rate to the General Shareholders' Meeting

81%

Percentage of shares directly present at the GSM

6%

Percentage of shares represented by proxy

75%

Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against

Investor Relations - Corporate Governance - General Assembly Meetings

Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them

Investor Relations - Corporate Governance - General Assembly Meetings

The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions

-

The number of declarations by insiders received by the board of directors

0

The link to the related PDP general shareholder meeting notification

<https://www.kap.org.tr/en/Bildirim/1015223>

General Meeting Date

25.08.2022

The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting

-

Shareholder participation rate to the General Shareholders' Meeting

81%

Percentage of shares directly present at the GSM

-

Percentage of shares represented by proxy

81%

Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against

Investor Relations - Corporate Governance - General Assembly Meetings

Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them

Investor Relations - Corporate Governance - General Assembly Meetings

The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions

-

The number of declarations by insiders received by the board of directors

0

The link to the related PDP general shareholder meeting notification

<https://www.kap.org.tr/en/Bildirim/1058323>

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations - About Koç Holding - Shareholder Structure
List of languages for which the website is available	Turkish and English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Corporate Governance and Other Information
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Legal Disclosures
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Legal Disclosures
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Legal Disclosures
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Legal Disclosures
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Sustainability and Human Resources

Corporate Governance Compliance Report and Information Form

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Albeit a policy devoted specifically to this subject, all rights of the stakeholders of Koç Holding and Koç Group companies are managed in accordance with national and international legal norms.
The number of definitive convictions the company was subject to in relation to breach of employee rights	None
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	According to the Koç Group Whistleblowing Policy available on Koç Holding website, unfair practices against employees and the company and violations of business partners shall be investigated by the Koç Holding Internal Audit Department. Koç Holding Legal and Compliance Department is mainly responsible to perform the investigations related to the private law violations. Koç Holding Internal Audit Department and Koç Holding Legal and Compliance Department act as the consultancy function in order to monitor the effectiveness of the Investigations conducted within Koç Group in general, and to increase the quality of the outputs.
The contact detail of the company alert mechanism	The Ethics Hotline accessible via Koç Holding website provides the options to raise a concern online or by phone. https://secure.ethicspoint.eu/domain/media/en/gui/108227/index.html

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Internal regulations are not publicly available or accessible.
Corporate bodies where employees are actually represented	Our coworkers both in our unionized and non-unionized companies participate in management and share their opinions through various methods. The annual Employee Loyalty Surveys that are conducted at all our companies collect the opinions of all our coworkers anonymously in open-ended questionnaire format. Through various communication meetings held at our companies, company-related information is shared with the employees, dealers and other stakeholders, and their questions and comments are obtained.

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	A succession plan is developed for all key managerial positions. Upon CEO approval, these succession plans are finalized with the approval of the Chairman of the Board.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Koç Holding signed United Nations Global Compact in 2006 and is part of United Nations HeForShe IMPACT since 2015. The Personnel Code which defines the criteria for recruitment is accessible by all employees; job announcements include the required competencies. Code of Ethics cover and emphasize creating equal opportunities. https://www.koc.com.tr/about-us/code-of-ethics-and-compliance-policies Koç Group values its employees and respects their rights. The policy of "Our Most Important Asset is our People," best summarizes the basic approach of the Koç Group to human resources.

Whether the company provides an employee stock ownership program	No
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Life in Koç - Koç Culture and Our Priorities & Being a Part of Koç
The number of definitive convictions the company is subject to in relation to health and safety measures	None
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	About - Code of Ethics and Compliance Policies
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Sustainability
Any measures combating any kind of corruption including embezzlement and bribery	Principles on these topics are covered in Code of Ethics as well as under the Anti-Bribery and Corruption Policy.
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	30.12.2022
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation was made among the board members.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	Internal audit unit provides combined information to the audit committee each year regarding the operations within the year.
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Internal Control Systems and Audit
Name of the Chair	Ömer M. Koç
Name of the CEO	Levent Çakıroğlu
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Investor Relations - Corporate Governance
The number and ratio of female directors within the Board of Directors	4 (33%)

Corporate Governance Compliance Report and Information Form

Board Members

Name-Surname	Position	Profession	Whether Executive Director Or Not	Whether Independent Board Member or not	The First Election Date to Board	Current Positions Held Outside the Company	Share Stake (%)	Link to PDP Notification That Includes the Independency Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy the Independence	Whether the Director Has at Least 5 Years' Experience on Audit, Accounting and/or Finance or not	Committees and Position
Rahmi M. Koç	Honorary Chair	Business Man/ Business Woman	Non-Executive	Not	01.01.1963	BoD Chair and Member, Committee Member	3.03					Executive Committee
Ömer M. Koç	Chair	Business Man/ Business Woman	Non-Executive	Not	01.04.2004	BoD Chair and Member, Committee Member	0.74					Executive Committee
Ali Y. Koç	Vice Chair	Business Man/ Business Woman	Non-Executive	Not	01.01.2008	BoD Chair and Member, Committee Member	1.39					Executive Committee, Nomination and Remuneration Committee Member
Semahat S. Arsel	Member	Business Man/ Business Woman	Non-Executive	Not	01.01.1972	BoD Chair and Member, Committee Member	6.15					Executive Committee
Caroline N. Koç	Member	Business Man/ Business Woman	Non-Executive	Not	05.04.2016	BoD Chair and Member, Committee Member	0.25					Risk Management Committee Member
İpek Kırac	Member	Business Man/ Business Woman	Non-Executive	Not	05.04.2016	BoD Chair and Member, Committee Member	1.89					Executive Committee; Corporate Governance Committee Member
Levent Çakıroğlu	Member	Executive Manager	Executive	Not	05.04.2016	BoD Chair and Member, Committee Member						
Jacques A. Nasser	Member	Business Man/ Business Woman	Non-Executive	Not	31.03.2015	BoD Member in companies outside the Group						
Emily K. Rafferty	Member	Business Man/ Business Woman	Non-Executive	Independent	22.03.2018	BoD Chair and Member in companies outside the Group		https://www.kap.org.tr/tr/Bildirim/1007954	Considered	No	Yes	Nomination and Remuneration Committee Chair, Audit Committee Member
Dr. Cem M. Kozlu	Member	Business Man/ Business Woman	Non-Executive	Independent	13.11.2019	BoD Chair and Member in companies outside the Group		https://www.kap.org.tr/tr/Bildirim/1007954	Considered	No	Yes	Corporate Governance Committee Chair, Audit Committee Chair
Peter Martyr	Member	Business Man/ Business Woman	Non-Executive	Independent	09.04.2021	BoD Chair and Member in companies outside the Group		https://www.kap.org.tr/tr/Bildirim/1007954	Considered	No		Risk Management Committee Chair
Michel Ray de Carvalho	Member	Business Man/ Business Woman	Non-Executive	Independent	01.04.2022	BoD Chair and Member in companies outside the Group	0,0073	https://www.kap.org.tr/tr/Bildirim/1007954	Considered	No		

4. BOARD OF DIRECTORS - II

4.4. Meeting Procedures of the Board of Directors

Number of physical or electronic board meetings in the reporting period	6
Director average attendance rate at board meetings	98%
Whether the board uses an electronic portal to support its work or not	None
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	1 week in advance for strategic meetings, at least 1 business day in advance for all other meetings
The name of the section on the corporate website that demonstrates information about the board charter	Koç Holding Board Working Principles is not a publicly available document.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no such policy.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Explanations Regarding Corporate Governance
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/Bildirim/926981

Composition of Board Committees - I

Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or not	Whether Board Member or not
Audit Committee	-	Dr. Cem M. Kozlu	Chair	Board Member
		Emily K. Rafferty	Member	Board Member
Corporate Governance Committee	-	Dr. Cem M. Kozlu	Chair	Board Member
		İpek Kırar	Member	Board Member
		Polat Şen	Member	Not Board Member
Risk Management Committee	-	Peter Martyr	Chair	Board Member
		Caroline N. Koç	Member	Board Member
Other	Nomination and Remuneration Committee	Emily K. Rafferty	Chair	Board Member
		Ali Y. Koç	Member	Board Member
	Executive Committee	Semahat S. Arsel	Member	Board Member
		Rahmi M. Koç	Member	Board Member
		Ömer M. Koç	Chair	Board Member
		Ali Y. Koç	Member	Board Member
		İpek Kırar	Member	Board Member

Corporate Governance Compliance Report and Information Form

4. BOARD OF DIRECTORS - III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website) Explanations Regarding Corporate Governance

Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website) Explanations Regarding Corporate Governance

Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website) Explanations Regarding Corporate Governance

Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website) Explanations Regarding Corporate Governance

Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website) Explanations Regarding Corporate Governance

4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report) Board of Directors Report

Specify the section of website where remuneration policy for executive and non-executive directors is presented. Investor Relations - Corporate Governance

Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report) Remuneration Policy

Composition of Board Committees - II

Names of the Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	-	100%	100%	3	9
Corporate Governance Committee	-	67%	33%	1	1
Risk Management Committee	-	100%	50%	6	6
Other	Nomination and Remuneration Committee	100%	50%	2	2

Sustainability Principles Compliance Report

PRINCIPLE	COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
A. General Principles						
A1. Strategy, Policy and Targets						
A1.1	The Board of Directors determines material environmental, social and governance (ESG) issues, risks and opportunities.	X			Koç Holding A.Ş. handles its sustainability-related activities within the frame of the company strategy “Lead. Together” which has been approved by Koç Holding Board of Directors and publicly disclosed.	https://www.koc.com.tr/surdurulebilirlik/surdurulebilirlik-raporlari-ve-politikalar Koç Holding Annual Report, Sustainability Section
	The Board of Directors establishes relevant ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy, etc.) and they are publicly disclosed.	X			Sustainability-related policies Koç Holding A.Ş. put into implementation within the scope of the company strategy “Lead. Together” can be found on the company website.	https://www.koc.com.tr/surdurulebilirlik/surdurulebilirlik-raporlari-ve-politikalar
A1.2	Publicly discloses short- and long-term goals set according to ESG policies.	X			Koç Holding targets to reduce its Scope 1 and Scope 2 GHG emissions by 27% by 2030 and by 49% by 2040 as compared to 2017 baseline year in accordance with its carbon neutral by 2050 target. Pursuant to the Board Diversity Policy ratified in March 2021, Koç Holding targets to maintain the percentage of women members on Board of Directors seats at 30% minimum at all times.	Koç Holding Annual Report, Sustainability Section, https://www.kap.org.tr/tr/Bildirim/1009191 https://www.kap.org.tr/tr/Bildirim/914140
A2. Implementation/Monitoring						
A2.1	Determines and discloses the committees/units responsible for the execution of ESG policies, and the highest level positions in charge of ESG issues at the Company and their duties.	X			Focused on managing its sustainability efforts at the highest level, Koç Holding reports the progress in relation to its strategy “Lead. Together” and material topics to the Board of Directors via the Corporate Governance Committee within the scope of “CMB Sustainability Principles Compliance” reporting. Climate risks and opportunities are followed up and managed under the Carbon Transition Program; the Risk Committee under the Board of Directors is kept regularly informed of climate risks and opportunities. The Sustainability Unit under the Corporate Communication and Relations Directorate that reports to Koç Holding CEO executes the strategy and provides coordination with various units within the company.	Koç Holding Annual Report, Sustainability Section
	The responsible committee and/or unit reports the activities carried out as per the policies during the year at least once a year to the Board of Directors.	X			The Board of Directors is kept informed about Sustainability Principles Compliance efforts by the Corporate Governance Committee and Risk Committee set up thereunder.	Koç Holding Annual Report, Sustainability Section

Sustainability Principles Compliance Report

PRINCIPLE	COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
A2.2	Creates and discloses implementation and action plans aligned with ESG targets	X			Koç Holding has set its target to become carbon neutral by 2050 in response to the increasing importance attached by stakeholders to the combat against climate crisis and the European Green Deal. To create the low-carbon transition pathway and action plans necessary to achieve this target, the Group-wide Carbon Transition Program has been launched.	Koç Holding Annual Report, Sustainability Section
A2.3	Discloses ESG Key Performance Indicators (KPI) and the degree of their achievement by years.	X			Koç Holding has been monitoring ESG key performance indicators for more than 10 years; the Company studies domestic and international best practices, and reviews its set of indicators within the frame of common trends. The publicly disclosed indicators from out of the data set followed up at the Group level cover the change over the course of the last three years.	Koç Holding Annual Report, Sustainability Section
A2.4	Discloses efforts for improving sustainability performance with respect to work processes or products and services.	X				Koç Holding Annual Report, Sustainability Section
A3. Reporting						
A3.1	Discloses sustainability performance, targets and actions in an intelligible, accurate and adequate manner in annual reports.	X				Koç Holding Annual Report, Sustainability Section
A3.2	Provides information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities relate to.	X				Koç Holding Annual Report, Sustainability Section
A3.3	Makes disclosures regarding the lawsuits filed and/or concluded against the company on account of ESG issues, which are material with respect to ESG policies and/or have material impact on operations.	X				Koç Holding Annual Report, Legal Disclosures Section

PRINCIPLE	COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
A4. Verification						
A4.1	ESG Key Performance measurements are verified by an independent third party and publicly disclosed.		X		In 2021, Scope 1 and 2 GHG emissions verification activities were carried out at the Koç Group companies, and the same were verified by an independent third party within the frame of ISO 14064-1 GHG Emissions Verification and Reporting Standard. The verification process of Koç Holding consolidated GHG emissions, waste, energy and water management data for 2022 is in progress and it is targeted to report the data in 2022 Sustainability Report that will be published during 2023. Activities concerning Scope 3 GHG emissions, on the other hand, are underway and it is planned to devise strategies for their Group-wide consolidated monitoring and reduction in the coming years. In parallel, science-based target setting efforts are being carried out at relevant Koç Group companies.	Koç Holding Annual Report, Sustainability Principles Compliance Statement Section
B. Environmental Principles						
B1	Publicly discloses its environmental management policy and practices, action plans, environmental management systems (known by ISO 14001 standard) and programs	X				Koç Holding Annual Report, Sustainability Section
B2	Publicly discloses the limitations over the reporting scope, reporting period, reporting date, reporting conditions of the environmental reports to be prepared for providing environmental management information	X				Koç Holding Annual Report, Sustainability Section
B.3	Provided in A2.1.	X				Koç Holding Annual Report, Sustainability Section
B4	Discloses the environmental targets included in rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (board members, executives, employees and so on).	X			Koç Diyalog, i.e. the performance management system of Koç Holding, uses the OKR (Objectives and Key Results) method whereby employees set objectives and key results aligned with the Company targets and strategies and objectives are dynamically revised according to priorities that change during the year. Climate related targets are included in the OKRs of Koç Holding CEO, CFO, Sustainability Managers and employees.	Koç Holding Annual Report, Sustainability Section
B5	Explains how environmental issues identified to be material are integrated into business goals and strategies.	X				Koç Holding Annual Report, Sustainability Section
B6	Provided in A2.4.	X				Koç Holding Annual Report, Sustainability Section

Sustainability Principles Compliance Report

PRINCIPLE	COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
B7	Explains how it manages environmental issues throughout the Company's value chain including suppliers and customers so as to cover the operation process as well and how they are integrated into its business goals and strategies.	X				Koç Holding Annual Report, Sustainability Section
B8	Discloses whether it is involved in policy-making processes on environmental issues of relevant institutions and non-governmental organizations and its collaborations with these institutions and organizations, if any.	X				Koç Holding Annual Report, Sustainability Section
B9	Periodically reports information about its environmental impacts comparatively in the light of environmental indicators; GHG emissions Scope-1 (Direct), Scope-2 (Indirect from purchased energy), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity implications).			X	Scope 1 and Scope 2 GHG emissions are regularly calculated as part of sustainability activities; the Group companies have them verified by an independent third party pursuant to ISO 14064-1, and disclose to the public. The verification process of Koç Holding consolidated GHG emissions, waste, energy and water management data for 2022 is in progress and it is targeted to report the data in 2022 Sustainability Report that will be published during 2023.	Koç Holding Annual Report, Sustainability Principles Compliance Statement Section
B10	Discloses the standard, protocol, methodology and baseline year details used to collect and calculate its data.	X				Koç Holding Annual Report, Sustainability Section
B11	Publicly discloses the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	X				Koç Holding Annual Report, Sustainability Section
B12	Sets short and long-term goals to reduce its environmental impact and discloses these goals and the progress, if any, as compared to the targets set in previous years.	X				Koç Holding Annual Report, Sustainability Section

PRINCIPLE	COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
B13	Discloses its strategy and actions to combat the climate crisis.	X				Koç Holding Annual Report, Sustainability Section
B14	Explains its programs or procedures to prevent or minimize the potential negative impacts of the products and/or services it offers.			X	Koç Holding A.Ş. undertakes investment activities at holding level and information about the products and/or services of companies invested in can be found in the relevant sections of Koç Holding Annual Report and the sustainability reports of relevant companies.	
	Takes and explains its actions for driving reduction of GHG emission quantities of third parties (e.g. suppliers, sub-contractors, dealers, etc.).			X	Koç Holding A.Ş. undertakes investment activities at holding level and information about the products and/or services of companies invested in can be found in the relevant sections of Koç Holding Annual Report and the sustainability reports of relevant companies.	
B15	Discloses the total number of actions taken, projects carried out and initiatives undertaken to mitigate its environmental impacts, along with the benefits/revenues and cost savings they provide.	X				Koç Holding Annual Report, Sustainability Section
B16	Reports energy consumption data (gas, diesel oil, fuel oil, LPG, coal, electricity, heating, cooling, etc.) and discloses its energy consumption as Scope-1 and Scope-2.	X			Scope 1 and Scope 2 GHG emissions are regularly calculated within the scope of sustainability efforts. Similarly, energy consumption data are also reported broken down into "renewables/non-renewables" to correspond to the expectations of international sustainability indices.	Koç Holding Annual Report, Sustainability Section
B17	Discloses information about the electricity, heat, steam and cooling generated during the reporting year.	X				
B18	Conducts and discloses studies on increasing the use of renewable energy, transition to zero or low carbon electricity.	X				Koç Holding Annual Report, Sustainability Section
B19	Discloses data on its renewable energy generation and consumption.	X				Koç Holding Annual Report, Sustainability Section
B20	Develops energy efficiency projects and discloses the quantity reduced in energy consumption and emission enabled by these efforts.	X				Koç Holding Annual Report, Sustainability Section
B21	Reports the amount of underground or overground water withdrawn, recycled and discharged, the resources and procedures.	X				Koç Holding Annual Report, Sustainability Section

Sustainability Principles Compliance Report

PRINCIPLE	COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
B22	Discloses whether its operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).			X	Since regulatory framework governing carbon pricing system has yet to be finalized in our country, the Company is not included in any carbon pricing system. Different tools are considered for deployment across the Koç Group for low-carbon transition and those deemed necessary will be put into implementation within the scope of the strategy developed.	Koç Holding Annual Report, Sustainability Section
B23	Discloses the carbon credits saved or purchased during the reporting period.			X	No carbon credits were saved or purchased during the reporting period across the Koç Group.	Koç Holding Annual Report, Sustainability Principles Compliance Statement Section
B24	Discloses the details if carbon pricing is applied within the Company		X		Since regulatory framework governing carbon pricing system has yet to be finalized in our country, the Company is not included in any carbon pricing system. Notwithstanding, internal carbon pricing efforts are carried out at some Koç Group companies, but they are not rolled out across the Koç Group. Different tools are considered for deployment across the Koç Group for low-carbon transition and those deemed appropriate will be put into implementation within the scope of the strategy developed.	Koç Holding Annual Report, Sustainability Section
B25	Discloses the platforms that it reports its environmental information to.	X				Koç Holding Annual Report, Sustainability Section
C. Social Principles						
C1. Human Rights and Employee Rights						
C1.1	Develops a Company Human Rights and Employee Rights Policy, which pledges full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other applicable legislation. Discloses the policy and the roles and responsibilities associated for its implementation.	X				Koç Group Human Rights Policy https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/politikalar/insan-haklari-politikasi.pdf

PRINCIPLE	COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
C1.2		X				Koç Group Human Rights Policy https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/politikalar/insan-haklari-politikasi.pdf
C1.3		X				Koç Group Human Rights Policy Sustainability Report pp. 48-54 “Diversity and Inclusion -Generation Equality Forum” Annual Report p. 49 “Empower People. Together – Equal Opportunity and Diversity”
C1.4		X				Koç Group Human Rights Policy pp. 5-6 “Freedom of Association and Collective Bargaining”; “Working Hours”; “Personal Development” Annual Report p. 49 “Empower People. Together – Human Rights and Fair Working Environment”
C1.5		X				Koç Group Human Rights Policy pp. 5-6 “Right of Association and Collective Bargaining”; “Working Hours”; “Personal Development” https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/politikalar/insan-haklari-politikasi.pdf
		X				Whistleblowing Policy https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01hakkinda/uyum/politikalar/koctoplulugu-ihbar-politikasi.pdf
		X				Sustainability Report pp. 41-50 “Empower People. Together”

Sustainability Principles Compliance Report

PRINCIPLE	COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
C1.6	Establishes and discloses occupational health and safety policies.	X				Occupational Health and Safety Policy https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01_hakkinda/uyum/politikalar/koc-toplulugu-is-guvenligi-politikasi.pdf
	Discloses the measures adopted for preventing workplace accidents and for protecting occupational health along with statistical data on accidents.	X				Sustainability Report pp. 50, 60 “Occupational Health and Safety “
C1.7	Establishes and discloses personal data protection and data security policies.	X				PDPL Policy https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01_hakkinda/organizational-chart/kisisel-verilerin-korunmasi-politikasi.pdf?1412
C1.8	Establishes and discloses a code of ethics.	X				Code of Ethics https://cdn.koc.com.tr/cmscontainer/kocholding/media/koc/01_hakkinda/uyum/politikalar/koc-toplulugu-etik-ilkeleri.pdf
C1.9						
C1.10	Organizes information meetings and training programs on ESG policies and practices for employees.	X				Koç Holding Annual Report, Sustainability Section
C2. Stakeholders, International Standards and Initiatives						
C2.1	Establishes and discloses a customer satisfaction policy for handling and resolving customer complaints.			X	Koç Holding A.Ş. carries out investment activities at holding level; hence the question is deemed irrelevant.	
C2.3	Discloses information about the communication maintained with stakeholders (which stakeholders, topics and frequency).	X				Koç Holding Annual Report, Sustainability Section

PRINCIPLE	COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
	YES	NO	PARTIAL	N/A		
C2.3	Discloses the international reporting standards embraced in its reporting.	X				Koç Holding Annual Report, Sustainability Section
C2.4	Discloses the principles embraced in relation to sustainability, international organizations, committees and principles that it is a signatory or member of.	X				Koç Holding Annual Report, Sustainability Section
C2.5	Makes improvements and concrete efforts to qualify for inclusion in sustainability indices of Borsa İstanbul and/or international index providers.	X			Koç Holding works to qualify for, and improve its performance on, internationally leading sustainability indices including Borsa İstanbul, and reports the indices that it is a constituent of.	Koç Holding Annual Report, Sustainability Section
D. Corporate Governance Principles						
D.1	Seeks stakeholders' opinions when determining the measures and strategies in relation to sustainability.	X			Following the ones in 2015 and 2017, the Company realized a strategic materiality analysis in 2020 to determine the risks and opportunities associated with environmental, social and governance management, as well as to respond to changing stakeholder expectations and global trends. Both internal stakeholders covering employees at all levels and external stakeholders covering academia, civil society, members of professional associations, suppliers, customers and investors were included in this study.	Koç Holding Annual Report, Sustainability Section
D.2	Works on raising awareness of sustainability and its importance through social responsibility projects, awareness activities and training programs.	X				Koç Holding Annual Report, Sustainability Section

Identity

Trade Name	Koç Holding A.Ş.
Address	Nakkaştepe Azizbey Sok. No. 1, 34674 Kuzguncuk-Üsküdar/İstanbul
Trade Registry and Number	İstanbul Trade Registry / 85714
Website Address	www.koc.com.tr
Registered Capital Ceiling	TL 5,000,000,000
Paid-in Capital	TL 2,535,898,050

Stock Information

BIST Code	KCHOL
Reuters Code	KCHOL.IS
Bloomberg Code	KCHOL.TI
ADR Level I Code (Un-sponsored)	KHOLY
Date of Initial Public Offering	10.01.1986

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Disclaimer

The Board of Directors' Report, Auditors' Report, Consolidated Financial Statements and Independent Audit Report regarding the operations and financials of the year 2022, included in this Annual Report ("Report"), are prepared in accordance with the legal requirements for the Ordinary General Assembly, which will be held on Wednesday, 22 March 2023 at 4.00pm, at Koç Holding headquarters, Kuzguncuk Mahallesi Azizbey Sok. No: 1 34674 Üsküdar/İstanbul.

This Report is prepared only to provide information to the shareholders, and it is not intended to form the basis of any investment decision. The opinions and statements regarding estimated figures contained within this Report solely reflect the Company management's views with

respect to certain future events; thus, the actual results and developments may differ from these estimates depending on the variables and assumptions. Accordingly, neither the Koç Group nor its respective advisors, directors or employees shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in, or omission from, this Report, or on any other information or communications in connection with the Report.

All information contained in this Report was believed to be accurate at the time of publication. Koç Holding accepts no responsibility for any spelling or printing errors that may occur during the Report's preparation.

